

Impact Investing & Aboriginal Community Economic Development: From Fishing Net To Financial Net

By

Mohammad Rony

A Thesis
Submitted to the Faculty of Graduate Studies
In Partial Fulfillment of the Requirements
For the Degree of

MASTER OF NATURAL RESOURCES MANAGEMENT

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FACULTY OF GRADUATE STUDIES

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A Thesis/Practicum submitted to the Faculty of Graduate Studies of The University of
Manitoba in partial fulfillment of the requirement of the degree
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ABSTRACT

Impact investing is growing as a development approach to bring about positive social, environmental and economic impact for marginalized people in the developing world. But existing in a developed country like Canada, the Aboriginal communities are not getting enough attention due to lack of capacity, state dependency, state policies and negative perception among the stakeholders in the financial ecosystems. This thesis followed mixed methods participatory action research approach and had a deeper look on the present investment ecosystem and identified many barriers to investment for Aboriginal cooperative or social enterprise including negative stereotypes regarding Aboriginal communities impeding investing in cooperative or social enterprise. However, proper education, financial inclusion, awareness among stakeholders and engaging micro-investors in Aboriginal enterprises could improve the situation and develop opportunities for both the supply and demand side.

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My research was based on an Aboriginal community, Garden Hill first Nation (GHFN). The people of Garden Hill especially the fishermen, community leaders, Band Council members and other entrepreneurs have participated in this research and development of the fishing cooperative. My special thanks to them and the people of Garden Hill. But my special thanks to Hardy Wood, Larry Wood, Zack Fleet, Ivan Harper, Myra Harper and Herbert Harper. I also traveled a nearby community, Wasagamack First Nation during my research project. I would also like to thank people from there especially, Victor Harper and Nora Whiteway. My special thanks to Dr. C. Emdad Haque for giving me suggestions and moral support during my study at NRI.

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DEDICATION

Dedicated to my parents & my lovely wife

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GLOSSARY OF ACRONYMS

ACED	Aboriginal Community Economic Development
ACU	Assiniboine Credit Union
AFI	Aboriginal Financial Institution
AIMS	Awareness, Inclusion, Movement and Development of System
BMO	Bank of Montreal
CAPE	Capital For Aboriginal Prosperity and Entrepreneurship
CEDIF	Community Economic Development Investment Fund
CED	Community Economic Development
CEDF	Communities Economic Development Fund
CIBC	Canadian Imperial Bank of Commerce
FNFA	First Nations Finance Authorities
FNBC	First Nations Bank of Canada
FNFMB	First Nations Financial Management Board
FNTC	First Nations Tax Commission
GHFN	Garden Hill First Nation
ILOC	Island Lake Opakitawek Cooperative
ILWFC	Island Lake Wabung Fisheries Producers Cooperative
NACCA	National Aboriginal Capital Corporations Association
NGO	Non-governmental Organization
RCAP	Royal Commission on Aboriginal Peoples
RBC	Royal Bank of Canada
SIB	Social Impact Bond
TCIG	Tribal Council Investment Group
TD Bank	Toronto-Dominion Bank

GLOSSARY OF TERMS

Aboriginal	In Canada, Aboriginal peoples are the Indians, Métis and Inuit who have their own languages, culture and traditions. ^{1 2} This thesis was mostly focused on First Nations but also included information about Métis and Inuit people and communities. Because generally, all three groups experience economic underdevelopment to some extent. So it is advised to consider “First Nation” people as a part of larger Aboriginal population.
Break-even analysis	An accounting analysis to determine profitability of a business/project where revenue and cost remain equal at a particular time. ³
Band Council Resolution	This is an official document taken by the councilors and chief of a First Nation Band with required quorum (Canadian Banker Association, 2005).
Community Capitalism	Community capitalism considers the community (small community or a bigger region) as the core focus for economic development by putting the concept of capitalism on community based project, bringing investments and productions for sustainable economic wellbeing for all living in that community (Loizides & Wuttunee, 2005). ⁴
Community Futures Corporation	Community Futures Corporation is the federal government initiative, which was started in 1985 to develop rural economy by providing business loans, advisory services and other assistances for sustainable economic development. There are about 269 Community futures offices running as a non-profit model across Canada. ⁵
First Nations	One of three Aboriginal groups of population who are living in 617 communities with more than 50 sub-group and languages. ⁶ They are also known as Status and non-status "Indian" peoples under the Indian Act.
First Nations Financial Transparency Act (FNFTA)	First Nations Financial Transparency Act (FNFTA) was introduced in March, 2013 to develop standard and accountably regarding financial transactions for the First Nation government or Band Council. There are about 582 First Nations communities are active under this Act. ^{7 8}

¹ Retrieved on June 20 ,2015 <https://www.aadnc-aandc.gc.ca/eng/1100100013785/1304467449155>

² Retrieved on June 20 ,2015 <http://www.thecanadianencyclopedia.ca/en/article/aboriginal-people/>

³ Retrieved on July 15 , 2015 <http://www.investopedia.com/terms/b/breakevenanalysis.asp>

⁴ Retrieved on July 15 , 2015 https://en.wikipedia.org/wiki/Community_capitalism

⁵ Retrieved on July 15 , 2015 <http://communityfuturescanada.ca/>

⁶ Retrieved on June 20 ,2015 <https://www.aadnc-aandc.gc.ca/eng/1100100013791/1100100013795>

⁷ Retrieved on June 20 ,2015 <http://laws-lois.justice.gc.ca/eng/acts/F-11.66/page-1.html>

⁸ Retrieved on June 20 ,2015 <https://www.aadnc-aandc.gc.ca/eng/1322056355024/1322060287419>

First Nations Fiscal Management Act (FMA)	The First Nations Fiscal Management Act (FMA) came into effect in April 2006 though it was introduced in 2005. ⁹ This Act was implemented to develop financial capacity and autonomy in the financial decision making for First Nation governments. FMA is only applicable to First Nation communities. Three autonomous financial organizations were established under this act: First Nations Financial Management Board, First Nations Tax Commission and First Nations Finance Authority. ¹⁰
Investment Ecosystem	Investment ecosystem is the combination of institutions, actions, regulations and other stakeholders to facilitate investments for a particular economic objective (Roose & Bishnoi, 2012).
Social Impact Bond (SIB)	Social impact bond (SIB) is an innovative financial tool to solve a specific social problem with an investment approach. For SIB, the government acts as a commissioner to payback initial investment with agreed return to the investors only if the predetermined outcomes achieved. ¹¹
Social Finance	Social finance focus on creating positive social impact using finance and investment. Socially responsible investing (SRI), microfinance, philanthropic capital and impact investing usually fit under the social finance domain. ¹²
The Indian Act 1876 & 1985	The Indian Act was implemented in 1876 and was amended several times, with major changes in 1951 and 1985. This Act is the major guidelines about how the federal government governs and manages relationship with First Nation communities and also defines the status of First Nation people in Canada. ¹³
The Constitution Act 1867 & 1982	The Constitution Act, 1867, also known as The British North America Act which was created the Federal government form, judicial system, tax system and Canada as a confederated state. This act also got major amendments in 1982. ¹⁴

⁹ Retrieved on June 24 ,2015 <https://www.aadnc-aandc.gc.ca/eng/1393512745390/1393512934976>

¹⁰ Retrieved on June 25 ,2015 from <http://fnfa.ca/en/fnfa/>

¹¹ Retrieved on June 25 ,2015 <http://impactinvesting.marsdd.com/wp-content/uploads/2014/04/SIBs-in-Canada-Investor-Insights.pdf>

¹² Retrieved on June 26 ,2015 http://www.rbc.com/community-sustainability/_assets-custom/pdf/Financing-Social-Good.pdf

¹³ Retrieved on July 30 ,2015 <http://www.thecanadianencyclopedia.ca/en/article/indian-act/>

¹⁴ Retrieved on July 30 ,2015 <http://www.thecanadianencyclopedia.ca/en/article/constitution-act-1867/>

LIST OF COPYRIGHT MATERIALS

Chapter	Figure/ Table/Photo	Permission Granted Organization
Chapter 2	Figure 2.1 Leaky Bucket Model in Aboriginal Communities	Centre for the Study of Co-operatives, University of Saskatchewan
Chapter 2	Figure 2.2 Map of Aboriginal co-operatives in Canada, 2000	Centre for the Study of Co-operatives, University of Saskatchewan
Chapter 4	Photo 4.2 Location of Garden Hill First Nation in Manitoba	Treaty Relations Commission of Manitoba
Chapter 5	Figure 5.1 Interrelation between the Sustainable Livelihoods Framework (SLF) and impact investing.	Young, C. (2015). Food Farms Fish and Finance
Chapter 5	Figure 5.3 Location of Aboriginal Financial Institution (AFI) in Canada	NACCA (The National Aboriginal Capital Corporations Association)

CHAPTER 1: INTRODUCTION

1.1 Introduction

Aboriginal communities suffer from a lack of economic activities and investment opportunities due to several external (systematic) and internal (community-based) barriers (Parker & DeBono, 2004; Hammond Ketilson, 2014). Most of the barriers stem from historical, legal, cultural, geographical, governance, and physical contexts (Parker & DeBono, 2004). Aboriginal communities' access to capital as well as economic and entrepreneurship development is heavily dependent on government (Loizides & Wanda, 2005).

The colonial history of Aboriginal people in Canada includes racism, denial of human and political rights, natural resources exploitation, residential school, and financial dependence (Alfred, 2009). Aboriginal peoples suffer from state-imposed regulations and governance. This lack of self-determination has extended their economic dependency and limited their freedom (Alfred, 2009). Racism in Canadian society also limits economic opportunities and freedom.

A variety of researchers from philanthropic organizations, financial institutions, and governments are now starting to conduct research and apply sustainable economic development. Still many communities have 40 to 70% of housing without running water or sewage system and the infrastructure is inadequate showing their needs are not being met by the economic system (Thompson et al, 2014).

I have conducted participatory action research (Tashakkori & Teddlie, 2008) to study Aboriginal community economic development (ACED), business case analysis, and perception study of stakeholders (non-community members) about ACED, culture, social enterprise (like cooperatives), and barriers to impact investment regarding Aboriginal social enterprise

development. This research has also monitored the steps and challenges involved in developing a cooperative in Garden Hill First Nation (GHFN), a remote community in Northern Manitoba.

To explore this exclusion and barriers to investment, the study has analyzed the potential of impact investment, stakeholders' perceptions, on developing business to attain ACED (Loizides & Wuttunee, 2005). This research also explored the impact of potential investors' perceptions of First Nation business investment opportunities and how these perceptions are linked with their investment preferences.

1.2 Research Purpose

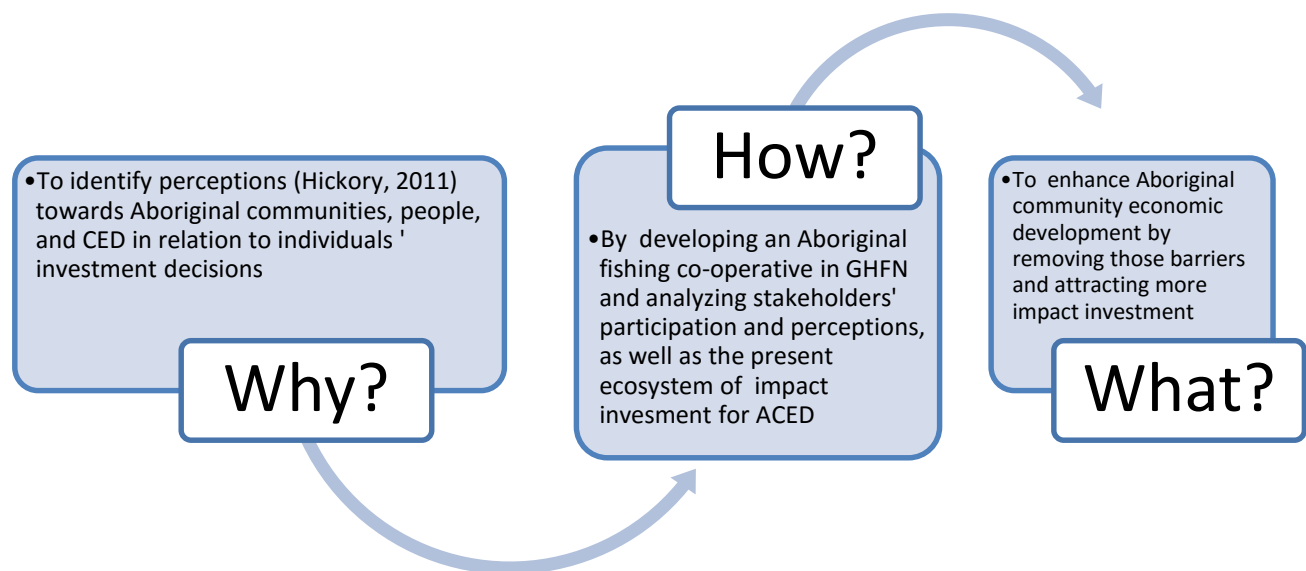
The purpose of my research was to explore impact investment on Aboriginal economic development. My research objectives are defined in the following section with a matching research question. Each of these research objectives are written up in a separate chapter.

Table 1.1: Objectives & Research Questions

Chapter Discussed	Research Objective	Research Question
4	To identify the feasibility and challenges of development of a fisheries cooperatives at Garden Hill First Nation for CED.	1) Is a cooperative feasible at GHFN based on fisheries for CED and sustainable livelihoods? 2) What are the potential consumers' perception about buying fish products from a First Nation cooperative?
5	To identify the importance of impact investment for developing a cooperative or social enterprise for Aboriginal CED	1) Why is impact investment a sustainable approach for ACED? 2) What is the present Aboriginal investment ecosystem?
6	To identify the stakeholder's (non – community members) perception about Aboriginal people, and	1) What are the stakeholders' (non-community members) perceptions about aboriginal community, people,

	community and how the perception is affecting stakeholder's investment decisions for Aboriginal social enterprise or cooperative.	<p>CED, culture, history and social enterprise like co-operatives?</p> <p>2) What are the barriers to impact investment for developing a Aboriginal cooperative or social enterprise by identified by the stakeholders?</p>
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1.3 Goal of the research



1.4 Research Significance

This participatory action-oriented research (PAR) on Aboriginal community economic development (ACED) and impact investment has been conducted in three phases by targeting three specific objectives and their outcomes (Chevalier and Buckles, 2013). In the first business feasibility phase the economic development potential for a fishing cooperative was analyzed. After that, I participated in and closely monitored the birth of a co-operative in a First Nation community (Garden Hill, Manitoba).

I also performed multiple roles including researcher, manager, marketer, financier and legal coordinator for the co-op. In carrying out these activities, I worked with several stakeholders including: fishermen, community leaders, government officials, CED experts, funders, financial executives, and retail and wholesale customers. During that time, I closely monitored and analyzed the interactions of the stakeholders, as well as the steps involved in the co-op development, community members' participation and stakeholders' perceptions regarding an Aboriginal co-op development. I also conducted a business case analysis of a fishing cooperative and barriers regarding that development.

In the next stage, I focused on perceptions and attitudes of the stakeholders (non-community members), who could be the potential consumers and impact investors of an Aboriginal co-op or other social enterprise. In my thesis, I also analyzed the present ecosystem of Aboriginal impact investing and banking, and developed some future recommendations to reduce gaps and increase effectiveness in the ecosystem. Using government and philanthropic funds for community economic development is not a new concept for the Aboriginal economy but the philosophy of 'impact investing' is relatively new (Harji, Reynolds, Best, & Jeyaloganathan, 2014). An abundance of literature and study reports have been published by impact investment advisory firms, philanthropic organizations, and independent and academic research organizations, addressing the importance of impact investment for ACED and social enterprise development (Best & Harji, 2013; Bragg, 2010; Harji et al., 2014; Parker & De Bono, 2004). However, reports on the present Aboriginal investment ecosystem, human perception, and potential challenges for impact investment and ACED are rare to find. This research explores the present Aboriginal impact investing ecosystem considering its gaps. There is significant scope available for academic

researchers and financial sectors to explore mechanisms and investment barriers considering ACED as social finance.

Building a community's natural, financial, and human capital by empowerment and sharing knowledge of cooperative, investment, and sustainable livelihoods through fishing has given this research a dynamic outcome (Helling, Serrano & Warren, 2005). Community empowerment through participation has also been given priority with the integration of rights, roles, responsibilities, and relationships, which evolved from social capital or communal practices (Aitken & Campelo, 2011). The study has also analyzed the social acceptance and future opportunities for community member-owned social enterprise like co-ops to attain community economic development (Loizides & Wuttunee, 2005) and thereby ensure the sustainable livelihood of Garden Hill First Nation—one of the least fortunate and least developed communities in Canada. So this action-oriented participatory (Tashakkori & Teddlie, 2008) research has potential significance for the academic as well as for the business world for its pragmatic approach.

1.5 Thesis Organization

My thesis consists of seven chapters. Chapter 1 provides an introduction, explaining the significance of the study and three research objectives, which are the basis of the analysis throughout the thesis. Chapter 2 consists of a relevant literature review on the four major thematic areas of this research namely: 1) ACED, 2) Aboriginal cooperatives, 3) Aboriginal Impact Investing, and 4) sustainable Aboriginal fisheries for ACED. This chapter also describes how impact investing is a growing concern for Canadian Aboriginal communities.

Chapter 3 explains the methods, research approach and deliverables produced during this study. Chapter 4 details the feasibility and business case analysis of the development of a fishing cooperative in GHFN. This chapter also explores potential consumers' perceptions about First

Nations' fisheries products and why this is important for attracting impact investment for co-operative development. Chapter 5 provides an overview of the present investment ecosystem where the capital demand and supply sectors interact with each other through the intermediary institutions. This chapter describes the importance of impact investment for ACED and social enterprise development. This chapter also portrays a comparative analysis of the major institutions working for Aboriginal impact investment and banking, which gives a better picture of the present ecosystem.

The following chapter (Chapter 6) presents the perception study analysis of the general stakeholders who could be potential consumers and investors and describes how their perceptions are related to Aboriginal community, people, and investment decisions for ACED. This chapter also depicts some other community-related and external challenges for attracting impact investment CED. The last chapter (Chapter 7) includes a synopsis of the whole study with a discussion of major findings and conclusions. This chapter also offers recommendations for future directions in developing an effective impact investment ecosystem for the Aboriginal communities in Canada.

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CHAPTER 2: LITERATURE REVIEW

2.1 Aboriginal Community Economic Development

“Community Economic Development (CED) is action by people locally to create economic opportunities and better social conditions, particularly for those who are most disadvantaged.”

– Canadian Community Economic Development Network ¹⁵

The Community Economic Development (CED) concept has evolved from a socio-economic perspective that the participation by community members in their economy prioritizes economic self-reliance and empowerment (Leviten-Reid & Torjman, 2006). In CED, economic activities should be focused on good governance, management, and accountability (Loizides & Wuttunee, 2005).

At the same time, sustainable community development is equally important and can be achieved through building human capital and environmental sustainability along with economic progress (Rogers & Ryan, 2001). When sustainable and community development concepts are considered by Aboriginal communities other values like holistic, cultural, historical, indigenous knowledge and traditional values become important (Loizides & Wuttunee, 2005). Aboriginal communities in Canada are poor and deprived from basic services as an outcome of colonialism (Hudson and McKenzie, 1981; Thompson et al., 2014). Several initiatives have been taken by government and non-government sectors to improve the economic condition over time in Aboriginal communities. An estimated 3000 CED initiatives are occurring in Aboriginal

¹⁵ Retrieved on June 20 ,2014 http://ccednet-rcdec.ca/en/what_is_ced

communities (Chaland & Downing, 2003). But most of these initiatives are executed by a top-down approach without proper involvement of community members (First Nations Resource Council, 1990; Napoleon, 1992). So the communities are developing a middle path for economic independence by applying indigenous values to market capitalism (Loizides & Wuttunee, 2005). As well, development organizations and community planners are realizing both the cultural strengths and needs while considering the capacity of the community while preparing community development plans (Napoleon, 1992).

Most of the Aboriginal communities' economies are easily comparable to the "leaky bucket" model (Figure 2.1) where cash inflows are less than outflows due to ownership structure of the available businesses in the community (Hammond Ketilson & Brown, 2009). For example, my study area, Garden Hill First Nation (GHFN), mostly relies on three stores in nearby Stevenson Island and one convenience store in the community for their daily needs. All of these stores are owned by a large corporation or individual owners who are not members of the community.

There are few home-based stores available but those local owners are struggling for capital with lack of capacity to grow. Local production, export, and consumption are vital for sustainable business development, which is related to CED.

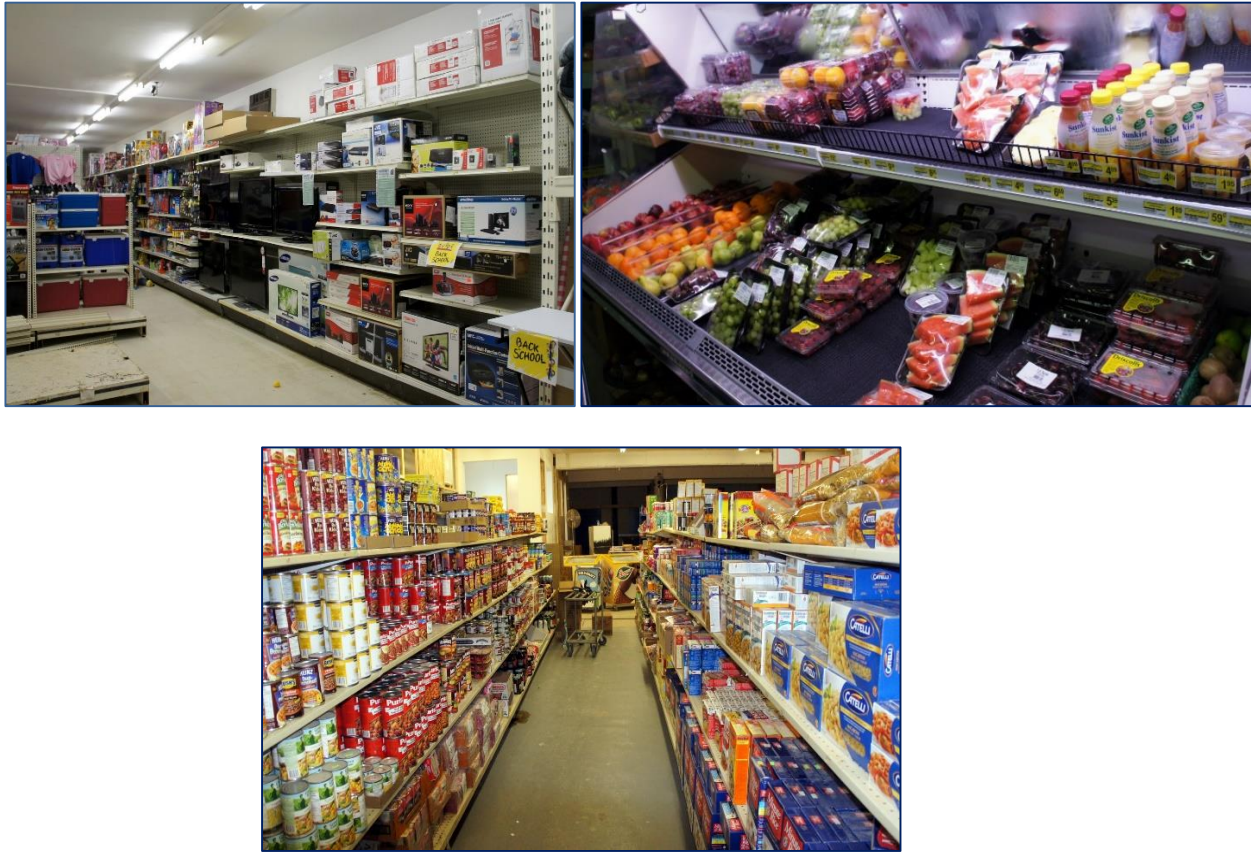


Photo 2.1: Stores owned by non-community members and corporation at nearby Stevenson Island and a Garden Hill First Nation Community store with full shelves of foods and other products. Photo Credit: Mohammad Rony

CED should promote local businesses through entrepreneurship based on local knowledge and expertise to ensure sustainable development, as aboriginal community leaders want economic independence, rather than dependency on government funding exclusively (Loizides & Wuttunee, 2005). Communities are trying to improve socio-economic circumstances (Loizides & Wuttunee, 2005) by inviting businesses and investments but often without having a strategic community plan for long-term sustainable growth.

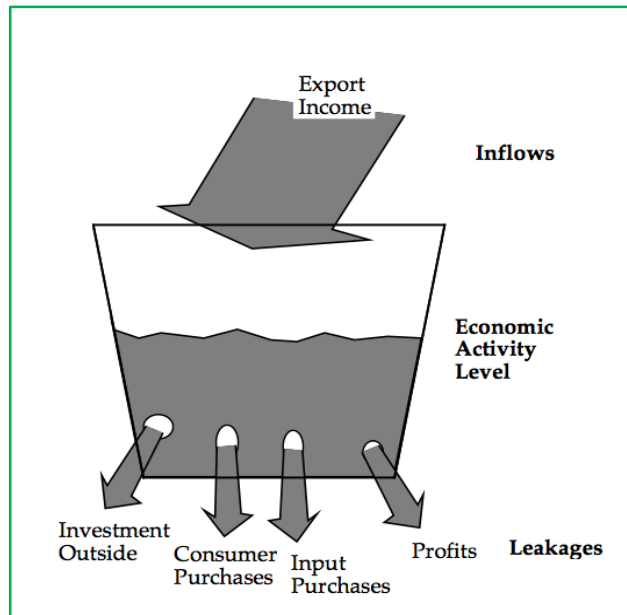


Figure 2.1: Leaky Bucket Model in Aboriginal Communities

Original Source: Brett Fairbairn, June Bold, Murray Fulton, Lou Hammond Ketilson, and Daniel Ish, *Co-operatives and Community Development: Economics in Social Perspective* (Saskatoon: Centre for the Study of Co-operatives, 1991), 49.¹⁶

In 1960, the federal government considered the importance of ACED and initiated financial assistance for agricultural and handicrafts development for Inuit communities (Hammond Ketilson & MacPherson, 2001). These initiatives ignored community empowerment and so their impact was very limited and not welcomed by the community leaders (Hammond Ketilson & MacPherson, 2001).

¹⁶ Collected and Reprinted with permission from (Hammond Ketilson & Brown, 2009). Financing Aboriginal enterprise development: The potential of using co-operative models. *Centre for the Study of Co-operatives, University of Saskatchewan*.



Photo 2.2: Community entrepreneurs in a First Nation Community (GHFN) are struggling for capital and inventories at their home-based stores.

Photo Credit: Mohammad Rony

The federal government focused on five segments of development for Aboriginal communities, which included business development; human resource development; sectoral development (forestry, fishing, agriculture, arts and crafts, and tourism); community economic development; and co-operative development (Hammond Ketilson & MacPherson, 2001). Those initiatives were directed within the same context as the mainstream economy without understanding the culture and needs of the Aboriginal communities, and ultimately could not accomplish success (Hammond Ketilson & MacPherson, 2001). Their development concept was

integrated with governance, culture, education, social development, and resource farming to achieve a sustainable economic development (Hammond Ketilson & MacPherson, 2001).

Most Aboriginal communities, particularly in Western and Northern Canada, have a deficiency of basic financial infrastructure, and this is still common for many Aboriginal communities (Parker & DeBono, 2004). For CED, money mobilization requires funding with a financing mechanism for local and independent projects (Duboff, 2004). Private sector partnerships could create earnings and sustainability by investing in those CED projects (Leigh, & Blakely, 2013). According to a CED & social finance expert in Winnipeg, racism, colonialism, and treaty obligations have caused systematic exclusions, which have resulted in poverty and desolation for Aboriginal communities (CED & social finance expert, personal communication, December 12, 2014). To achieve social equity, it is important to develop cooperation among public sectors and socio-economic organizations (Lukkarinen, 2005).

2.2 Aboriginal Cooperatives in Canada

Over the last one hundred years cooperatives have been symbolized as social, economic, and democratic empowered enterprise for securing social and economic objectives. The co-operative movement was first started in Europe during the nineteenth century considering socio-economic benefit of the people (Hammond Ketilson & MacPherson, 2001). Cooperatives were started around 1844 in England for the poor farmers as a producer co-operative (CED & Cooperative expert, personal communication, May 29, 2014). Since their inception, cooperatives have developed capacity and sustainable livelihoods (Thompson et al., 2014), and contributed to communities' economic formation. According to International Cooperative Alliance (ICA), "A co-operative is an autonomous association of persons united voluntarily to meet their common

economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise” (International Cooperative Alliance [ICA], para. 1).¹⁷

The International Cooperative Alliance put importance on sustainable community development through economic empowerment as one of their seven universal principles for developing co-operatives.¹⁸ Cooperatives in Aboriginal communities, particularly in remote First Nation communities, are another tool for improving food security (Thompson et al., 2014). A co-op should be defined as an ‘Aboriginal cooperative’ when its location, membership, customers, ownership, or controlling power are represented mostly by the Aboriginal population (Hammond Ketilson & MacPherson, 2001). Cooperative principles are consistent with the tradition and lifestyle of the Aboriginal people (Richards, 2012).

There are about 8,500 cooperatives and credit unions in Canada with over 17 million members, which include several majors sectors like housing, agriculture, and retail.¹⁹ About 150,000 employees are engaged in cooperative sectors and own about \$330 billion of assets.²⁰ In Manitoba, the cooperative movement is strong and the provincial government is playing a supportive role with its legislation and investment policies for diversified types of cooperatives (One World Inc., 2008). There are more than 410 cooperatives, credit unions, and ‘caisses populaires’ operating in Manitoba and managing about \$10 billion in assets and more than 800,000 members (One World Inc., 2008). Manitoba has a coherent co-operative climate with experts, regulations, tax credits and co-existence business environment of corporation and co-operatives (One World Inc., 2008). But still the Aboriginal co-operatives are facing lots of challenges.

17 Web link: <http://ica.coop/en/whats-co-op/co-operative-identity-values-principles>

18 Web link: <https://www.ncba.coop/7-cooperative-principles>

19 Web link: <http://www.coopscanada.coop/assets/firefly/files/files/CCABrochure-English2.pdf>

20 Web link: <http://www.coopscanada.coop/assets/firefly/files/files/CCABrochure-English2.pdf>

The first Aboriginal cooperative in history existed in the Northwest Territories during the 1950s, to help government officials for getting affordable products and services, but the movement did not persist (Hammond Ketilson & MacPherson, 2001). After that, Arctic Cooperative Ltd. was formed in 1972 when twenty-six small stores in Northern regions joined as members (Hammond Ketilson & MacPherson, 2001). About 133 Aboriginal member-owned cooperatives existed in the year 2000, but mostly in small remote communities and few of them in big cities and small towns (Hammond Ketilson & MacPherson, 2001).



Figure 2.2: Map of Aboriginal cooperatives in Canada, 2000. From Hammond Ketilson, L., & MacPherson, I. (2001).²¹

²¹ A report on Aboriginal co-operatives in Canada: Current situation and potential for growth. *Centre for the Study of Co-operatives, University of Saskatchewan* (Reprinted with permission).

Aboriginal cooperatives have a distinct northern and southern nature in terms of ownership structure, size, and volume of business. The Northwest Territories, Nunavut, and Northern Quebec are home to most of the northern co-operatives and the majority are owned by the Inuit people (Hammond Ketilson & MacPherson, 2001). But southern cooperatives are more profitable than northern ones despite smaller capital size (Hammond Ketilson & MacPherson, 2001). Most Aboriginal cooperatives are engaged in fishing, energy, forestry, financial services, consumer goods, and crafts business (Hammond Ketilson & MacPherson, 2002).



Photo 2.3: Fishermen are meeting for developing a fisheries cooperative in GHFN for CED and sustainable livelihoods. Photo Credit: Mohammad Rony

Cooperatives operating in remote Aboriginal communities share limited resources, create employment, and develop sustainable enterprise for their members (Hammond Ketilson & MacPherson, 2001). According to the Royal Commission on Aboriginal Peoples (chapter five, p. 3.), co-operatives promote empowerment and collectivity for Aboriginal communities to achieve economic development (Hammond Ketilson & MacPherson, 2001). Cooperatives have become a symbol of economic and democratic freedom for both Canadian non-Aboriginal and Aboriginal

communities for a long time (Hammond Ketilson & MacPherson, 2002). For example, most of the cooperatives in Arctic regions of Canada were started based on extreme needs to fight high food prices and a monopoly market system of corporate retailers, and also to market their own produced goods to mainstream buyers (Hammond Ketilson & MacPherson, 2001). Cooperatives are also considered to be value-based enterprise because they hold political and ethical values within their structure (Godwin, 2011). In this context, Aboriginal cooperatives develop a path for social and political empowerment.

In most Aboriginal CED initiatives, communities' strategic advantages like indigenous knowledge, culture, history, and local business ideas are typically neglected (IFC, 2010). If co-operative businesses are integrated with community development initiatives (First Nations Communications Toolkit, 2007), Aboriginal communities will have more control over their development and more opportunities to market themselves. For operating a successful Aboriginal enterprise or cooperative, it is crucial to maintain balance of governance and power between the band council and management, with clear mandates and accountability (Thorau, 2009). This power balance ensures sustainability and profitability for the community-owned enterprise (Thorau, 2009).

2.3 Impact Investing & Aboriginal Economy

Impact investment is an evolutionary form of the social finance sector under the domain of social economy. This is an alternative investment approach for solving social, economic, and environmental challenges in today's world due to the failure of mainstream financial systems (Svedova, Cuyegkeng, & Tansey, 2014). Under the social finance umbrella, three sectors are working: microfinance, social banking, and impact investing (Geobey, Westley, & Weber, 2012). This is an approach to investment philosophy where investments are aimed to create a positive

social, environmental, or economic impact beyond a financial return for the investors (O'Donohue, Leijonhufvud & Saltuk, 2010). Government is the major caretaker of social and economic development for any country, but in today's world public funding alone is not enough for positive social and economic impact (Svedova et al., 2014). After the global financial crash in 2008, private and public investment in enterprise for creating positive social impact got more focus from investors and policymakers (Rangan, Appleby, & Moon, 2011).

The concept of 'impact investing' was sparked when the Rockefeller Foundation, the world's leading philanthropic organization, coined the term in 2007 (Svedova et al., 2014). This sector has been emerging since 2010 when the traditional philanthropic and public sectors experienced a capital and expertise shortage to solve the growing development challenges in the world, including Canada (Palandjian et al., 2010).

Impact investors can be differentiated based on their expected return from a particular investment. The 'impact first' investors compromise financial return to achieve social or environmental impact, while 'finance first' investors look at social or environmental return but financial return is their first preference (Rangan et al., 2011). It is quite noticeable that most available investment funds do not focus on both developing and developed countries but that these funds are mostly available for the developing market like Latin America, Africa, and South Asia (Svedova et al., 2014). Unlike USA, Canadian funds mostly focus on the developing world rather than focusing on domestic markets and issues (Svedova et al., 2014).

2.3.1 Impact Investing in the Canadian context

In the Canadian context, the social economy movement started in the early 1900s, when the first credit union and cooperative were founded (Harji, Reynolds, Best, & Jeyaloganathan,

2014). After this, the social economy has transformed with multiple inclusion of concepts and institutions like the federal government-funded Community Futures program for rural and ACED (1987), Aboriginal Financial Institutions (1986), microfinance concept with Montreal Community Association (1990), and the Socially Responsible Investing (1997) respectively (Harji et al., 2014). During the 1990s, a community fund was created to provide loans, investment to rural and remote community-based business ventures and non-profit enterprises for creating positive social impact for underserved people (Bragg, 2010).

In 2010, a Canadian Task Force on Social Finance has addressed the potential of impact investing concept and started working on developing a framework and ecosystem for filling the gaps of social finance (Harji et al., 2014). The impact investing system brings private, public, and micro-investors to unveil immense possibilities with the common goal to create positive impact for the underprivileged people and their communities (Palandjian et al., 2010). About 45 investment assets are available in Canada but most of them are not diversified and include debt products, which lack innovation (Harji et al., 2014). Impact investing is not an alternative to the philanthropic approach of social and economic development but it should be considered as a new capital to support philanthropic and market demand to solve social, economic, and environmental challenges (Rangan et al., 2011).

The engagement of the public sectors with private partners can minimize investment risk (Young, 2015) and develop a more sustainable investment approach. Federal and provincial governments have intervened to facilitate other institutions thorough different tax incentives and regulations (Harji et al., 2014). For example, Nova Scotia's CEDIF (Community Economic Development Investment Funds) program and Ontario's Green Energy Act were established by provincial governments to develop funding and attract other institutional investors to invest in

environmental, social, and economic projects (Harji et al., 2014). Another provincial fund known as The Immigrant Access Fund (IAF) was developed in Alberta in 2005 to facilitate micro-finance for unemployed and underserved immigrants, and has disbursed over \$5 million in loans, with up to \$10,000 per person (Doyle & Carnegie, 2014).

Measuring social impact is an integral part of impact investment, and at the same time it is important to develop an effective monitoring system to define goals and values for investment suppliers, borrowers, and other stakeholders (Harji et al., 2014). Theory of Change mapping process, GIIRS ratings and analytics, IRIS standardized taxonomy, ESG screening, SROI measurement of non-financial return, Cost-Benefit Analysis, Sustainable Livelihoods mapping, and Case Studies are available to measure impacts of frameworks for investors and other stakeholders (Best & Harji, 2013). Within these frameworks, several commonly used social metrics are used for specific sectors to measure impact for investment (Best & Harji, 2013). For example, household income, level of social integration, and health condition were used for newcomers and First Nations; family income level, job creation, training opportunities, wages, and employee retention are metrics that have been used for job creation and poverty alleviation (Best & Harji, 2013).

2.3.2 Impact Investing & Aboriginal Economies in Canada

The term ‘impact investment’ is relatively new to the Aboriginal economy as well as to the mainstream financial world of Canada. Easy and affordable access to capital is one of the requirements for developing business. The history of federal government spending for Aboriginal communities started in 1867 with the British North America Act when the government declared exclusive jurisdiction on those communities (Schwartz, 2013) and claimed legal ownership of the land and resources that they lived on.

Government spending for Aboriginal communities has become a legal and constitutional requirement for Canada. Government funding is mostly utilized for infrastructure development, housing, and business development as a part of developmental financing for Aboriginal communities (Canadian Banker Association, 2005). About thirteen federal agencies including Indigenous & Northern Affairs (INAC), Health Canada, Canada Mortgage and Housing Corporation, and Human Resources Development Canada have disbursed funding through their own programs and policies for the First Nations communities (Canadian Banker Association, 2005). However, most of that funding cannot be defined as ‘impact investment’ because the government spends for public welfare rather than investment or financing philosophy. But federal and provincial governments have established several programs directly through band councils and indirectly through Aboriginal financial institutions (AFIs) and community development organizations to provide capital for businesses and CED projects (Bragg, 2010).

The Government’s role is not only to supply capital, but they also develop and implement regulations and administrative rules for the Aboriginal financial market (Parker & DeBono, 2004). An example of a government initiative is the Arctic Co-operatives Development Fund (ACDF), which was established in 1986 to support 33 local cooperatives to bring under one umbrella with \$10 million in loans funded from INAC and the Government of the Northwest Territories (Hammond Ketilson, 2014).

Aboriginal entrepreneurs are facing enormous challenges compared to mainstream financial systems due to a number of factors like lack of private sector capital, lack of collateral, lack of banking services, lack of proper insurance, and overlapping regulations for economic development (Parker & DeBono, 2004). Ignorance regarding Aboriginal communities’ culture and needs are apparent at both the provincial and federal government level, with respect to policies for

Aboriginal economic development (Germain & Sibbeston, 2006). Rather, CED often considers local entrepreneurship development, financial assistance for local entrepreneurs, local knowledge development, and positive environmental impact initiatives (Loizides & Wuttunee, 2005).

The National Aboriginal Financing Task Force stated that Aboriginal communities could create wealth through business activities to help address their current socio-economic challenges (Government of Canada, 1996). This strategy fits with the concept of "community capitalism" (Loizides & Wuttunee, 2005), which is a combination of capitalism with a profit motive and of preserving indigenous values (Loizides & Wuttunee, 2005). By following this strategy, several First Nation communities in Canada have already started to attract investment for their economic development—but the development policy has been reactive rather than proactively supporting (First Nations Communications Toolkit, 2007).

2.4 Aboriginal Fisheries: Sustainable Livelihoods & Community Economic Development

Fish products are one of the major export items of Canada with about \$4.9 billion of fish and seafood products exported in 2014 (Fisheries and Oceans Canada, 2015). USA, European Union, and China are the major export market for Canadian fish and seafood products, which was about 85% of the total catch in 2014 (Fisheries and Oceans Canada, 2015). Among those markets, USA imported about 63% of the major species like lobster, crab, shrimp, and farmed Atlantic salmon from Canada in 2014 (Fisheries and Oceans Canada, 2015). Nova Scotia, New Brunswick, British Columbia, Newfoundland and Labrador, Quebec, Prince Edward Island, Manitoba, and Saskatchewan are major Canadian provinces for harvesting and exporting ocean and freshwater fish (Fisheries and Oceans Canada, 2015). For freshwater inland fisheries, Manitoba is the eighth

largest exporter among Canadian provinces, exporting about \$57.3 million with 5,821 tons of fishes in 2014 (Fisheries and Oceans Canada, 2105). Most export species from Manitoba were perch, whitefish, and pickerel (Fisheries and Oceans Canada, 2015). But the existing socio-economic conditions of non-Aboriginal and Aboriginal fisheries are not the same in Canada, particularly for the First Nation fishers engaged in inland fisheries.

Fisheries are historically, culturally, socially, environmentally and economically important for the livelihoods and food security of Aboriginal people in Canada (Stiegman, 2006). Aboriginal fishermen regard fishing as a source of food, festival, and finance (Stiegman, 2006). Aboriginal commercial fishermen have been affected by colonial effect through legal restrictions (Gough, 2007) and deprived from their livelihoods (Kearney, 2006). The Natural Resources Transfer Agreement (NRTA), which was derived from the Constitution Act of 1930, usurped the ancestral lands of Aboriginal peoples for provincial Crown land, which Aboriginal people could use for sustenance fishing but no longer were the only occupants and decision makers or even the main ones. This agreement became a part of the Canadian Constitution in 1982 (Government of Manitoba, 2009). In terms of regulations, a license is not required for recreational fishing for Aboriginal people, but commercial fishing is regulated under provincial and federal licensing laws (Government of Manitoba, 2009). In Manitoba, the Freshwater Fish Marketing Corporation (FFMC) controls the licensing for commercial fishing, and this is the authority from which the Wabung Fisheries Co-operative, which was formed during my research period, got their special dealer's and export dealer's license, which enabled them to sell fish within Manitoba and outside of Manitoba commercially. For commercial marketing, the FFMC has executive power over the export market and regulatory affairs.

The Supreme Court of Canada assured the Aboriginal communities of their treaty rights of using fish for food and social purposes in 1992 (Capistrano, 2010). These initiatives started in 1990 by developing strategic programs for better management and access to fisheries resources for Aboriginal commercial fishermen (Fisheries and Ocean Canada, 2007). After that, Fisheries and Oceans Canada (DFO) implemented the Aboriginal Fisheries Strategy (AFS) in 1992 to develop capacity for Aboriginal fishermen (Fisheries and Ocean Canada, 2007). Fisheries and Oceans Canada have developed policies and relationships with Aboriginal communities based on their interest, treaty rights, land claims agreements for sustainable fisheries management (Fisheries and Ocean Canada, 2007). Several other programs like Aboriginal Fisheries Strategy (AFS), Aboriginal Aquatic Resource and Oceans Management (AAROM) Program, Aboriginal Inland Habitat Program (AIHP), Marshall Response Initiative (MRI) (2000–2007), and Atlantic Integrated Commercial Fisheries Initiative (AICFI) were launched to develop internal and organization capacity for Aboriginal fishery communities (Fisheries and Ocean Canada, 2007).

Aboriginal fishermen who are involved in the coastal fisheries have comparatively better economic advantages than fishermen living on inland fisheries. Better export value of seafood products and better access to capital mostly account for this difference. For example, Aboriginal fisheries in the east coast communities have increased in value from \$4.4 million to \$75 million in the last ten years (Young, 2015).

About 32 First Nations communities in Atlantic coast areas received business, financing, licensing and other logistical supports to develop community-owned fishing enterprise since 2008 from a fisheries development program (Young, 2015). On the Pacific coast, a license bank initiative known as The Pacific Coast Fishermen's Conservation Company followed the cooperative model

to develop a fair trade quota system for better financial return for its members (Ecology Action Centre, 2013).



Photos 2.4: Fisherman, Joe Wood in GHFN is catching fish and the community members are filleting and packaging fishes at the fish processing plant. Photo Credit: Mohammad Rony

About 1,352 inland fishers were active during 2011–12 in Manitoba and got financial help (NDMF, 2012) from the Federal authority. But it is really hard to find visible change in Aboriginal inland fishing communities like GHFN and others. They are living with high food insecurity (Thompson, Wiebe, Gulrukh, & Ashram, 2012) and living below the poverty line, in a worse situation than non-Aboriginal fishermen. Limited market access, lack of financial capital, lack of proper infrastructure, and lack of promotional activities make their fish products unavailable to the vast potential of consumers in Manitoba and outside of Manitoba. The provincial government's conservation department, Manitoba Conservation and Water Stewardship, tracks and issues quotas for commercial fishing, though subsistence fishing is not applicable under this quota system (Thompson et al., 2014).

Whether it is subsistence or commercial, fishing is closely linked with Aboriginal people's culture and livelihoods. The Sustainable Livelihoods Approach (SLA) concept has been considered as a major tool for mitigating poverty in the marginalized fishing communities worldwide (Allison & Horemans, 2006). Usually the fishing communities' living standards are poor, and there is a lack of education and skills, especially for the fishermen living in remote communities (Townnsley, 1998; FAO 2005). Aboriginal fishermen living in remote and fly-in communities in Canada are not an exception.

The fisheries is one of the major economic activities for most Aboriginal communities in Canada. For some communities like GHFN, the commercial fishery is the only source of livelihood for many people despite lots of challenges. Achieving sustainable livelihoods requires a community economic or a human right-based approach to development (Allison & Horemans, 2006). Financial, technical, and management capacity need to be developed in order to achieve sustainable Aboriginal fisheries development in Canada (Fisheries and Ocean Canada, 2007).

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CHAPTER 3: RESEARCH APPROACH, METHODS AND DELIVERABLES

3.1 Introduction & Methods

I conducted participatory action research (Tashakkori & Teddlie, 2008) to study Aboriginal community economic development (ACED) as well as business case analysis, and perception study of stakeholders (non-community members) regarding Aboriginal social enterprise development. This research also monitored the steps and challenges involved in developing a co-operative in Garden Hill First Nation (GHFN), a remote community in Northern Manitoba. To explore the barriers to investment, the study has analyzed the potential of impact investment to attain ACED (Loizides & Wuttunee, 2005). This research also explored the impact of potential investors' perceptions of First Nation business investment opportunities and how these perceptions are linked with their investment preferences.

The methods have been linked with the objectives in table 3.1:

Research Objective	Method Undertaken
To identify the feasibility and challenges of development of a fisheries cooperatives at Garden Hill First Nation for CED	<ul style="list-style-type: none">➤ Focus Group Meetings (Onwuegbuzie et al, 2009) and information sessions were conducted on community economic development, fishing and co-operative development opportunities for knowledge sharing and community participation.➤ Semi structured one-on-one interviews (Hickory, 2011) with CED, co-op, and Aboriginal business experts were conducted in order to get strategic ideas.➤ A cooperative business feasibility study in GHFN has been conducted using strategic business case analysis (SWOT and break-even analysis). An online stakeholders' perception study (Hickory, 2011) has been done to identify individuals' perceptions regarding Aboriginal people, community, co-ops, fisheries, and CED.➤ Digital storytelling (Rasmussen & Kofoed, 2008) was conducted with fishermen to explore their perceptions, community history, attachment, and expectation from the community.

To identify the importance of impact investment for developing a cooperative or social enterprise for Aboriginal CED	<ul style="list-style-type: none"> ➤ Semi-structured one-on-one interviews with Aboriginal banking, impact investment, and Aboriginal CED experts were conducted to illustrate the present picture of the Aboriginal impact investment ecosystem and the importance for Aboriginal CED. ➤ Existing published and online documents have also been analyzed to illustrate the present ecosystem and interactions and structures among the institutions and regulations.
To identify the stakeholder's (non – community members) perception about Aboriginal people, and community and how the perception is affecting stakeholder's investment decisions for Aboriginal social enterprise or cooperative	<ul style="list-style-type: none"> ➤ Semi structured one-on-one interviews (Hickory, 2011) with experts regarding CED, Aboriginal banking, and impact investment were conducted to get ideas about internal and external investment barriers. ➤ An online stakeholders' perception study (Hickory, 2011) was done to identify individuals' perceptions regarding Aboriginal people, community, and investment preference. ➤ Existing published and online documents were analyzed to understand barriers and state policies.

Table 3.1: Research objectives with methods

Detail methods were discussed in the respective chapters based on the objectives and research questions.

3.2 Methodological Approach

My research was designed based on a mixed method approach to participatory action research (Tashakkori & Teddlie, 2008). In this participatory action research, community members' (particularly fishermen and community leaders) participation, information sharing, and empowerment (McCracken & Narayan, 1998) was given priority in terms of feasibility and decision-making for cooperative development. Also, the community members shared their views and support for fishing cooperative development for community economic development. This kind of research is a collective effort where participants address a specific social problem and develop

an answer in four stages—plan, action, observe, and review (Moeliono & Sunarno, 2005)—to bring a positive social and economic transform.

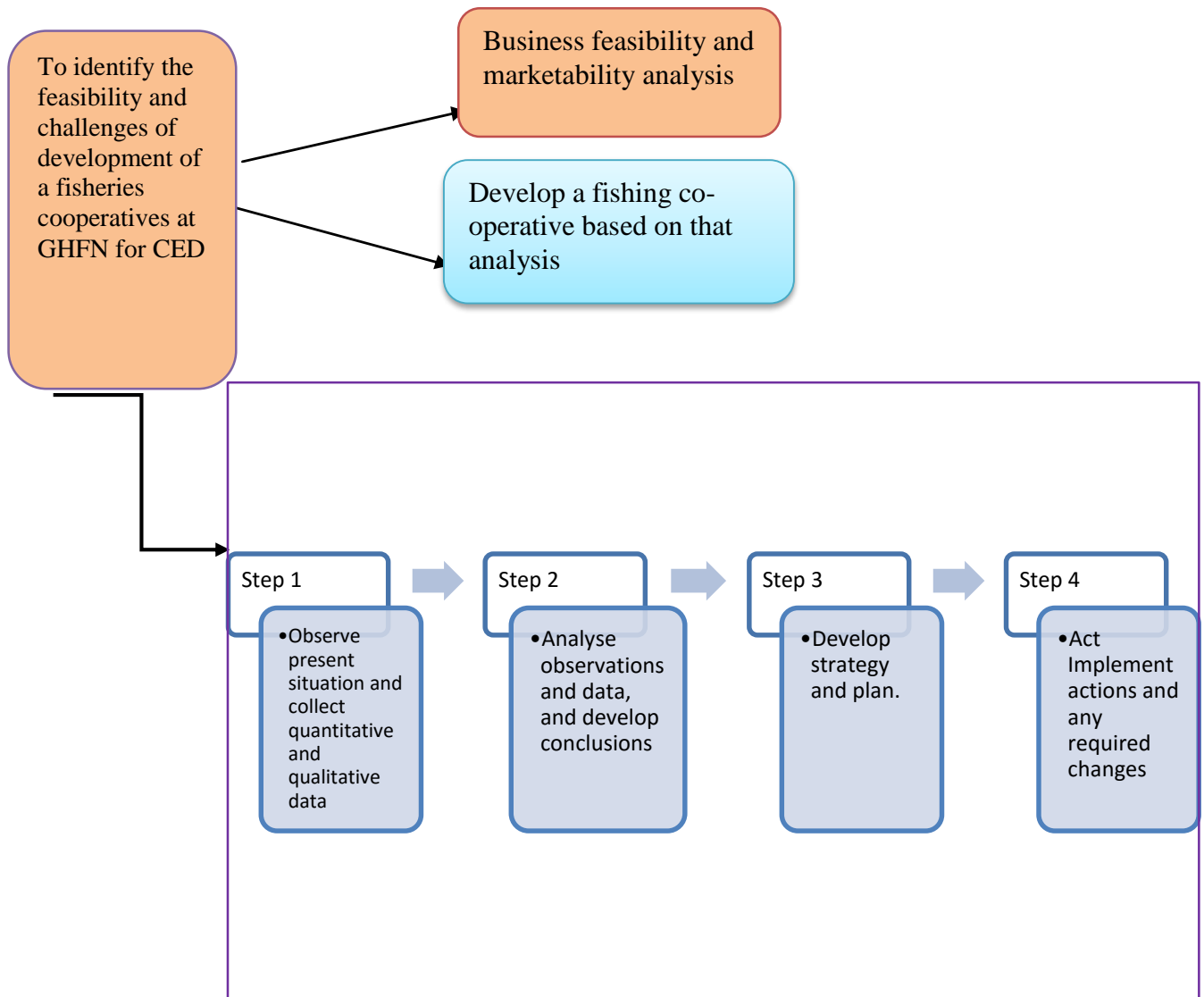


Figure 3.1: Steps in strategic planning research for Cooperative development

Qualitative data was analyzed with “Dedoose” online software and quantitative data was analyzed with professional statistical software like SPSS 20 and STATA 11.20, and online survey software "QuestionPro" was used to analyze both qualitative and quantitative data from different stages.

Participatory action research offers a democratic way for marginalized community members to be a part of their community's development (Quixley, 1997 & 1998). Community engagement and empowerment were given priority in this research by including fishermen and other community members in the business case analysis, information sharing and community consultation, focus group meetings (Onwuegbuzie, Dickinson, Leech & Zoran, 2009), and digital storytelling (Rasmussen & Kofoed, 2008). Lessons learned from the steps of cooperative development were analyzed with other qualitative and quantitative methods including document reviews, expert interviews, perception studies to arrive at conclusions and recommendations.

3.3 Deliverables Produced During the Study Period

During my research period, I produced, wrote, and designed several online and print materials for the information session, community consultation, market development, and promotion for the fisheries cooperative. Here is a list of those materials and deliverables.

<ul style="list-style-type: none"> ➤ A full business plan for the fishing co-operative with SWOT analysis and strategic marketing plan. ➤ A guideline for cooperative management and business development. ➤ Workshops for the fishermen about basic cooperative and management development. ➤ Community profile including a fisheries promotion video for GHFN. ➤ Social media and an online system for selling fish products. ➤ A fish brand named "First Fish". ➤ A logistics and work plan for fish plant development. ➤ Promotional materials like flyers, t-shirts, product labels, and others. 	<ul style="list-style-type: none"> ➤ A thesis with guidelines for Aboriginal community economic development and impact investing with cooperative development. ➤ An online platform for buying fresh fish products from GHFN. ➤ A social media with the cultural connection with the community and people. ➤ Impact investment opportunities and guidelines in the Aboriginal community-owned fishing cooperative.
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Table 3.2: Delivered research products

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CHAPTER 4: SUSTAINABLE ABORIGINAL FISHERIES BUSINESS: FEASIBILITY, MARKETABILITY & IMPACT INVESTING OPPORTUNITY OF THE ISLAND LAKE WABUNG COOPERATIVE

4.1 Introduction

“We would never survive with store bought foods. It’s so expensive and it is important to continue on fishing and teach our children how to fish commercially and for food.”

- Ivan Harper, Fisherman and Fish plant manager, GHFN

Fishing is one of the ancestral livelihood activities for most aboriginal communities in Canada and culturally very important. Fishing and hunting are key sustenance activities today and historically despite lot of challenges in present days. Hunting and fishing have been recognized as a constitutional right for Aboriginal peoples under section 35 of the 1982 Canadian Constitution.²²

In this chapter, I discuss the background of developing the fisheries cooperative in GHFN. After I detail how commercial fishing was operating before the Wabung cooperative was established after completing a business case analysis of the Wabung Fisheries Cooperative (referred to hereafter as Wabung Co-op) and receiving positive views about fish products supplied by a First Nation fisheries co-op (Thompson et al, 2014). I discuss the challenges and opportunities faced during the birth and start-up stages of Wabung Co-op. and how it was difficult to exercise the possible options for Wabung Co-op. At the end, I discuss the present activities and accomplishment of the cooperative (up to December, 2015). This research builds on the analysis I was involved in earlier (Thompson et al, 2014). The significance of this analysis is that it provides

²² Web link: Accessed June 25, 2014 https://www.gov.mb.ca/conservation/firstnations/hunting_fishing_oct_09.pdf

some insights and direction for other Aboriginal cooperatives and communities (Thompson et al, 2014).

4.2 Study Area and the community involvement

I conducted this participatory action research based on GHFN, which is a remote fly-in community, located in northern Manitoba. With a population size of 2,776 according to Statistics Canada (2011) the community has very limited income opportunities. The primary industry is commercial fisheries and trapping, which experiences issues like inadequate access to capital, supplies, marketability of fish products, improper training, lack of skills and ineffective supply chain network. Garden Hill is part of the Island Lake Tribal Council, which is divided into four reserves in 1969: Garden Hill First Nation, Red Sucker Lake First Nation, Wasagamack First Nation, and St. Theresa Point First Nation.²³

There is no permanent road to Garden Hill First Nation as the community is surrounded by water, with abundant fish (Thompson et al, 2012) and is only accessible by winter ice roads via St. Theresa Point and air from Winnipeg.² Physical facilities include a nursing station, a high school, an elementary school, a band office and a local TV station serving the whole community. A convenience store with gas station and some home based small stores are the only symbol of visible business activities in Garden Hill. So the residents had to depend on the neighboring Stevenson Island for buying goods from any of the three stores there including the Northern Store, until February 2016 when Wawaday Grocery Store opened in Garden Hill. People paid extremely high price for the purchases due to the lack of competitive markets creating high monopoly prices, the

²³ Web link: Accessed January 25, 2013 <http://www.fourarrowsrha.ca/profiles/>

high freight costs to fly goods and the high cost of consumers travelling by boat to another island to shop.

The largest employer in the community is fishing. Though the community has a fish processing plant it was not in operation for many years due to new regulations by the Canadian Food Inspection Agency (CFIA), which required to ship out of the country and the province. Then at the provincial level, there was a lack of local trading markets, and the need for a provincial license to sell commercially or institutionally, which had not been granted to any community. For filleting and processing to develop value-added products there was a need to meet commercial kitchen standards, without the community meeting that standard. During my research period, the Fishermen Association of Garden Hill got a Special Dealer's License and Export Dealers License to market their fish products within Manitoba and other provinces with the assistance of my supervisor and me, which was a helpful tool to market their fish.



Photo 4.1: Island Lake airport and pristine Island Lake where GHFN is located.
Photo Credit: Mohammad Rony

The community also has artists, traditional clothing, accessories and craft makers, who are doing these activities as a hobby and sometimes sell their products to friends and families. But these people have the potential to be small entrepreneurs and can improve their livelihoods. This reserve community experiences extreme poverty due to a lack of economic activities and colonial oppression (Thompson et al., 2014). GHFN has preserved its language, culture, and traditions. Sixty percent of people speak Ojibway-Cree and 14 percent speak Cree as both their mother tongue and the language spoken at home (Thompson et al., 2014).

WE ARE ALL TREATY PEOPLE



The Numbered Treaties

Between 1871 and 1921, the British Crown and First Nations (Anishinaabe, Anishinewak, Ininiwak, and Denesuline) entered into eleven separate Treaties that enabled the Government to actively pursue agriculture, settlement, transportation links and resource development in the Canadian West and North. These Treaties are commonly referred to as the Numbered Treaties and cover northern Ontario, Manitoba, Saskatchewan, Alberta, north-eastern British Columbia and the Northwest Territories.

The First Nations negotiated and entered into the Numbered Treaties in order to formalize a long standing relationship with the Crown. This relationship developed through many years of interaction and trade with newcomers. The First Nations entered into Treaties to protect their livelihoods, culture, language and land bases. First Nations did not view the Treaties as a surrender of their land but as an agreement to share the land with newcomers.

From the Crown's perspective, under the Numbered Treaties, the First Nations ceded tracts of land to the Crown in exchange for specific rights. These Treaty rights include: reserve lands for the sole use and benefit of First Nations, education, health, agricultural assistance, livestock, annuities, ammunition, clothing, taxation exemptions and continued rights to hunting, fishing, trapping and harvesting.

TREATY NO. 1

Treaty No. 1 was entered into on August 3, 1871 at Lower Fort Garry. Communities enjoying the benefits and responsibilities of Treaty No. 1 land include: Winnipeg, Portage La Prairie, Selkirk, Steinbach, Emerson and Winkler. The First Nation Treaty No. 1 communities are Brokenhead, Long Plain, Pegu, Roseau River, Sagkeeng, Sandy Bay and Swan Lake.

TREATY NO. 2

Treaty No. 2 was entered into at Manitoba House on August 21, 1871. A few of the communities that enjoy the benefits and responsibilities of Treaty No. 2 land include: Ashern, Brandon, Dauphin, Minnedosa and Roblin. The First Nation communities of Treaty No. 2 are Dauphin River, Ebb & Flow, Keeseekeewin, Lake St. Martin, Lake Manitoba, Little Saskatchewan, O-Chi-Chak-Ko-Sipi, Pimewasung and Sturgeon.

TREATY NO. 3

Treaty No. 3 was entered into at the Northwest Angle of Lake of the Woods, Ontario on October 3, 1873. The Manitoba First Nation community of Treaty No. 3 is Buffalo Point. Manitoba communities that enjoy the benefits and responsibilities of Treaty No. 3 land include: Falcon Lake, Middleboro and Point du Bois.

TREATY NO. 4

Treaty No. 4 was entered into at Fort Qu'Appelle, Saskatchewan on September 15 and 21, 1874. The majority of the Treaty No. 4 territory is in Saskatchewan. However, an area of western Manitoba is included in Treaty No. 4 territory. Manitoba communities that enjoy the benefits and responsibilities of Treaty No. 4 land include: Birch River, Mankading and Swan River. Manitoba First Nation Treaty No. 4 communities are: Gambler, Pine Creek, Rolling River, Sapotawayak, Tootinowasibeng, Waywasecappo and Wuskwisig.

TREATY NO. 5

Treaty No. 5 was entered into on September 20, 1875 at Berens River and September 24, 1875 at Norway House. The First Nation Treaty No. 5 communities are: Berens River, Black River, Bloodvein, Chenaupis, Cross Lake, Fisher River, Hollow Water, Kinjoshstegon, Little Grand Rapids, Misipawistik, Mosakahkies, Norway House, Opaskwayak, Pungasag and Poplar River. Some of the Manitoba communities that enjoy the benefits and responsibilities of Treaty No. 5 are: Birtle, Cranberry Portage, Flin Flon, The Pas, and Thompson.

Adhesions to Treaty No. 5

Adhesions to Treaty No. 5 were entered into at various dates and locations starting in June 1908 at Split Lake and ending in September 2006 at O-Pipon-Na-Piwis. The First Nations who entered into Adhesions to Treaty No. 5 are: Bannockburn, Fox Lake, Garden Hill, God's Lake, Granite Lake, Minto Sipi, Nisichawayasik, O-Pipon-Na-Piwis, Red Sucker Lake, Sayli Dene, Shamattawa, St. Theresa Point, Tatakewiyak, Wasegama, War Lake and York Factory. Manitoba communities that enjoy the benefits and responsibilities of the Adhesions to Treaty No. 5 include: Churchill, Gillam, Leaf Rapids, and Lynn Lake.

TREATY NO. 6

Treaty No. 6 was negotiated and entered into on August 23 & 28, 1876 at Fort Carlton and September 19, 1876 at Fort Pitt, Saskatchewan, although the entire Treaty No. 6 territory lies within Saskatchewan the First Nation communities of Mathias Colomb and Marcel Colomb who participated in the making of Treaty No. 6 are within Manitoba.

TREATY NO. 10

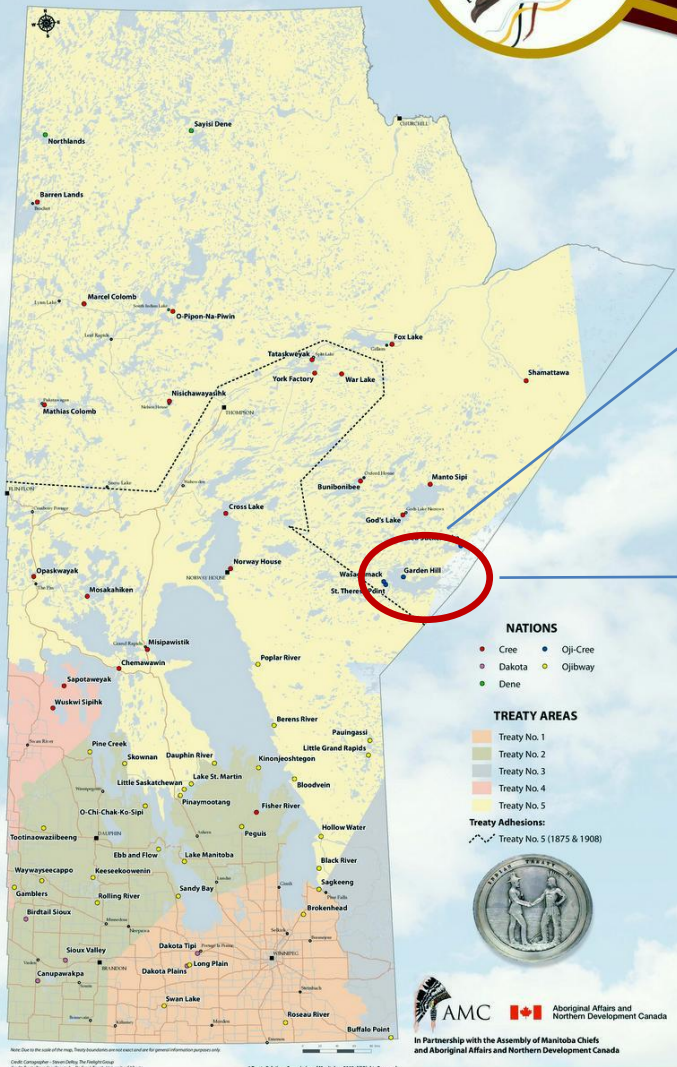
Treaty No. 10 was entered into on multiple dates and locations in 1906. The majority of the Treaty No. 10 territory is within Saskatchewan but the Treaty No. 10 First Nation communities within Manitoba are Barren Lands and Northlands.

THE DAKOTA NATION

The Dakota people in Manitoba are not a party to the Numbered Treaties. However, they are recognized as having use and occupation of territories within Manitoba having secured alliances and arrangements with the Crown and other First Nations in Manitoba. Dakota communities in Manitoba are: Birdtail Sioux, Chippewas, Dakota Tipi, Dakota Plains and Sioux Valley.

MAP DISCLAIMER: This map is provided as a public service by the TRCM. It is presented for illustrative purposes and does not imply the expression of any opinion on the part of the TRCM or their partners concerning the legal status of any First Nation or territory. The information contained in this map is derived from a number of sources which may, in part, not be current. Any inaccuracies found here are outside the control of the TRCM and any conclusions drawn from this map are the sole responsibility of the user. Due to the scale of the map the Treaty boundaries are approximate and do not reflect the actual Treaty boundaries as stated within the text of the Treaties. The boundaries are for general information purposes only.

For more information about the Treaty Relations Commission of Manitoba please visit our website at www.trcm.ca or call the TRCM office at 1-204-777-1871.



Garden Hill First
Nation, Island Lake,
Manitoba

Treaty Relations Commission of Manitoba

www.trcm.ca

Photo 4.2: Location of Garden Hill First Nation in Manitoba.

Treaty Relations Commission of Manitoba © 2013. Reprinted with Permission

4.3 Study Design & Methods

The participatory community-based action research considered findings by Thompson et al, 2012 and Thompson et al 2014 and advanced and updated this research with other mixed methods semi-structured, unstructured interviews and focus group meeting (Onwuegbuzie et al, 2009), digital storytelling (Rasmussen & Kofoed, 2008) and business case analysis including SWOT and break-even analysis. I had several visits to the community, conducted information sessions, reviewed previous documents, observed fish processing and had tours at the fish plant (Thompson et al., 2014).



Photo 4.3: Fishermen at GHFN were at a focus group meeting

Photo Credit: Mohammad Rony

This phase of my research was involved with a feasibility study to create entrepreneurship for fishermen, community leaders, commercial fishing experts and representatives (Thompson et al., 2014). I have participated in community economic development activities including fishing and co-operative development for knowledge sharing and community participation, employment opportunities and to contribute to sustainable livelihoods as well.

Digital Story Telling

A digital storytelling event was held to explore perception, community history, fishing stories, attachment and expectation from the fishermen. Though I had a target of six (6) storytellers from the community I was only able to get four (4) fishermen with the help of community coordinators. All participants were video taped in a private room.

Digital storytelling provided a powerful platform for the community fishermen to express their story, provide the story behind the story and share their experiences (Rasmussen & Kofoed, 2008) using audio-visual media. This technique can reveal unknown facts about the community, which could be applied for future by taking strategic ideas from the facts. For disadvantaged people or community, these tools can be a powerful advocacy for traditional culture (Spicer, 1971), economic development and getting future investment. This storytelling is important as community economic development is ineffective without community empowerment and mobilization (Rahnema, 1993; Pontual, 1994).

4.4 Birth & Development of an Aboriginal Fishing Cooperative: "Island Lake Wabung Fisheries Producers Co-operative Ltd." Experience

The Garden Hill Fishers Association (GHFA) was operating commercial fisheries under the "Island Lake Opakitawek Cooperative (ILOC)" which was established in 1995 and had licenses which was only allowed to sell unprocessed fish to other provinces in Canada excluding Manitoba (Thompson et al., 2014). Beginning of my research project, the Fishers Association got both export and special dealer's license which was the first step to rejuvenate a new cooperative (Thompson et al., 2014). In GHFN, commercial fishing was continued with subsistence fisheries as a traditional

fishery despite poor management, lack of marketing skills and low profitability before the Wabung co-op was formed (Thompson et al., 2014). The GHFN community members had set a specific mission of supporting “traditional livelihoods and enhancing the community’s economic and social condition” (Thompson et al., 2014; GHFA, 2013, p. 6) and “A healthy and prosperous fishery and community for today and tomorrow” as their vision for Wabung Fisheries Coop (Thompson et al., 2014; GHFA, 2013, p. 6).

To understand the assets, activities, and access about livelihoods capital the community members of GHFN have, a Sustainable Livelihoods Assessment was completed by Thompson et al (2014). With the livelihoods assessment, it was easy to see which capitals were not available in the GHFN and causing poverty and unemployment (Ballard, 2012; Thompson et al., 2012).

Table 4.1 Basic community food security assessment

- 10 randomly selected fisher households and 41 non fisher households in GHFN for comparison using a validated instrument from Health Canada (2007).
- Nine fishers’ households in GHFN in 2011 were 100 percent severely food insecure (Islam & Thompson, 2011; Islam, Thompson, Zahariuk et al., 2011).
- Where 42 percent of general population of GHFN, were severely food insecure and another 43 percent were moderately food insecure (Thompson, Gulrukh, Ballard, et al., 2011; Thompson et al., 2012).

Table 4.2 Sustainable Livelihoods Assessment

Human Assets	Human assets were limited in GHFN with relatively low levels of education, chronic unemployment, and high rates of disease (Thompson et al., 2014).
Natural Assets	GHFN is surrounded by pristine lakes and river, which have abundant fish (Thompson et al., 2014). The community also has forest products, which helped to develop lumber industry for local needs.
Social Assets	The GHFN community members highly values traditional activities, such as hunting, fishing, and gathering (Thompson et al., 2014).
Physical Assets	<p>GHFN had limited physical assets to improve the quality of fishers' lives, business operation, and their productivity. For better productivity , they required the following which were not available</p> <ul style="list-style-type: none">• The small family-sized boats for fishing• Lack fish finders, depth meters, or any specialized equipment. Lack of modern equipment in fish plant.• Poor infrastructure at fishing deck and the fish plant.• or product loss when loading and unloading 25 kg• (55 lb.) boxes of fish.• No access to piped, safe water or sewage facilities at fish plant and most homes at Garden Hill.
Financial Assets	<p>Financial assets are the savings and financial credit of fishers and other community members in GHFN.</p> <ul style="list-style-type: none">➤ GHFN people lack the collateral required to obtain credit.➤ Additionally many community members and most fishers lack other regular sources of income.



Photo 4.4: Fish Plant at GHFN need improvement before the fishing season 2015.

Photo Credit: Mohammad Rony

The business case analysis focused on marketability, profitability and sustainable livelihoods for GHFN fisheries members (Thompson et al., 2014). A detailed business plan was developed before the formation for co-op including objectives, mission and vision, break even analysis, SWOT analysis with future strategies to develop capital base and marketing. I revised the business plan in 2015 with new and updated information so the co-op management can get more precise and effective direction.

4.4.1 Business Feasibility Study: SWOT Analysis

As part of the business feasibility study of the Island Lake Wabung co-op, SWOT analysis was done during the business plan writing stage (2014), which was revised with new information in 2015. I collected the comparative data from visiting companies and stores in Winnipeg. The objective of this study was to analyze Wabung co-op's strengths, weaknesses, opportunities and threats because developing a wholesale market was one of the major goal for this co-op. Other goals were to: establish a fair trade marketing system, remove marketing barriers and ensure

maximum profit for the fishermen of the cooperative. This SWOT analysis was first developed and included in the business plan before the Island Lake Wabung got its cooperative registration and revised in 2015 while developing a new marketing plan for the Wabung Cooperative.

Island Lake Wabung Fisheries Co-operative Limited	
Strengths	Island Lake Wabung Fisheries Cooperative has great strategic marketing potential as it is a community-based, First Nation's entity selling quality fish. This cooperative has an opportunity to create a niche market for the consumers who love local pristine lake fish.
Weaknesses	The remoteness of the co-op makes transportation of fish to Winnipeg is expensive. Lack of marketing tools and skills delay achieving target market. Lack of machines, procedures and commercial facilities to produce value added products to get better market and price.
Opportunities	With a fillet and packaging station in Garden Hill, the co-op can produce value-added products with lower cost by engaging local people and resources. As a First Nation community cooperative, it has strategic advantage to get financial and marketing help from other community, government and non-government organizations.
Threats	This Cooperative is limited to sell what their special dealers license dictates. As a new cooperative, it has to compete with other experienced competitors for selling products. Limited buyers in the provincial market can create obstacles to getting decent market share. Total supply is limited than other competitors in the market due to the short fishing season in the North.
Competitor 1- Freshwater Fish Marketing Corporation (FFMC)	
Strengths	FFMC has a monopoly business on the fishing industry in Manitoba.
Weaknesses	FFMC sells fish from all over Manitoba, including polluted Lake Winnipeg.
Opportunities	FFMC cannot market their fish as a co-operative, community effort. It does not appeal the local food movement.
Threats	FFMC issues the special dealers license to Island Lake Wabung Fisheries Cooperative and dictates what kind of fish they can sell and to whom.
Competitor 2- Gimli Fish	
Strengths	Brand recognition, store fronts, reliable source of product, reasonable pricing for some products

Weaknesses	Not effectively marketing products online, not identified as fair trade fish.
Opportunities	Lower operating costs and overhead, can use alternative food systems and farmers markets to sell products
Threats	Could market their products as direct sales from fishers and use internet-based marketing and sales schemes
Competitor 3 - Neptune Fish	
Strengths	Brand recognition, store fronts, reliable source of product, reasonable pricing for some products Recognized supplier of fish for the restaurant owners in Winnipeg.
Weaknesses	Not effectively marketing products online, not identified as fair trade fish.
Opportunities	Lower operating costs and overhead, can use alternative food systems and farmers markets to sell products
Threats	Could market their products as direct sales from fishers and use internet-based marketing and sales schemes
Competitor 4- Smokey Joes	
Strengths	Vendor fishes in Gimli in Winnipeg, a close proximity to Winnipeg. Vendor sells at farmers markets.
Weaknesses	Fish comes from Lake Winnipeg, a contaminated source for fishes.
Opportunities	The cooperative structure, show people that fish are purchased from many fishers in a First Nations community instead of just one individual. Can also use buyers clubs and other alternative food systems to promote sales of the cooperative's products.
Threats	Smokey Joes has similar products and sells the majority of his products at local farmers markets.
Competitor 5 - Independent Fish Company, Winnipeg 24	
Strengths	Over 70 years of business experience as fisheries wholesaler Wide ranges of fish brand and other food products including seafood which gives sales leverage Better online order system than others
Weaknesses	Fish supplies are seasonal and sometimes limited
Opportunities	Better management and long-term contact buyers
Threats	Higher prices than other competitors

Table 4.3: SWOT analysis for Island Lake Wabung Fisheries cooperative. ²⁵

²⁴ Retrieved January 20, 2015 from <http://www.independentfish.com/>

²⁵ Adapted from the revised business plan For Island Lake Wabung Fisheries Producers Cooperative Limited. Garden Hill First Nation, Manitoba (ILWFCL, 2015)

4.4.2 Business Feasibility Study: Break-even Analysis

The fishermen of GHFN were involved in commercial fishing and sold fish to a wholesale broker in Winnipeg in the years of my research from 2012 until 2015 without any business plan, feasibility or break-even analysis. So a detailed business cases analysis with break-even analysis was needed to analyze their profitability and analyze the different options.

At the beginning of my research project, I conducted key informant interviews, community consultation and focus groups with fishers, community leaders with my supervisor and found that the fishermen were involved with sustenance and commercial fishing without any business plan. For preparing the competitive SWOT Analysis, I also collected price and other market information from several major fish retailers and wholesalers in Winnipeg.

The initial break-even analysis was done with base information provided by the fishermen at GHFN in 2012 and included in the business plan (GHFA, 2013). It was found that the break even price was CA\$9.88/kg (CA\$4.49/lb) and they were losing CA\$3.29/kg (Figure 4.1) overall for shipping fishes to Winnipeg distributor (Thompson et al, 2014; GHFA, 2013). The price fishermen were paid for pickerel (whole headless) was CA\$4.15/kg (CA\$1.89/lb), but the breakeven analysis showed that the breakeven price was CA\$9.88/kg (CA\$4.49/lb) to cover operating costs (Thompson et al., 2014; GHFA, 2013). The buyer and the marketplace was skewed to exploit the fishermen by providing lower prices (Thompson et al., 2014). Details of this analysis is available in the business plan (GHFA, 2013).

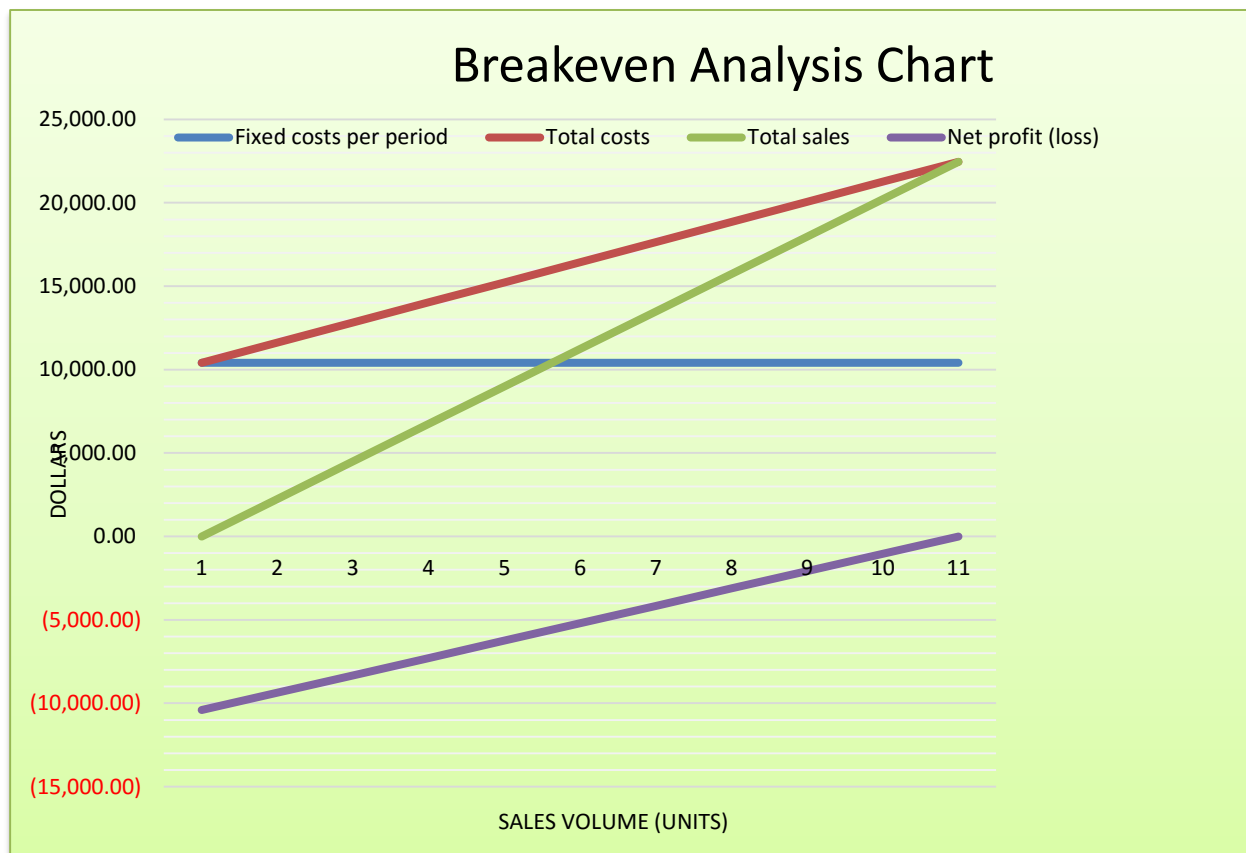


Figure 4.1: Break-even analysis before forming the Island Lake Wabung Co-op based on estimated wholesale prices and quantities for GHFN fisheries.

Fish Name	Pickarel Fillet (Retail)	Pickarel Fillet (Whole Sale)	Pickarel Whole (Retail)	Pickarel Whole (Whole Sale)	White Fish Fillet (Retail)	White Fish Fillet (Whole Sale)	White Fish Whole (Retail)	White Fish Whole (Whole Sale)	Smoked White Fish (Retail)	Smoked White Fish (Whole Sale)	Lake Trout Fillet (Retail Sale)	Lake Trout Fillet (Whole Sale)	Lake Trout Whole (Retail Sale)	Lake Trout Whole (Whole Sale)
Sales Price Per lb	\$10.49	\$6.50	\$7.49	\$5.49	\$8.49	\$4.49	\$4.99	\$3.49	\$8.99	\$5.49	\$8.99	\$5.99	\$5.99	\$4.50
(-)Variable Cost Per lb	\$3.85	\$3.85	\$3.35	\$3.35	\$2.10	\$2.10	\$1.60	\$1.60	\$2.10	\$2.10	\$2.60	\$2.60	\$2.10	\$2.10
Contribution Margin per Unit	\$6.64	\$2.65	\$4.14	\$2.14	\$6.39	\$2.39	\$3.39	\$1.89	\$6.89	\$3.39	\$6.39	\$3.39	\$3.89	\$2.40
Sales Mix Percentage	10%	55%	2%	5%	3%	4%	5%	2%	4%	5%	1%	2%	1%	1%
Weighted Average CM per Unit	\$0.66	\$1.46	\$0.08	\$0.11	\$0.19	\$0.10	\$0.17	\$0.04	\$0.28	\$0.17	\$0.06	\$0.07	\$0.04	\$0.02
Sum: Weighted Average CM per Unit	3.4456													
Total Fixed Cost	6000													
(/Sum of Weighted Average CM per Unit	3.4456													
Break-even Point in Units (Lb) of Sales M 1741.35129														
Fish Name	Pickarel Fillet (Retail)	Pickarel Fillet (Whole Sale)	Pickarel Whole (Retail)	Pickarel Whole (Whole Sale)	White Fish Fillet (Retail)	White Fish Fillet (Whole Sale)	White Fish Whole (Retail)	White Fish Whole (Whole Sale)	Smoked White Fish (Retail)	Smoked White Fish (Whole Sale)	Lake Trout Fillet (Retail Sale)	Lake Trout Fillet (Whole Sale)	Lake Trout Whole (Retail Sale)	Lake Trout Whole (Whole Sale)
Sales Mix Percentage	10%	55%	2%	5%	3%	4%	5%	2%	4%	5%	1%	2%	1%	1%
(x) Total Break-even Units	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35	1,741.35
Product Units (lb) at Break-even Point	174.1351289	957.74321	34.82702577	87.0675644	52.2405387	69.65405154	87.06756443	34.82702577	69.65405154	87.06756443	17.41351289	34.82702577	17.4135129	17.41351289
(x) Price per Unit	10.49	6.5	7.49	5.49	8.49	4.49	4.99	3.49	8.99	5.49	8.99	5.99	5.99	4.5
Fish Sales in Dollars	1826.677502	6225.3309	260.854423	478.000929	443.522173	312.7466914	434.4671465	121.5463199	626.1899234	478.0009287	156.5474808	208.6138844	104.306942	78.36080799
Sum: Break-even Point in Dollars	11755.166													

Figure 4.2: Break-even analysis based on estimated wholesale and retail prices & quantities for Fishes products of Island Lake Wabung co-op

For the weighted average break-even analysis, I consider the competitive wholesale and retail price for all species available for sale. Detailed analysis of the cost of goods and other expenses are available in the appendix section I.

Assumptions made for the break-even analysis:

The following assumptions have been made to calculate break-even analysis:

Current state assumptions

Revenue	<ul style="list-style-type: none"> ➤ “First Fish” brand provide a possibility for future marketing with small gains being made in 2016. ➤ Both retail and wholesale sales price were considered based on negotiated wholesale price, average market price and average retail price available on the market on September, 2015. ➤ Sales revenues will come from the following sources: direct retail sales through online and farmers markets, wholesale to retail store, restaurants and locally through Meechim Inc. at GHFN. ➤ Sales Mix Percentage of different species have been determined based on previous sales experiences, retail customers’ demand, consultation with the wholesale buyers and availability of species. ➤ Individual break-even price has been calculated for each species in the sales-mix. ➤ Price paid to fishermen through Wabung co-op for whole headless fish was estimated based on price set by Wabung co-op management for Fall, 2015 season. ➤ Projected number of units produced & sold each month was 2,500 lb for each species. ➤ Break-even point in Dollars was \$11,755.17 and Break-even Units (Lb) was 1,741.35 lb considering all species in the sales mix, which was included both retail and wholesale per month.
COGS	<ul style="list-style-type: none"> ➤ Monthly fixed expenses (non-production) and direct-fixed production costs did not change regardless of types of species and sales volume. ➤ Direct-variable production costs per unit has considered average filleting cost (\$ 0.50 per lb), packaging& labeling (\$0.25 per lb) and Gas/Fuel (\$ 250 per month for 2500 lb which is \$0.10 per lb) ➤ Fish price paid to Wabung Co-op was included FOB Winnipeg.
Operating expenses	<ul style="list-style-type: none"> ➤ Operating expenses include sales/marketing, admin/management, overhead, rent, depreciation, utilities communications, taxes, etc.

Growth assumptions

Revenue	Revenue in future years will be based on an extended fishing season from June 1-July 15 and again from September 1-October 31. Winter fishing usually depends on available fishermen, equipment and funding. Sales revenue growth depends on season variability of demand and supply. But a steady growth should consider while preparing cash flow statement.
COGS	An increase in sales will require increased labor as well as packaging materials and freight costs. This will be calculated for the coming year using a basis of increase number of units sold.
Business expenses	Growth in the business will also mean expanding into new forms of processing. Machines will need to be purchased as well as upgrades to the current operating facilities in the community and delivery and storage facility in Winnipeg. Major capital costs will be incurred in the next several years based on sales projection and business growth plan.



Photo 4.5: Joe Wood at GHFN boats to catch fish on Island Lake, Manitoba.

Photo Credit: Mohammad Rony

4.5 Consumer's Perception & Marketability of First Nation Fisheries

For developing local market and brand image, Wabung Fisheries co-op sold fish products with “First Fish” brand name at several Farmers’ markets, retailers and directly to consumers order through online order system. During retail sales, fish were sold out most of the time and demand was more than the supply. I conducted an online study among the general stakeholders with 111 participants inputting their preferences. With their preference, the potential buyers also indicated why they would consider buying fishes from First Nation fisheries.

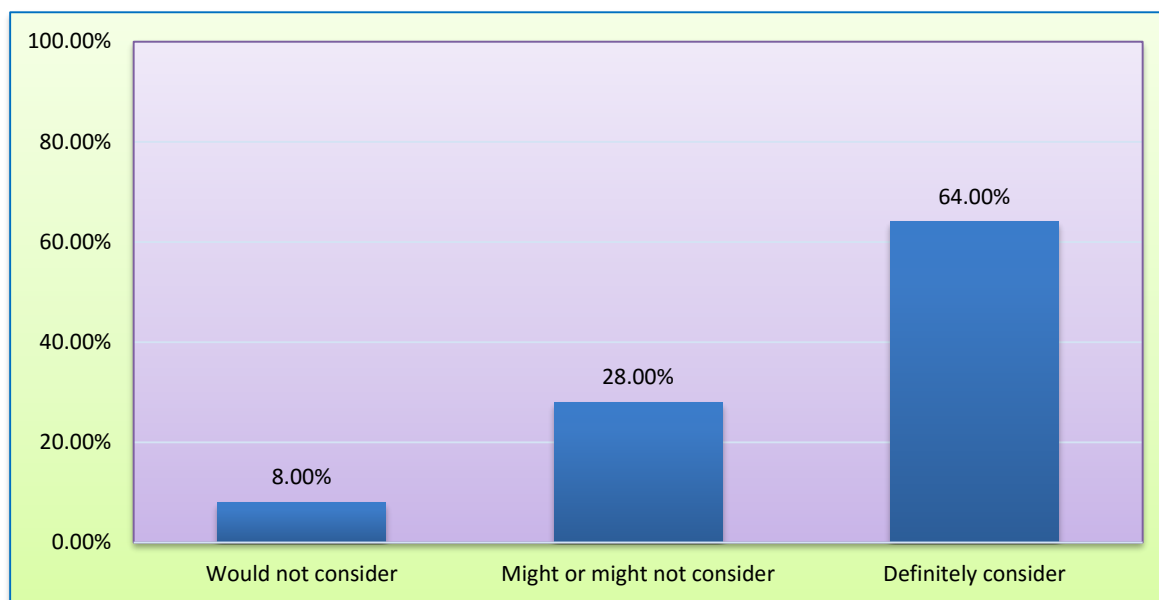


Figure 4.3: Percentage of people willing to buy fish from a First Nation cooperative.

Note: All percentages rounded to their closest value.

The above figure shows that the significant number of participants wanted to buy fish products from a First Nation cooperative. This preference would be a good capital for Aboriginal/First Nation fisheries to develop their marketing and branding strategies.



Figure 4.4: Top 10 reasons for buying fishes from a First Nation cooperative.

The major reasons for buying fish were indicated by 111 stakeholders. These reasons included to support First Nation economy with fair trade and local employment, which is underdeveloped. As well as to support First Nation community's project and collaboration, social justice, history, traditions and reduce monopolistic market system acted as the driving forces with fisheries. So fish quality or price was not the major driving factors. With my retails sales experience, the consumers valued the traditions and locality of the fishes. Affection and loyalty were clear with their responses which could be used as capital to build a niche market for fish products. Also with

fisheries marketing, a positive community image could be gained for sustainable economic development. But this affection with fishes did not build their confidence to invest in fishing cooperative like Island Lake Wabung, which was discussed in chapter six (6) of this thesis.



Photo 4.6: Fish filleting and packaging operations at GHFN fish plant, Manitoba.
Photo Credit: Mohammad Rony

For developing sustainable markets, both focus to develop retail market for local consumers and distributors with longer term contract for sustainable business growth, which were recommended in the business plan. I developed an initial network (Figure 4.4) for efficient supply, marketing which included online order system for retails consumers in Winnipeg. For value addition and reaching more customers, a smooth supply network was needed (Thompson et. al., 2014). This figure showed how technology connected a remote fly-in community with urban fish consumers. This process was followed a few times when I did retail marketing in Winnipeg. Though this system was not completely followed all the time. However, implementing this retail supply chain system

could save time and cost for the co-op management. Because logistics and high transportation cost were the major challenges for developing sustainable fishing business in a remote community like GHFN.



Photo 4.7: Banner displaying at “First Fish” stall farmers’ market, Winnipeg for selling fishes of Wabung Fisheries co-op. Photo Credit: Mohammad Rony

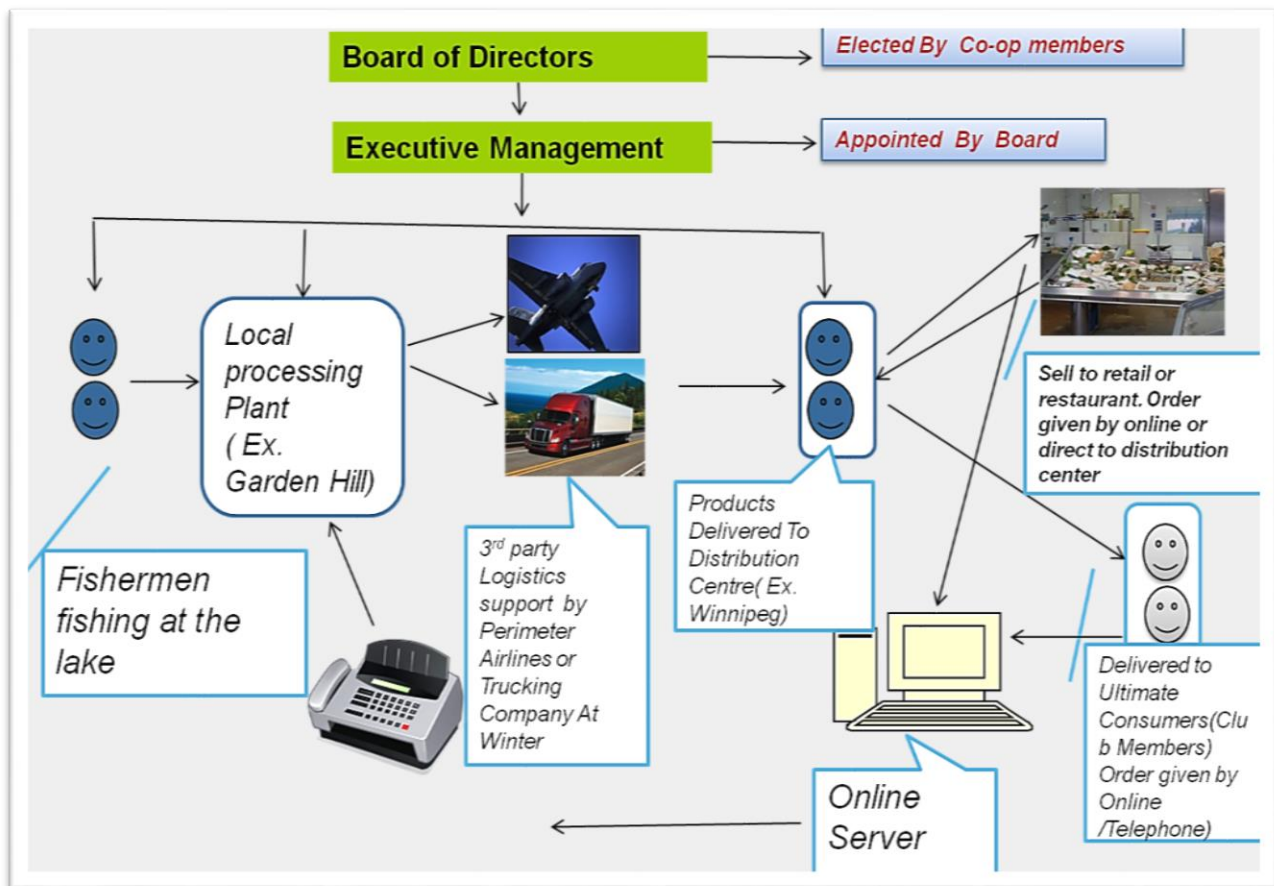


Figure 4.5: Retail supply chain framework followed by the Wabung Co-op to sell their fish products in Winnipeg.

4.6 Present Status of Wabung Fisheries Co-op (December, 2015)

The Island Lake Wabung co-op officially started its journey September, 2014. After several community consultation, the Wabung Co-op got a great board of directors, bylaws and now the cooperative is positioned to move ahead. As well, in 2014 the fisheries cooperative had local sales of fish to health care, home care and schools since people are aware of the Special Dealers License

allowing institutions to buy fish. The Wabung Co-op sold fishes with partnership with Meechim Inc., which is the social enterprise to sell healthy food and farming in GHFN

In 2014, the fall fishing season was started at mid-September and continued until end of October, which is the legislated ending of the season. About 47 fishermen worked for three weeks period. Total catch was 18,000 pounds of pickerel and 2,500 pound of other types of raw fish, including white fish, jack fish, brook trout, maria etc.). The co-op members gave other types of raw fish to the community members, community events, providing fish for feasts on treaty day and providing for smoke fish demonstrations as a part of their country food programs. About 150 people have participated in these community events during this period.



Picture 4.8 : Board meeting of Island LakeWabung co-op at GHFN.
Photo credit: Mohammad Rony

Wabung Co-op sold some whole and filleted fishes through Meechim Inc. in the community of GHFN, Winnipeg farmers markets, direct internet marketing around Winnipeg, restaurants with Winnipeg and Winnipeg retail stores. These venues provided better returns for the cooperative and the individual fishers than selling wholesale. Through direct marketing and processing of fish, a more 'fair trade' cooperative fishery was targeted for supporting traditional FN culture. By creating the infrastructure and marketing direct at farmers markets, helped to obtain better prices for fishers. But with retail sales, the management of the co-op was looking for a long-term buyer for developing sustainable cash flow to and develop capital base for the co-op .

In Fall 2015, the Wabung Co-op was engaged a fish supply contract with the Fresh Water Fish Marketing Corporation (FFMC) supplying 2,00,000 lbs over a year of mainly pickerel. But the co-op was able to supply about 1,00,000 lbs till Decemebr, 2015. The Wabung Co-op got some advance payment from the FFMC to cover initial operating costs for the fishermen but it was difficult to send money to the community due to the lack of bank or credit union in the community. Although I helped the Wabung Co-op board open a bank account in Winnipeg with a credit union, the board made a payment transfer agreement with a local grocery store which was costly and in many ways problematic.

4.7 Chapter Summary

With the perception study and experiences with fish products marketing, I found that First Nation/Aboriginal fisheries had good value and a niche market providing opportunities to build a

strong brand. However, without proper marketing plan, nor management capacity nor logistics, good management and profitability are hard to achieve.

Co-ops are very popular in Northern Canada mostly in Inuit communities more so than among communities in southern Canada for historical as well as socio-economic reasons (Aboriginal CED and cooperative expert, personal communication, July 18, 2014). The co-op structure was adopted initially by the people in those communities before other business format and contributed economically for smaller population as a collective force (Aboriginal CED and cooperative expert, personal communication, July 18, 2014). But Island Lake Wabung Co-op was a classic example how a First Nation community fought back for their rights, better management and enhanced profitability for fishers, who typically had been losing money. This study occurred over three years, which is a very short time to evaluate the success and long-term profitability of any business. Having an opportunity to supply the local market and with FMFC buying their fish after years of them not working together, the co-op is off to a good start but is still marginally profitable for the Wabung Co-op and for many fishers unprofitable.

So learning about business and industry are also essential for any cooperative, either Aboriginal or non-Aboriginal, to be successful (CED & social finance expert, personal communication, December 12, 2014). For managing an enterprise like a cooperative, it is also important for the management to understand every aspect of running a business including human resources, marketing, finances, and effective communications (CED & social finance expert, personal communication, December 12, 2014). So management and board members' capacity building should not be ignored (CED & social finance expert, personal communication,

December 12, 2014). Developing an effective cooperative management is essential for success in Aboriginal community perspective. So composition of the management team is important for Aboriginal cooperatives (CED & cooperative expert, personal communication, May 29, 2014). Because members of the cooperative do not always monitor activities of the management (CED & cooperative expert, personal communication, May 29, 2014).

In terms of financing, Wabung Co-op had to rely on traditional grants and community development funds, but need more diversified financial sources to mitigate risk and business growth. For that, the co-op management and members need to develop their skills, capacity and a better vision with more training and logistical support (Aboriginal CED and cooperative expert, personal communication, July 18, 2014).

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CHAPTER 5: ABORIGINAL IMPACT INVESTING ECOSYSTEM AND POTENTIAL FOR ABORIGINAL COMMUNITY ECONOMIC DEVELOPMENT

5.1 Introduction

The Canadian economy is basically divided into two divergent streams with the Community Economic Development (CED) programs. The two streams are: 1) dependent on non-repayable funds like grants and donations; and 2) the mainstream financial market, focused on pure financial return and growth (Harji et al., 2014). This divide has created disconnection between profit and community development and lack of stable funding to meet social, and environmental challenges. Impact investing is trying to address those issues by incorporating a social investment philosophy to public and private capital. Along with the public sector, Aboriginal economic development has got attention within the impact investing ecosystem in Canada with an estimated fund of \$285.7 million out of the total Canadian market of \$4.45 billion (Svedova et al., 2014).

With Canada's mainstream impact investment sector in transition presently, what is the present status of investment market for Aboriginal communities? In this chapter, I look particularly at the present Aboriginal impact investing ecosystem including regulatory frameworks, institutions and interactions among the stakeholders. I also develop a comparative analysis of the institutions involved in impact investing and banking activities for Aboriginal communities. In terms of impact investment ecosystem design and comparative analysis, I include the mainstream financials, banks and other organizations who directly or indirectly play roles for accessing capital and banking services for the Aboriginal enterprises and communities. This analysis explores the complexity of

the present system, gaps and future possibilities. It identifies the importance of impact investment for developing a cooperative or social enterprise for Aboriginal CED.

5.2 Aboriginal Community Economic Development and Role of Impact Investing

The socio-economic conditions and histories are not the same for Aboriginal and non-aboriginal communities in Canada. For this reason, it is necessary to study the Aboriginal community's structural, historical, cultural and institutional dynamics with a holistic approach to planning for economic development (Wesley Esquimaux & Calliou, 2010).

Canadian Aboriginals are currently facing appalling socioeconomic conditions mostly due to unemployment, poverty and poor health conditions. Canadian census data showed this in 1991, with Aboriginal people ranking 2.5-times (24.6%) above the national rate of unemployment (10.2%) (Anderson et al., 2006). This is true today but the inequities are even worse according to the latest census (Statistics Canada, 2011). Unemployment has led approximately 42% of the Aboriginals to be dependent on social welfare for a living, in contrast to the 8% dependence of the national Canadian population on social welfare, which is 5-times the rate (Anderson et al., 2006). Ignorance and the refusal to recognize and respect Aboriginal culture are excluding Aboriginal peoples from participating in the mainstream economy (CED & social finance expert, personal communication December 12, 2014). The poverty economic situation in Aboriginal communities along with limited physical infrastructure in First Nation communities result in abysmal hygienic and health conditions, further impacting on their life quality (Reading and Wien, 2009).

Canadian impact investors are slowly considering Aboriginal markets but they usually study the social and economic impact of their investment (Harji et al., 2014). Although the impact investors usually study social and economic impact of their investment, they should also study its impact on traditional activities, language use and cultural pride. This approach has to be customized due to the great variation among the communities (Wesley-Esquimaux & Calliou, 2010). Cultural and social customs vary greatly and the financial and physical assets and human capacity are not at the same level for all communities (Wesley-Esquimaux & Calliou, 2010).

Some policy makers, activists and officials, working in the CED sector, focus on either economic aspects or community aspects (CED & social finance expert, personal communication, December 12, 2014). Most community development projects get used to grant/funding models and each year they are looking for more funding (CED & social finance expert, personal communication, December 12, 2014). On the other hand, most mainstream investors and financial organizations are confused about cash flows and return on investment from the non-profit and CED sector with an effective investment model (CED & social finance expert, personal communication December 12, 2014). ‘Impact investing’ can bridge this gap by opening more opportunities for non-profit and CED sectors through arranging capital from non-traditional sources such as institutional impact investors and, generating revenues based on their organization philosophy (CED & social finance expert, personal communication, December 12, 2014). With a short-term focus, a ‘gap filling’ ideology of CED would create more employment in the communities; but for eradicating poverty in the long run, ‘transformative’ policy is needed on economic development (CED & social finance expert, personal communication, December 12, 2014). Impact investing ensures the development of

entrepreneurship as well as aids in the facilitation of the infrastructure, wealth and employment development for the communities with transformation (Parker & DeBono, 2004).

5.2.1. Developing community wealth

Creating wealth by attracting investments from outside the community and developing community's capacity is a proven approach for many communities in Canada. The goals of these investments could vary from community to community. It is essential to consider the present policies, resources allocation from national level to community level and develop strategic partnerships for economic development for community wealth building (Democracy Collaborative, 2014).

In Aboriginal communities , unemployment and poverty are obstacles for socio-economic growth (Kendall, 2001). Several Aboriginal communities have realized the negative outcomes of extreme dependency on government funding and tried to diversify investments and funding for community economic development (Loizides & Wuttunee, 2005). Supporting community based social enterprises and cooperatives with funding and mentoring are needed for community wealth building especially for marginalized communities (Democracy Collaborative, 2014). At the same time, it is important to extend banking and investment fund for better capital access particularly for remote and underserved Aboriginal communities (Democracy Collaborative, 2014).

To explore new opportunities of investment, a few Aboriginal communities formed an Aboriginal Development Corporations to minimize access barriers to capital and develop a joint-venture with non-aboriginal corporations (Loizides & Wuttunee, 2005). But the density ratio of

such development corporations and their impact are still insignificant compared to hundreds of other non- Aboriginal communities across Canada.

Though Aboriginal communities have unique characteristics and their own governance under Federal jurisdiction, their cultural history and living customs of sharing and decision making enabled them to follow the same philosophy of wealth and community development (Loizides & Wuttunee, 2005). Another federal funded economic development institution is the Aboriginal Community Futures Corporation (ACFC), which works for business financing and develops the capacity for business growth for Aboriginal entrepreneurs and community development projects. Similar organizations also work for non-Aboriginal communities mostly located in Western Canada (Bragg, 2010).

5.2.2 Ignite changes in economic development policy

With the changing dynamics of the social economy, Aboriginal communities need to create diversified livelihood approaches and investments from various impact investors. Not all the investors give value to impact initially. Most of them prefer a blended value where social, environmental and economic returns are mixed together. Under the hood of ‘Community Capitalism’, Aboriginal communities can accumulate their community wealth and develop community-owned enterprises to attract more outside institutional and individual impact investors (Loizides & Wuttunee, 2005).

Aboriginal communities have started co-management and joint ventures with external companies for better access to capital. One such example is the Waswanipi Cree community in Québec launching a joint venture with DOMTAR (the largest producer of uncoated paper in North

America) for better management and equity capital access (Loizides & Wuttunee, 2005). Another example of a joint-venture investment initiative in Manitoba is The Tribal Council Investment Group (TCIG). Seven tribal councils pooled their own financial resources to form TCIG and invest in multiple sectors including food and beverage services, health management and financial services, food and dry goods distribution and retailing in Aboriginal communities for economic development with 25 % Aboriginal employees (Wuttunee, 2002).

These two examples basically followed two policies of investment for community economic development (CED). The Waswanipi Cree community tried to attract external corporate capital and strategic partnership for their economic growth. On the other hand, the TCIG pooled their own resources 25 years ago totaling \$25,000 to bring corporate businesses to the communities (Wuttunee, 2002). They both focused on high growth industries with minimum risk that were multinational businesses with a corporate structure, and the use of technology rather than their own culture and resources. These models of investment created jobs and developed wealth and yet, the distribution of wealth and social benefit to the masses were still not adequate. They mostly focused on financial returns rather than the greater combined impacted benefits to the economic, social and environment respectively. But creating jobs, that are not productive, in the Aboriginal community should not be considered as community economic development; for sustainable economic development, productive engagement of people in the community is important and can add products/services and generate incomes (Aboriginal banking and finance expert, personal communication, May 22, 2015). It is also important to consider business, which can generate profit, hire local people, and provide products or services through

community ownership (Aboriginal finance & CED expert, personal communication, March 18, 2015). Impact investment considers those factors with determined social and economic impact.

5.2.3 Better and diversified access to capital

Access to both social capital and financial capital is a major challenge for Aboriginal communities across all the provinces and territories. The roots of these barriers to capital are historical, colonial and regulatory. Three types of capital access include: loans or debt capital, equity or share capital and term investments (Parker & DeBono, 2004). Barriers to accessing capital is another layer of complexity for CED in most Aboriginal communities. However, availability of funds is not a major problem for outsiders investing in Aboriginal communities (Parker & DeBono, 2004). Instead, the investors' perception of risk about the lack of resources, capacity, poverty and regulatory framework are the chronic problem (Parker & DeBono, 2004) and barriers to investing. For a CED project, government traditionally plays a major role, while other financial institutions, development organizations and philanthropic foundations mostly rely on the Government's regulatory framework (Thornley & Dailey, 2010). But with the changing ideology of the community development plan and investment atmosphere, both the demand and supply-side players in the investment market are thinking about a diversified and innovative concept of impact investment. And as such, the Aboriginal communities could be benefited from that changing atmosphere. To get optimum benefits, strong leadership, vision, governance and a sound implementation strategic plan for economic development is required (Loizides & Wuttunee, 2005). Although sound

implementation is one of the most important steps towards economic development, but unfortunately, most Aboriginal communities lack the capacity to understand the concept.

For better capital access, ethical investment is actually outperforming other investments in the financial markets though this concept was developed before the ‘impact investment’ concept emerged (CED & social finance expert, personal communication, December 12, 2014). Especially some credit unions, who are the members of the ‘Global Alliance for Banking on Values’, have outperformed the banking industry with better financial metrics (CED & social finance expert, personal communication, December 12, 2014). Usually ‘ethical investment’ or ‘socially responsible investment’ are a part of social finance, but ‘impact investment’ has predetermined social and economic objectives before the investment is made. In this context ethical or socially responsible investment have shown the way to develop ‘impact investment’ despite these are risks of inadequate market return (CED & social finance expert, personal communication, December 12, 2014).

5.2.4 Securing Sustainable Livelihoods: The Common Ingredients

The components of the sustainable livelihoods concept and the objectives of impact investment are deeply connected. Developing sustainable livelihoods depend on several capitals development such as natural, physical, human, financial and social capitals (Ellis, 2000). Sustainable livelihoods mapping of investment is an impact measurement tools for people living in a community (Best & Harji, 2013). With this impact measurement tools, the basic five capitals have to be identified and also whether these capitals are improving with the investment to reduce poverty in the community (Best & Harji, 2013).

Root Capital is one of the non-profit organization, which provides or lends financial support to small agricultural business, specially to the communities which are facing poverty and vulnerability in Africa and Latin America (Root Capital, 2013). In other words, Root Capital finances the farmers for their business in aggregation, processing and ultimately marketing the harvest (Root Capital, 2013). Root Capital has the objective to improve the livelihoods of these small-scale farmers through investment in their rural agricultural business, which would in return provide higher and more stable income for these farmers and their families (Root Capital, 2013). Moreover, Root Capital ensures their investment in environmentally sustainable agricultural practices, which is crucial for long-term sustainable development and prosperity (Root Capital, 2013). This impact measurement tools indicate that impact investing has significant contribution for developing sustainable livelihood for underserved people and communities. In my study area, GHFN has natural capital such as fisheries, forest and other mineral resources but physical infrastructures and financial capital are poor with low savings, no financial institution and credit facility due to complex land ownership and regulatory framework (Thompson, et. al., 2014, Ballard, 2012)

A report written by Christie Young (2015) summarizes the challenges faced by sustainable food system entrepreneurs in accessing proper financial avenues (Young, 2015). The ways of measuring impact are usually questioned by funders and investors. One of the major existing frameworks for assessing and tracking impact is the Sustainable Livelihoods Framework (SLF) (Young, 2015). The SLF (Figure 5.1) is a standard and traditional framework initially used in United Kingdom, which was later modified to fit Canada (Young, 2015). Therefore, it functions in an

international development context to be applied in impact investing, designated to sustainable livelihoods including sustainable food systems. It is a very useful framework as it is designed to address and transform poverty (Young, 2015) to identify systemic forces.

The seed-stage impact investment (seed capital) is a form of high risk financing of beginner entrepreneurs and founders (Figure 5.1) who are incapable of initial financing of their business. The impact investment supports development of their capacity in building up more sustainable livelihoods (Young, 2015). Different types of funding sources including grant based, mission and philanthropic funding are frequently used by seed capital in order to finance the early stages of sustainable livelihood business (Young, 2015).

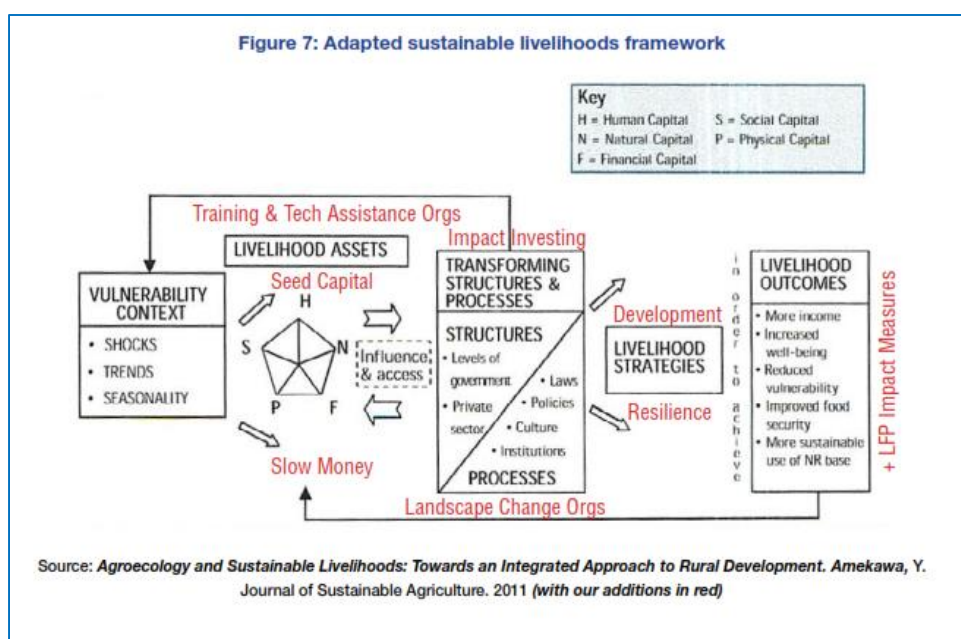


Figure 5.1: Interrelation between the Sustainable Livelihoods Framework (SLF) and impact investing. Reprinted with permission²⁶

²⁶ Collected and reprinted with permission from Young, C. (2015). Food Farms Fish and Finance, which is adapted and modified from *Agroecology and Sustainable Livelihoods: Towards an Integrated Approach to Rural Development*. Amekawa, Y. *Journal of Sustainable Agriculture*. 2011

5.2.5 Developing Aboriginal Social Enterprise for CED

The concept of social enterprise is not new in Canada. With the development of social economy, social enterprise has taken a significant space in the CED domain with non-profit or profit motive for both Aboriginal and non-Aboriginal communities. Work scopes of social enterprise have got wider by including non-profit areas. Examples include health, education, women empowerment, capacity building, youth and community development.

Social enterprise can be for profit with a commitment of financial contribution for solving social problems and can also be charitable or non-profit enterprise with business motive for socio-economic objectives (Hayhoe & Valentine, 2013). With time, social enterprises in Canada have explored diversified access of capital for business sustainability. Under an enterprise model, social enterprise offers goods and services with a social and economic objective considering capital structure and cost-effective access for sustainability and growth. The social enterprise has significant social and economic objectives where impact investment can help to build the capital base and create social impact with market rate return on investment (Doyle & Carnegie, 2014). This is a win-win situation for both the social entrepreneurs and impact investors. Social enterprise provides option to use equity, debt or loans as their capital structure (Hammond Ketilson, 2014).

Acquiring shares of the business or cooperatives allow the partnering members to develop member equity (Handford, 2005; Van Gils, 2005). There are several ways of building financial equity with the support of external sources and they include Traditional Philanthropy as well as Venture Philanthropy, which is a rather new concept (Handford, 2005). In the case of traditional

philanthropy, the funding or grants are provided by granters such as Partners in Organizational Development and The Community Economic Development Technical Assistance Program (Handford, 2005). However, the disadvantage for the granters in this case is, once the funding was provided, they are incapable of controlling the investment money due to their inability to read a final financial report (Handford, 2005).

Venture capital is used by financially insecure businesses/enterprises with unreliable income records. Therefore, venture capital is subjected to higher interest rates or annual percentage return in terms of return on investment (Handford, 2005) than normal loans. Venture capital is usually owned or formed by a group of high risk-taking investors expecting a high rate of return as a payment for their high risk investment (Handford, 2005). The concept of venture capital in social enterprises was introduced in 1990s. Their grants are considered as investments in order to gain social impact or social outcome (Handford, 2005).

5.3 Methodology & Data Analysis

5.3.1 Study Design and Framework

This chapter on the Aboriginal CED and impact investing has aimed to find answers for the research question, “Is impact investment a sustainable approach for Aboriginal CED?”. As well, I explore ‘What is the present Aboriginal impact investing ecosystem?’. With both of these findings and development experience of the fishing co-operative, this thesis has got a specific picture of the average scenarios of remote Aboriginal communities in Canada. Therefore, the knowledge gathered

from this study could be applied to other Aboriginal communities in Canada as a road map for using impact investment.

5.3.2 Methods and Data Analysis

In this chapter, I relied on qualitative analysis, which included document reviews and experts' interviews as the primary methods. For developing the ecosystem diagram, I reviewed the existing literatures and online materials on impact investing, Aboriginal banking and financing, CED, regulatory and legal documents. I was in contact with most of the institution representatives and gathered the data necessary for this study.

Semi Structured Experts' One-on-one interviews

In order to gather strategic concepts on Aboriginal impact investing, one-on-one interviews were conducted with eight Aboriginal business experts, Aboriginal bankers, social finance experts, CED professionals, impact investment advisor, social enterprise & cooperative expert, academic researchers and government officer as well. The interviews were conducted in a private room or over the phone, depending on their preferences, the interview was either videotaped, audio recorded, or notes were taken manually. The selection criteria for interviewing experts was as follows: 1) working in Canada and 2) having knowledge on aspects such as Aboriginal CED, impact investment, social finance, banking and government regulations.

Existing Document Analysis

Texts or existing documents are usually considered as suitable sources of qualitative data (Love, 2003). Therefore, in order to gather secondary data required for the study as well as

collecting relevant other information such as legal information of financial institutions, extensive existing document analysis was done (Centre for Disease Control & Prevention, 2009).

Many studies verify the application of document analysis as one of the research methods in collecting qualitative data (Bowen, 2009). This also can be considered as data mining from documents of importance to the study (Merriam, 1998). Basically, document analysis involves scientific reviewing of the contents of the documents in either electronic (digital) or hard-printed forms. Documents analysis is a qualitative method where print or digital documents are studied extensively to select, extract and synchronize data implied on those documents based on research objectives (Bowen, 2009). I interpreted scientifically and utilized this acquired knowledge to develop theories (Corbin and Strauss, 2014). This method helped to consolidate qualitative or quantitative data based on research themes and objectives (Labuschagne, 2003). With document analysis, text materials are analyzed for developing several categories in the research areas (Morris & Ecclesfield, 2011). With this method, I also performed comparative analysis of major AFIs, impact investment funds and private equity firms, mainstream banks and CED organizations to reveal their characteristics and investment philosophy towards Aboriginal CED

5.4 Present Aboriginal Impact Investing Ecosystem - Major Actors and Structures

Impact investing ecosystem is a platform where multiple stakeholders and institutions interact with each other to facilitate investments and regulations with diversified roles. Major roles include identifying investment supply, developing channels, developing market and regulatory framework and securing stakeholders' interest in the system (Roose & Bishnoi, 2012). Within the

ecosystem, major segments are: the supply and demand sector, intermediary institutions and governance institutions. These segments consist of various financial institutions, research organizations, engagement and impact measurement organizations and legal and advisory institutions (Roose & Bishnoi, 2012). Aboriginal business and financial system research has identified certain potential barriers of Aboriginal access to capital and made several policy recommendations (Hammond Ketilson & Brown, 2009; Parker & DeBono, 2004). The recommendations focus mostly on large public and private institutional integrations, legal barriers and policy reforms.

Aboriginal financial systems in Canada is quite complex and rare compared to the mainstream financial systems. Unlike the mainstream impact investing ecosystem, Aboriginal impact investing system has significant layers of governance and a strong presence of government agencies as fund suppliers. Most investment funds are channeled through Federal and Provincial Governments rather than other sources of capital flow. These overlapping regulatory systems are not only for impact investing spectrum, it was also implemented in the Aboriginal finance and banking system. There is no specific regulatory framework for impact investment. Therefore, the actors and stakeholders are working under the existing framework, but are developing new sectors and mechanism to invest.

There are many reasons for underdeveloped financial facilities in Aboriginal communities. These include: complex and non-standard regulatory bodies, inadequate fund supply, remote location of the communities (Harji et al., 2014), lack of coordination among the stakeholders, lack of financial education, lack of physical capital and socio-cultural dynamics. In terms of regional

distributions of financial facilities, some aboriginal communities are enjoying multiple facilities while many communities have none. For example, my study area, the Garden Hill First Nation as well as three other nearby communities in the Island Lake region do not have any physical financial institution or any institutional investment facility available for their community members. A limited number of people in these communities have government or other jobs, and are doing banking through Winnipeg or Thompson or Norway House. There is no credit union or chartered bank branch in these four fly-in communities. This vacuum of banking and impact investing activities are limiting the scopes of development of physical, human and financial capital, which are essential ingredients for sustainable livelihoods. These limitations of sustainable livelihoods activities ultimately affect the community economic development.

In figure 5.2 I identified several major institutions with regard to their structures, work areas and regulatory frameworks in the present Aboriginal financial world within an ecosystem diagram. This ecosystem design helped me to find the relationship and interconnection, which exists in the present institutional settings. The relationships are governed at the federal, provincial and municipal levels impacting the supply and demand sector by regulatory controls as discussed in section 5.4.3. The supply sector are the capital supplier which include different institutions, such as public funds, private portfolios, philanthropic capital. The demand sector is comprised of the borrowers and businesses needing capital, such as Wabung Fisheries Co-op., private business like Amik Aviation.

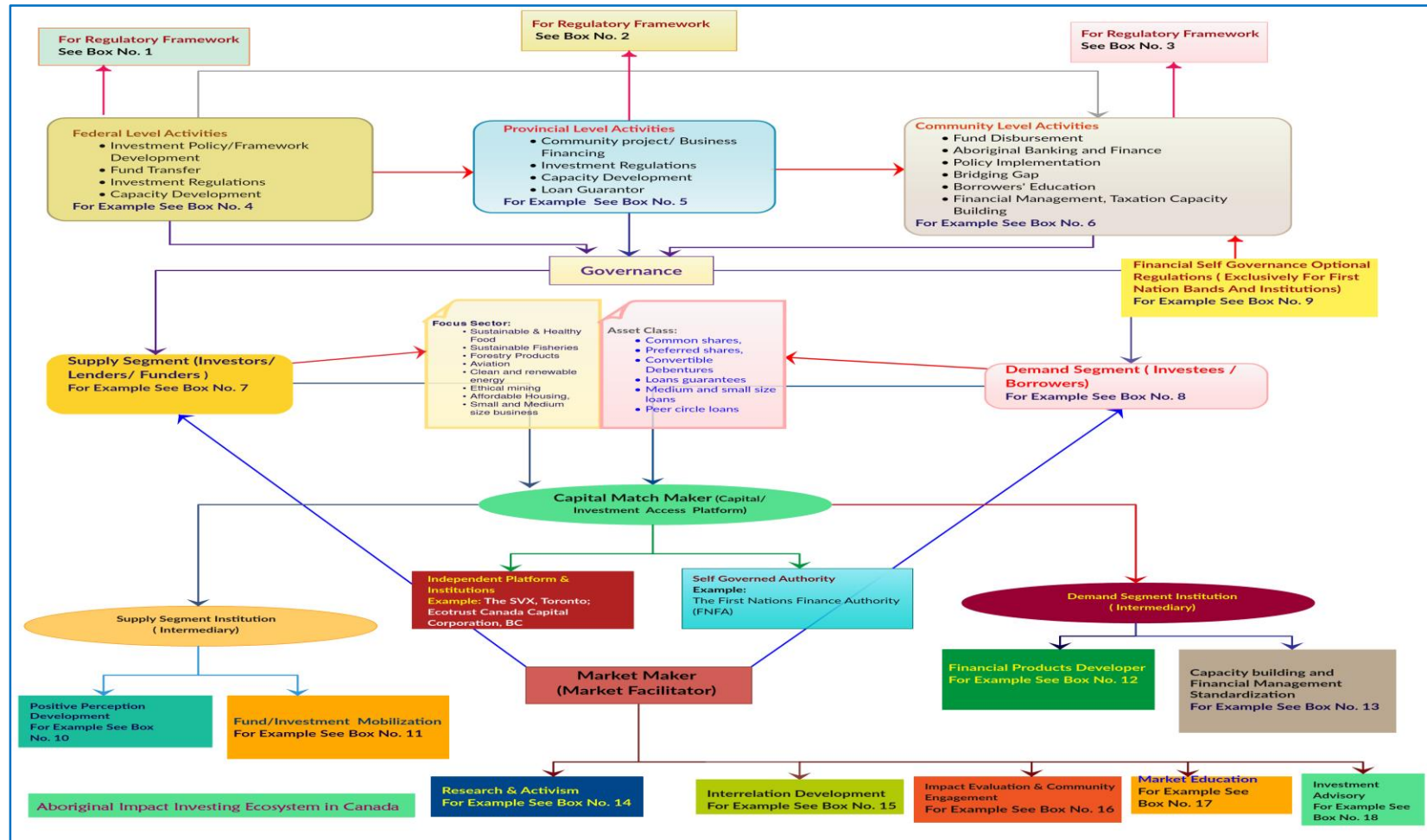


Figure 5.2: “Aboriginal Impact Investing Ecosystem in Canada”. This ecosystem is developed based on the core idea described in the report “State of the Nation: Impact Investing in Canada, 2014” (Harji et al., 2014).

Box No. 1 (Federal Regulations)

- Section 91(24) of the Constitution Act, 1867 For Federal Jurisdiction ^{1 2}
- Section 35 of the Constitution Act, 1982 For Federal Jurisdiction ^{3 4 5}
- Section 89 The Indian Act, 1985 (First announced in 1876 & amended in 1951) (Canadian Banker Association, 2005) ⁶

Box No. 2 (Provincial Regulations)

- Section 92 of the Constitution Act, 1867 For Provincial Jurisdiction (Property and Civil Rights)⁷
- Subsection 35(1) of the Constitution Act, 1982 For Interim Provincial Policy For Crown Consultations with First Nations, Métis Communities and Other Aboriginal Communities ⁸

Box No. 3 (Community Focused Regulations)

- Sections 81, 83, and 85.1 of the Indian Act For Community Band Council (Canadian Banker Association, 2005)
- First Nations Financial Transparency Act, 2013 ^{9 10}

Box No. 4 (Federal Institutions)

- Indigenous and Northern Affairs Canada With The National Aboriginal Capital Corporations Association ^{11 12}
- Canada Mortgage and Housing Corporation ^{13 14}
- Western Economic Diversification Canada (WD) With Aboriginal controlled Community Futures Development Corporations ¹²

Box No. 5 (Provincial Institutions)

- Manitoba Aboriginal and Northern Affairs through Communities Economic Development Fund ¹⁵

Box No. 6 (Community Based Institutions)

- Aboriginal Financial Institution ^{11 12}
- Band Council (Community Economic Development Department) (Canadian Banker Association, 2005)
- On Reserve Banking Branch/Community Banking Center/Credit union ^{16 17}

**Box No. 7 (Investors/Lenders/
Funders)**

- Public Fund (Communities Economic Development Fund, Manitoba) ¹⁵
- Private Portfolio (CAPE Fund: Capital For Aboriginal Prosperity and Entrepreneurship) ¹⁸
- Philanthropic Fund (Change Capital, TIDES Canada) ¹⁹

Box No. 8 (Investees /Borrowers)

- Community Members Owned Co-op (Example:Norway House Fisherman's Co-op) ¹⁵
- Private Single Owner Business (Amik Aviation, Little Grand Rapids, Manitoba) ¹⁸
- Agro Based Corporation (Canadian Prairie Garden Puree Products Inc.) ²⁰
- Investment Portfolio (Aboriginal Clean Energy Fund/Aboriginal Renewable Energy Fund) ^{21 22}

**Box No. 9 (Financial Self Governance
Optional Regulations)**

- First Nations Fiscal Management Act, 2005 ²³
- First Nations Oil and Gas and Moneys Management Act,2006 ^{24 25}
- Band Council (Canadian Banker Association, 2005)

**Box No. 10 (Positive
Perception Development
Example)**

- The Canadian Council for Aboriginal Business ²⁶
- Urbanshaman.org ²⁷

**Box No. 11
(Fund/Investment
Mobilization Example)**

- TIDES Canada ¹⁹
- CEDF Manitoba ¹⁵
- CAPE Fund ¹⁸
- Aboriginal Financial institution ^{11 12}

**Box No. 12 (Financial Products
Developer Example)**

- First Nations Bank of Canada ²⁸
- MEDIAN Credit Union ¹⁷
- Royal Bank of Canada (Aboriginal Banking) ¹⁶

Box No. 13 (Capacity building and Financial Management Standardization Example)

- First Nations Financial Management Board ^{29 30}
- The First Nations Tax Commission ³¹

Box No. 14 (Research & Activism Example)

- PURPOSE Capital (Harji et al., 2014) ³²
- Center for Social Innovation & Impact Investing, University of British Columbia ³³
- The Centre for the Study of Cooperatives, University of Saskatchewan ³⁴

Box No. 15 (Interrelation Development Example)

- The Canadian Council for Aboriginal Business ²⁶
- The Northeastern Alberta Aboriginal Business Association ³⁵

Box No. 16 (Impact Evaluation & Community Engagement Example)

- Institution: Taramack Institution Methods : Sustainable Livelihoods Mapping, Theory of Change, Shared Measurement System (Collective Impact) ³⁶

Box No. 17 (Market Education Example)

- MaRS Centre for Impact Investing ³⁷
- Socialfinance.ca ³⁸

Box No. 18 (Investment Advisory Example)

- Center for Social Innovation & Impact Investing, University of British Columbia ³³
- Purpose Capital ³²

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5.4.1 Major Players in the Supply And Demand Side (Including Intermediaries)

Three major activities performed by the institutions occur on the supply side. They are: 1) development and disbursement of funds; 2) perception and business connection development; and 3) mobilization of funds to borrowers/investees (Harji et al., 2014). There are other intermediaries who connect suppliers and borrowers in the market and develop the capacity of the market in multiple ways. Unlike mainstream impact investing sector, government backed public funds are dominant in the supply sector directly and indirectly in the Aboriginal investment sector. Diversified groups and institutions are working in the investment ecosystem. These include public funds, private portfolios, aboriginal credit unions, aboriginal financial institutions, chartered banks having Aboriginal banking divisions, community investment organizations respectively.

Fund/Investment Mobilization for the Supply Sector

Fund mobilization from public and private sector is another important segment of the supply side. Philanthropic organization like TIDES Canada pools grant money from donors and convert them to impact investment, which generate blended value of both financial and social return. On the government side, Manitoba has established the Communities Economic Development Fund (CEDF) with direct government funding. This crown corporation since 1972 has been developing entrepreneurship and community economic development under the Communities Economic Development Fund Act (CEDF, 2014). Major objectives of CEDF are to develop economies for northern Manitoba including aboriginal communities and fishing industry with significant focus on aboriginal community fisheries. CEDF disbursed about \$ 6.5 million business loans in fiscal year

2012-13 and \$ 5.5 million in year 2013-14 and fisheries loan \$ 3.14 which showed decent growth over the last three years out of its 42-year journey (CEDF, 2014). Another government backed organization in Quebec named ‘The Investissement Québec’, was formed to provide risk capital to non-profit social enterprise through co-operatives (Tremblay, 2010). Most of the financial assets issued by the suppliers include cash and cash equivalents, hybrid capital, debt capital such as business loan, mortgage & line of credit, private equity and bridge financing (Harji et al., 2014).

AFIs provide business financing and support to Aboriginal businesses, which can include business loans, financial consulting services, aftercare and start-up support. Moreover, AFIs are one of the major players in the supply side focus on fund mobilizations and disbursement. As non-banking financial institutions, these institutions solely focus on Aboriginal communities by providing the community business owners’ loans, financial guidelines and other advisory services (Bragg, 2010). AFIs, like FPEGF, provide financing for community owned or individually owned businesses the organization responds to the initiative from either of these types of businesses (Aboriginal finance & CED Expert, personal communication, March 18, 2015). FPEGF does not finance not for profit CED but it does provide support and financing for for-profit First Nation businesses (Aboriginal finance & CED Expert, personal communication, March 18, 2015).

Among the intermediaries, AFIs started a journey to facilitate capital access for the aboriginal small and medium entrepreneurs and CED projects. This Federal initiative was started in 1986 to develop an alternative access of debt capital for the aboriginal communities and entrepreneurs living without the touch of mainstream financing solutions (Hammond Ketilson, 2014). The AFIs do not apply the term ‘impact investing’, but they work several areas to create

economic and social impact by developing entrepreneurship in the communities (Harji et al., 2014). This includes business advisory services, financial consulting, capacity building training and mentoring throughout the loan term (Harji et al., 2014). Though the AFIs have disbursed more than \$1.8 billion to aboriginal businesses, still many of Aboriginal businesses are struggling to maintain sound financial health with poor capital structure, high cost and management capacity (Hammond Ketilson & Brown, 2009).

Collectively, Winnipeggers have all the aforementioned organizations to provide support, resources, skills, connections and expand capacity of social enterprises and cooperatives (CED & social finance expert, personal communication, December 12, 2014). However, unfortunately, both Aboriginals and non-Aboriginal communities in rural and remote communities, have lesser access to these facilities. Due to the limited availability of resources and supporting organizations, the rural community markets are small compared to non-rural Winnipeg regions. As mentioned earlier, the Aboriginal community has many barriers and challenges in accessing the capital. In order to find a solution to this issue, it is essential to evaluate the plethora of tools available for access to capital. These tools can be primarily divided into four categories: 1) Development instruments, including seed capital and lending; 2) development banks; 3) government-assisted market instruments including a subsidized equity capital, economic infrastructure, loan guarantees, loan-loss reserves, research & development, marketing, and export support, Business Development Bank of Canada and sectoral funds; and 4) mainstream market instruments including commercial paper, asset-based financing, leasing, bonds and debentures, non-residential mortgages and venture capital (Parker and

Debono, 2004). These four categories were directly adapted from Parker and Debono (2004) which I modified the categories based on importance and financial risk.

In order to expand the Aboriginal access to capital, there were several institutions established such as the Community Futures Development Corporations (CFDCs) and the Aboriginal Capital Corporations (ACCs). However, capital access for Aboriginals has also been challenged by the overlapping territorial barriers of CFDCs and ACCs (Parker and DeBono, 2004). Both ACCs and ACFDCs were launched by Industry Canada in 1980 and are government funded (Hammond Ketilson, 2014; Parker and DeBono, 2004). Both basically provide financing to local entrepreneurs with the intention of business development, creation of jobs and enhancing local economy and thereby ultimately influencing the social impact.

However, ACCs and ACFDCs have differences in the target community and territories. While the ACCs provides services in a larger territorial capacity to either Aboriginals (First nations) or non-status clients, the clients of ACFDCs are all Aboriginals concentrated in a smaller territory (Hammond Ketilson, 2014; Parker and DeBono, 2004). Therefore, the funds provided by Industry Canada through ACCs and ACFDCs were highly dependent on the geographic location of the community as well as the local population size (Hammond Ketilson, 2014). Major financial institutions provide funding to capital in the private portfolio or other Aboriginal fund. For example, the CAPE Fund (Capital for Aboriginal Prosperity and Entrepreneurship) is founded by former Prime Minister Paul Martin. This CAPE fund is a \$50 million private-sector investment fund for Aboriginal business (Harji et al., 2014).

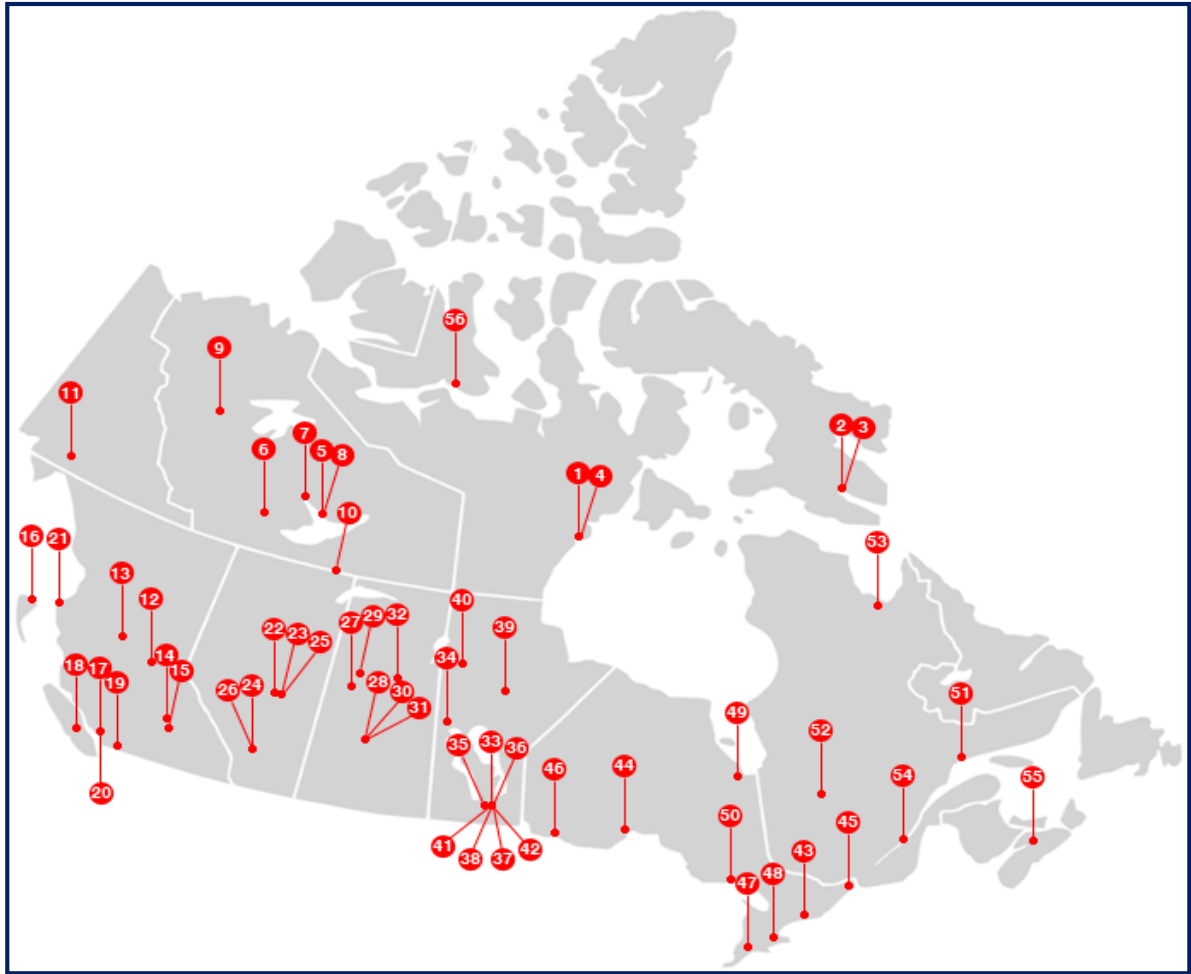


Figure 5.3: Location of Aboriginal Financial Institutions (AFIs) in Canada

Source: Accessed June 20, 2015 <http://www.nacca.net/en/members#1>. Reprinted with permission

Financial and Other Institutions for the Demand Sector

Aboriginal communities face many challenges obtaining capital to finance businesses and social enterprise. The challenges the demand side often face during capital access can be of four different natures. According to Hariji et al., they are lack of 1) capability and investment readiness, 2) capacity, 3) expertise, and 4) articulating a value proposition (Parker and DeBono, 2004).

First, when an organization owned by a social entrepreneur is undertaken (social venture), they usually having difficulty in proper organization and management of their investments. Secondly, the impact-oriented companies or social ventures face financial difficulties resulting in inefficient repayment of debts, return investment profits to investors and fulfilling the intended environmental and social impacts for sustainable development. Thirdly, they also lack financial capacity, which is required for maintenance and management of investment assets in order to meet the investment goals. The final challenge is a problem of proper communication with the lenders or grantee in terms of articulating the value proposition (Harji et al., 2014; Parker and DeBono, 2004).

Other than the challenges in business development, the demand side for Aboriginal business are restricted by systemic barriers which discriminate against them in contrast to the mainstream communities (Kendall, 2001). If we closely monitor the activities, relationships among institutions, regulatory framework, financial asset class and asset issue process for the borrowers; it is quite clear the empowerment of the community-based institutions were ignored which ultimately affect the effectiveness of the investment.

Credit unions are also playing significant roles in the Aboriginal financial market focusing on the borrower's demand and priority. It is estimated by a recent survey that credit unions will add 60% more value to impact investing assets by 2018 (Harji et al., 2014). But Aboriginal credit unions, similar to Median in Winnipeg, Manitoba, have no branches outside the city limit. Another value based credit union like Assiniboine²⁷ Credit Union (ACU) has two Northern Manitoba branches (Gillam and Thompson, Manitoba), which provide Aboriginal financial services along with its

²⁷ Retrieved on June 25 ,2015 <http://www.assiniboine.mb.ca/Home/Locations-and-ATMs.aspx>

Winnipeg based branches. ACU has two components to its approach to impact investment: serving underserved individuals, organizations and communities, and financing organizations and projects that are delivering positive social environmental and economic returns to the community. A recent research work explained that credit unions often issue impact investment assets with market or above market return to the borrowers (Harji et al., 2014).

The big five chartered banks and the First Nations Bank of Canada (FNBC) are doing banking activities with Aboriginal people mostly dealing with government funds, band council accounts, land claim settlement funds and have limited inclusion of the general population for financial needs. They have donation and grant programs for community welfare, sports, education and other socio-economic activities. These banks have on-reserve branches and community banking centres, which are limited to a number of Aboriginal communities in Canada. Most of these banks have plans to issue debt financing for non-profit as indirect participation for impact investing (Harji et al., 2014).

Banks such as Royal Bank of Canada (RBC) and Bank of Montreal (BMO) deal with different Aboriginal Communities including First Nations (Aboriginal banking and finance expert, personal communication, May 22, 2015). Inuit communities and commercial banks have together built trust over time and a good relationship, which has resulted in more joint venture enterprise than the First Nations communities do (Aboriginal banking and finance expert, personal communication, May 22, 2015). According to this Aboriginal Banking and Financing Expert, the Indian Act and residential school syndrome have negatively affected for building trust between First

Nation communities and the Government which spilled over to a lack of trust with the private sectors also (Aboriginal banking and finance expert, personal communication, May 22, 2015).

As mentioned in an earlier section, Credit Unions are financial cooperatives who have defined missions regarding impact investing. With financial and community commitments and social responsibilities, these credit unions are referred to as ‘socially responsible cooperatives’ (Harji et al. 2014). As estimated by the Responsible Investment Association (RIA), over \$1.35 billion of impact investments are under the control of Credit Unions (Bragg and Smeh, 2013).

5.4.2 Role of the Market Makers

In marketing, usually the seller (supply side) and buyer (demand side) do not interact directly, but they use several institutions to facilitate the transactions between the two parties (Harji et al., 2014). Hence, their role in investment capital of Canadian market place is very important. Their involvement in investment capital helps to reduce transaction costs through reducing the management risks and enabling the market with activities like advisory services, market research, activism, relationship develop between the demand and supply sector, impact evaluation.

Market makers are playing pragmatic and diversified roles to connect the supply and demand sectors for investment (Harji et al., 2014). Institutions include such market makers or market enabling organizations as research centers and universities, private equity firms, philanthropic organizations, CED organizations, financial institutions, governance and activist organizations, impact measurement and community engagement organizations. Community

engagement is another important layer for Aboriginal impact investment ecosystems, which is not common in non-Aboriginal ecosystems.

Most of the market makers in the ecosystem are still in their immature stages of developing their strategies and directions to enable marketing and educating the stakeholders. With this study, I talked with eight experts and policy makers and found that still lots of policy and mindset needs to be changed in order to make a robust investment environment for Aboriginal CED.

5.4.3 The Regulatory Framework

Complex and overlapping regulatory frameworks are part of the Aboriginal investment ecosystem especially for on-reserve lending, as shown in the ecosystem diagram (Figure 5.2) [Parker & DeBono, 2004]. Regulatory layers include federal, provincial and community level. Most Acts were imposed by the federal government and followed by all levels of the governments (Figure 5.2). Because the federal government of Canada exercises exclusive jurisdiction over the property and civil rights of “Indians” under the Constitution Act, 1867, the Constitution Act, 1982 and the Indian Act 1985 (Aboriginal banking and finance expert, personal communication, May 22, 2015; Canadian Banker Association, 2005, pp. 25-26).).

This regulatory complexity also creates more perceived risk and financial risk with limited and complex investment opportunities in the reserve land (Parker & DeBono, 2004). Section 89 of the Indian Act (1985) purely limits the investment opportunities in the reserve land for First Nation communities (Aboriginal banking and finance expert, personal communication, May 22, 2015). Section 89 of the Indian Act states “a creditor, other than an Indian or band, cannot charge, attach,

seize or otherwise execute against assets of an Indian or band that are "situated on reserve" (Canadian Banker Association, 2005). Also under the Indian Act, many investors require a BCR (Band Council Resolution) as an approval to borrow from the investors (Canadian Banker Association, 2005). But it was not completely indicated how a First Nation would be legally bound with its obligations though the financial contract was passed the band council (Canadian Banker Association, 2005).

To develop the autonomy in the financial and investment sector, three organizations were formed namely: 1) The First Nations Finance Authority (FNFA), 2) First Nations Tax Commission (FNTC) and 3) the First Nations Financial Management Board (FNFMB). These three were developed under the First Nations Fiscal Management Act, 2005.²⁸ Among them, FNFA provides capital market investment opportunities and planning for the band council only to investment infrastructure, social and economic development, power generation, housing and heavy equipment purchase without any collateral.²⁹ Despite efforts to develop ways to provide Aboriginal better access to capital, it has been quite challenging to make this bridge due to these regulatory barriers.

5.5 Comparative Analysis of Aboriginal Impact Investing Organizations

Investment and financing organizations for Aboriginal CED usually have three regional foci, which include community, provincial and nationwide/interprovincial levels. Most of the government funded projects and institutions are specific region or community based. For example,

²⁸ Retrieved on June 25 ,2015 from <http://fnfa.ca/en/fnfa/>

²⁹ Retrieved on June 25 ,2015 from <http://fnfa.ca/en/fnfa/>

most AFIs and aboriginal Community Futures organizations are working on community investment and entrepreneurial development needs. While crown corporations such as CEDF are working mostly on Northern Manitoba across different communities. Though most of the AFIs financial institutions have a core community focus, the supply of funds is limited in relation to demand (Harji et al., 2014). AFIs were established to fill the gaps in the financial deserts exist in the Aboriginal communities. Primarily, where there were lack of policies, legal barriers and overlooking tendencies of the mainstream financial institutions and investors. On the other hand, most of the independent organizations like private portfolios, large financial institutions and national philanthropic organizations work in several provinces with multiple sectors including aboriginal business development, fisheries, clean energy, affordable housing and community development projects.

Table 5.1 Banks with Aboriginal Banking Branches.		
Name of the Bank/Financial Institution	No. of on-reserve community and Aboriginal Banking branch	Province/Territory
First Nations Bank of Canada ³⁰	13	Nunavut (4), Yukon (1), Northwest Territories (1), Saskatchewan (3), Manitoba (1), Ontario (1), Quebec (2)
Royal Bank of Canada (RBC) ³¹	19	British Columbia (3), Alberta (1), Saskatchewan (1), Manitoba (3), Ontario (4), Quebec (1), Yukon (1), Northwest Territories (2), Nunavut (3)
Bank of Montreal (BMO) ³²	13	British Columbia (4), Alberta (2), Northwest Territories (1), Ontario (2), Quebec (5)

³⁰ Retrieved on June 25 ,2015 from <http://www.fnbc.ca/locations>

³¹ Retrieved on June 25 ,2015 from <http://www.rbcroyalbank.com/commercial/aboriginal/branch-loc.html>

³² Retrieved on June 25 ,2015 from <https://www.bmo.com/aboriginal/en/branches.html#>

CIBC ³³	7	British Columbia (3), Alberta (1), Saskatchewan (1), Ontario (1), Quebec (1)
Scotia Bank ³⁴	28	British Columbia (8), Alberta (5), Saskatchewan (4), Manitoba (3), Ontario (6), Quebec (1), Newfoundland (1)

In this section, I have analyzed vision, capital sources, location, services, focus sectors, asset class and investment philosophy of AFI's credit unions, private portfolio investment funds, community investment funds, and chartered commercial banks and developed a comparative analysis to find the present and future opportunities to expand the scope for the Aboriginal impact investing sector along the banking services (Table 5.2).

³³ Retrieved on June 25 ,2015 from <https://www.cibc.com/ca/small-business/aboriginal/on-reserve-banking.html>

³⁴ Retrieved on June 28 ,2015 from <http://www.scotiabank.com/ca/en/0,,291,00.html>

Table 5.2 Comparative analysis of Aboriginal impact investing organizations including banks, credit unions and other financial institutions.						
Impact Investing Institution	Organization Type	Focus Region	Fund/Capital Supplier	Focus Sector	Asset Class	Investment Philosophy
CAPE Fund (Capital for Aboriginal Prosperity and Entrepreneurship) ³⁵	Private Portfolio Investment	Inter Provincial	21 Canadian and US institutions including banks, credit unions, insurance companies, private companies, mining company, foundations	Agriculture, food, fisheries, aviation, forestry	Common shares, Preferred shares, Convertible Debentures	Blended value (Both economic and social impact)
Grand Basin Capital ³⁶	Private Portfolio Investment	Inter Provincial	High Net Worth Families, foundations, financial institutions	Clean and renewable energy, sustainable agriculture, ethical mining	Diversified portfolio assets	Blended value (Both economic and social impact)
The Jubilee Fund ³⁷	Community Investment Fund	Manitoba	Faith groups, individual investors,	Affordable housing, Small business,	Loan guarantees, bridge financing	Impact First

³⁵ Retrieved on March 20 ,2015 from <http://www.capecfund.ca/en/about-capecfund.html>

³⁶ Retrieved on March 21,2015 from Retrieved on January 20 ,2015 from <http://www.gb-cap.com/investment/>

³⁷ Retrieved on March 22,2015 from Retrieved on January 20 ,2015 <http://www.jubileefund.ca/vision.php> and personal interview with Rita Borthwick, Fund Development Manager on May 05,2015

			Foundations, Provincial government, Credit unions	Community development projects, Co- operatives, non - profit social enterprise		
Communities Economic Development Fund ³⁸	Provincial Crown Corporation for mobilizing investment for business and communities for economic development	Northern Manitoba	Department of Finance, Government of Manitoba	Aboriginal and Non- aboriginal Commercial Fisheries, Community Based projects	Medium and small size loans, loans guarantees	Blended value (Both financial and social return)
The National Aboriginal Capital Corporations Association (NACCA) ³⁹	A national association of 54 Aboriginal Financial Institutions (AFI) / members which include 19 Aboriginal Capital Corporations (ACCs), 22 Aboriginal controlled Community	Interprovincial	<u>NACCA</u> Membership fees Federal Government Through Aboriginal Affairs and Northern Development Canada <u>AFIs</u> Provincial\ Territorial Governments	Aboriginal small and medium- sized enterprises (SMEs), developing entrepreneurs and community economic development plans and projects, Education and awareness	<u>NACCA for AFIs</u> access to capital – Interest rate buy- down program, enabling qualified AFIs to lever capital from private sector sources, enhanced Access program to cover geographic areas not covered, government capacity building	Blended value (Both financial and social return) Blended - Social impact resulting in breakeven or nominal profit or

³⁸ Retrieved on March 22,2015 from <http://www.cedf.mb.ca/about-us/> and CEDF Annual Report (2014).

³⁹ Retrieved on March 23,2015 <http://www.nacca.net/Publications/Nacca%20AFI%20Portrait%202011.pdf> and official information provided from National Aboriginal Capital Corporations Association on August 28,2015

	<p>Futures Development corporations (CFDC), 6 both ACC and CFDC, and 7 Aboriginal developmental Lenders. Purpose of AFIs is to provide support for Aboriginal SMEs and social enterprises for start-up, expansion, maintenance of businesses including support, advice and access to loans, leasing and other financing vehicles</p>		<p>Private sector Aboriginal Affairs and Northern Development Canada, Regional Development Agencies, Fisheries, Forestry, Employment and Social Development Canada</p>	<p>including financial literacy</p>	<p>program to provide funds for training AFI employees and Board members Aboriginal Developmental Lending Assistance programming to assist qualified AFIs to offset the cost of capital shortfall incurred in the provision of developmental loans <u>AFIs for Aboriginal entrepreneurs and businesses</u> Counselling, coaching, mentoring, advisory services for entrepreneurs and communities Aboriginal Business Financing program – equity contributions Repayable interest bearing developmental loans</p>	<p>loss with nominal defined as \$100k plus or minus per year</p>
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PARO Centre for Women's Enterprise ⁴⁰	Not-for-profit social enterprise focus on women entrepreneurs' capacity building and financing including aboriginal women	Northern Ontario	Federal Government, Federal Economic Development Initiative in Northern Ontario (Fed Nor), Ontario Government, Ontario Trillium Foundation , Employment Ontario	Aboriginal women owned small business development , advisory services and technical resources	Grants, small business loans, peer circle loans (Micro finance)	Impact First
First Nations Bank of Canada ⁴¹	Chartered Commercial Bank with 80% owned and controlled by Aboriginal Shareholders	Interprovincial	Client deposit, equity, retained earnings	Retail, personal and business Banking	Personal loans, Business loans, General Mortgages, On Reserve Mortgages, Business Lines of Credit, Business Overdraft Protection, On Reserve Mortgages	Blended value (Both financial and social return)
Me-Dian Credit Union ⁴²	Aboriginal Credit Union	Winnipeg, Manitoba	Member deposit, member shares	Consumer, & business financing,	Consumer loan, residential & commercial	Blended value

⁴⁰ Retrieved on March 23,2015 from <http://paro.ca/2013/paro-services>

⁴¹ Retrieved on April 30, 2015 from <http://www.fnbc.ca/about-us/about-the-bank/> and First Nations Bank of Canada Annual Report (2014).

⁴² Retrieved on May 10,2015 from http://www.me-diancu.mb.ca/_other/index.aspx

				Government funded organizations	mortgage, lines of credit, bridge financing	(Both financial and social return)
Assiniboine Credit Union ⁴³	Credit Union with Aboriginal Investment Focus	Winnipeg, Thompson, & Gillam , Manitoba	Member deposit, member shares	Personal banking, business banking and value based investment for community project and enterprise development, affordable housing	Mortgage, line of credit, Consumer loan, business loan, micro loan, Government loan guarantees, SRI (Socially responsible Investing) mutual funds, Ethical Investment Certificates	Blended value (Both financial and social return)
Royal Bank of Canada (Aboriginal Banking) ⁴⁴	Largest Chartered Commercial Bank with Aboriginal banking and investment focus	Interprovincial	Retail and commercial deposit, wealth management and trustee services fees, land claim settlements deposit, investor services and	Small & Commercial Businesses, On-reserve housing, Community infrastructure projects	Aboriginal Trust and Investment Services, Mortgages, Aboriginal Business loans	Blended value (Both financial and social return)

⁴³ Retrieved on May 10, 2015 from <http://www.assiniboine.mb.ca/My-Assiniboine/About-Us.aspx> and (Wuttunee, Gray & Rothney, 2008) and personal communications with Nigel Mohammed, Director, Community Financial Centre on May 04,2015

⁴⁴ Retrieved on May 11,2015 from <http://www.rbcroyalbank.com/commercial/aboriginal/financial-services.html> and RBC Aboriginal Partnership Report (2014)

			capital markets services			
TD Bank Group ⁴⁵	Chartered Commercial Bank with Aboriginal banking and investment focus	Interprovincial	Retail and commercial deposit, wealth management and trustee services fees, investor services and capital markets services, land claim settlements deposit	Aboriginal Business, Community based projects, Education, Renewable-Energy Project	Aboriginal Business loans, Capital market investment, Structured finance, Aboriginal Trust Services	Blended value (Both financial and social return)
BMO Bank of Montreal ⁴⁶	Chartered Commercial Bank with Aboriginal banking and investment focus	Interprovincial	Retail and commercial deposit, wealth management and trustee services fees, land claim settlements deposit, First Nations Market Housing Fund	Investment Banking, Community Projects, Aboriginal Business, Trust services	Business Loans, First Nations Housing Fund, On-Reserve Housing & Renovation Loan, Lines of credit, long term infrastructure financing	Blended value (Both financial and social return)

⁴⁵ Retrieved on May 11,2015 from <https://www.td.com/document/PDF/corporateresponsibility/TD-and-Aboriginal-Communities-in-Canada.pdf>

⁴⁶ Retrieved on May 11,2015 from <http://www.bmo.com/aboriginal/en/commitment.html>

CIBC ⁴⁷	Chartered Commercial Bank with Aboriginal banking and investment focus	Interprovincial	Retail and commercial deposit, wealth management and trustee services fees, land claim settlements deposit, First Nations Market Housing Fund	Personal and commercial deposit, wealth management fees, investor services and capital markets services	Business Loans, On-Reserve Housing mortgages,	Blended value (Both financial and social return)
Scotia Bank ⁴⁸	Chartered Commercial Bank with Aboriginal banking and investment focus	Interprovincial	Retail and commercial deposit, wealth management and trustee services fees, land claim settlements deposit,	Investment Banking, Aboriginal Business, Trust services, Resources revenue sharing services	Small Business Loans, Commercial large size loan, Investment portfolio	Blended value (Both financial and social return)
TIDES Canada ⁴⁹	National Philanthropic Organization with Northern Aboriginal Community Focus	Interprovincial (Mostly in Northwest Territories and Northern Manitoba Region)	Donations and grants from individuals, governments, and different organizations like foundations,	Low-carbon economy, Affordable housing, Sustainable food systems, Freshwater protection,	Grants, Project Expenditure, Donation Backed Social Capital 'Change Capital'	Impact First

⁴⁷ Retrieved on May 12,2015 from <https://www.cibc.com/ca/small-business/aboriginal/>

⁴⁸ Retrieved on May 12,2015 from <http://www.scotiabank.com/ca/en/0,,287,00.html>

⁴⁹ Retrieved on May 13,2015 from <http://tidescanada.org/approach/investing-for-good/> and <http://tidescanada.org/wp-content/uploads/2014/07/2013-AR-web.pdf>

			charities, not-for-profits and businesses.	Environmental innovation, CED project for marginalized communities		
Ecotrust Canada Capital Corporation ⁵⁰	Independent capital corporation for green and community economic development project	British Columbia	Donations and grants, consulting fees, portfolio funds	Small business, Clean energy (micro-hydro project), Aboriginal fisheries, forestry	Equity, Large, medium, small and microloans	Blended value (Both financial and social return)

⁵⁰ Retrieved on May 15,2015 from <http://ecotrust.ca/sectors/social-finance/>

5.6 Chapter Summary

Impact investing for Aboriginal communities can create significant impact by investing in solutions where people have ideas but lack of capital to implement those ideas (CED & social finance expert, personal communication, December 12, 2014). The impact investing model enables direct investment or the ability to pool resources from different sources to invest, so that communities can be benefited from the accessibility of the capital (CED & social finance expert, personal communication, December 12, 2014).

In this chapter, I was able to describe the present Aboriginal impact investment ecosystem, which mainly involved Government to Community Band Council financing initiatives. In describing the ‘Aboriginal impact investing ecosystem’, I also identified the major institutions, structures and regulatory frameworks of the present Aboriginal financial world. Clearly the Aboriginal impact investment ecosystem is complex. It is immature in many ways and highly dependent on government. The basic investment climate has several drawbacks, which are lack of innovative financial assets, overlapping activities, lack of empowerment of the AFIs and other institutions, lack of interest about Aboriginal investment market, disconnect among the stakeholders and colonial regulatory framework. As well, the concept of impact investing was not duly reflected in some segments.

The mainstream financial institutions do banking, investment and trust services with community band council (Aboriginal banking and finance expert, personal communication, May 22, 2015) but often fail to meet the usual demand of general community members, enterprises, and individual entrepreneurs. These mainstream and specialized financial institutions have less focus on Aboriginal entrepreneurs, CED projects and social enterprise due to the lack of knowledge and ignorance about First Nation communities, culture and

political structures (Standing Senate Committee on Aboriginal Peoples, 2007). Clearly a top-down approach is also followed by most of the institutions in the ecosystem. Another important factor to consider is the existing knowledge, expertise and capacity gaps between the supply and demand side (Harji et al., 2014).

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CHAPTER 6: INVESTMENT BARRIERS TO ABORIGINAL IMPACT INVESTMENT

6.1 Introduction

With the growing concern over community economic development, entrepreneurs and businesses require access to capital to meet their financial needs (Hammond-Ketilson, 2014). Attracting institutional and individual investors for Aboriginal business and other economic development projects, has been a chronic problem due, in part, to minimum banking facilities (Hammond-Ketilson, 2014). So the economic underdevelopment happened due to several factors like cultural differences, remote location, lack of education, regulatory barriers and uncertain return from investment (Parker & DeBono, 2004).

Investor's confidence about expected return (Hoffmann & Post, 2013) is a major factor which blocks investment or purchase share in a regular business. In financial world, investors take risk which is the chance of deviation from expected return for a particular investment.⁵¹

I explore individual's perception about Aboriginal community, people, culture, history and social enterprise like cooperatives and how the perception is affecting stakeholder's investment decisions for Aboriginal social enterprise or cooperative. This chapter compare with expected risk and return relationship for traditional investment market with Aboriginal impact investment market and explored why potential investor's perceived risk and return relationship is unlike than traditional investment. To identify that, I also analyze the external and internal barriers to impact investment for developing an Aboriginal cooperative or social enterprise identified by the study participants.

⁵¹ Retrieved January 30, 2016 from <http://www.investopedia.com/university/concepts/concepts1.asp>

6.2 Methods& Data Analysis

Both quantitative and qualitative data from the perception study (Hickory, 2011) were considered for analysis. Other qualitative data from expert interviews and document reviews were considered for analysis and discussions.

6.2.1 Study Design and Framework

In this chapter, I conducted a Canada-wide online perception study among the general population who were educated and employed with various professions. The study had both qualitative open-ended and qualitative close-ended questions to determine the stakeholders' (non-community members) perception of the financial barriers for Aboriginal community and social enterprise related to investment decision for the Aboriginal social enterprise, including fly-in communities and other less remote communities.

6.2.2 Stakeholders Perception Study, Existing Documents Review & Experts' Interviews

I followed the mixed methods (Creswell, 2008) approach for conducting this perception study. A perception study can be used as a qualitative, quantitative or mixed method approach (Creswell, 2008) to analyze participants' ideas, knowledge, attachment, feedback, overall judgment about a particular subject, including the factors related to community development (Hicory, 2011), related to their decision-making. The survey included questions about their knowledge of Aboriginal community, historical background, business, investment including their depth of knowledge and relating these factors to their investment decision. Both open-ended qualitative questions and closed-ended quantitative questions were asked.

A secure online software was used for sending the questionnaires through a professional survey software (Question Pro). A mass email invitation was sent through the survey software to CED experts, banking professionals, academic researchers, Aboriginal fund manager, general consumers, non-profit organization officials, micro investors, cooperative experts, government officials, students, business owners, educators, business manager, financial analyst, general consumers and other self-employed professionals that were identified from a variety of national listings. Participation in this study was voluntary. 343 participants viewed the survey, 202 participants started the survey and 111 participants completed the survey. The total completion rate was 54% and the stakeholders participated from all major cities and provinces of Canada.

All data collected was stored securely on the server. The participants were not allowed to see each others' responses and only the researcher had access to the final data. Quantitative data was analyzed using descriptive statistics (SPSS 20 and STATA 11.20) and graphical analysis was done both with Question Pro survey software and STATA 11.20.

The question "would you consider investing/ buying shares or encourage others to invest in a First Nation/Aboriginal cooperative or social enterprise given the chance" was the dependent variable for ordered logit analysis. I coded 'Would not consider', 'Might not or might consider', and 'Definitely consider' as a 1, 2, and 3 respectively. This variable indicates low (1), medium (2), and high preference (3) for investing and was used as ordered response variable for ordered logistic regression analysis to model the probability that the respondent is likely to invest in Aboriginal co-op or social enterprise for CED. An ordered logistic regression analysis (Ordered Logit Model) was carried out due to the dependent variable (Buying shares or encouraging others to invest in First Nation co-op or

social enterprise) having three choices (no, maybe or yes) regarding investing and each consideration had higher value than other (Torres-Reyna, 2012). Ordered logistic is a regression analysis which is known for analyzing correlation between dependent variables and other explanatory variables (Chantala, 2001).

Finally I generated probabilities across explanatory independent variables using STATA 11.20 including: business structures (Co-operative, Band council owned, Corporation), CED Contribution, buying preference from Aboriginal enterprise, public-private partnership, government initiatives, management skills of the Aboriginal entrepreneurs influence respondents to invest in First Nations Community. With the ‘stakeholder’s perception study’, I presented and analyzed major internal and external factors mentioned by the participants in this study. A statistical analysis of the variables and the factors was performed to see the correlation with stakeholder’s investment preference regarding their Aboriginal cooperative or other social enterprise. The survey asked the participants to provide five (5) words to describe Aboriginal people and their communities. The responses were coded into two groups, namely: positive and negative words. I analyzed whether the choice of words had an influence on their overall perception and on investment preference for Aboriginal business. I also undertook document analysis and expert interviews to analyze my findings and to understand outcomes from my perception study.

6.3 Findings

Table 6.1 shows that external barriers (61%) are almost twice as notable to respondents as internal barriers (35%). External barriers include the: lack of awareness among the individual and institutional impact investors (15%), legal barriers (13%) and

inadequate government policies (13%). Internal barriers include the: community politics negatively interfering with economic development (14%), lack of infrastructure (11%), lack of skills and knowledge of the entrepreneurs (10%). The participants also mentioned other external and internal barriers in the ‘any other’ section of the study, which I described in the later section.

Internal Barriers		
Interplay between community politics and economic development policy	14%	
Lack of infrastructure and institutions in the community	11%	
Lack of skills and knowledge of the community entrepreneurs	10%	
Total Internal Barriers		35%
External Barriers		
Lack of awareness among the individuals and private/public institutional impact investors	15%	
Legal Barriers (Federal and Provincial)	13%	
Inadequate Government Policies	13%	
Lack of interest among the individuals and private/public institutional impact investors	12%	
More interest in philanthropic initiatives than impact investment views	8%	
Total External Barriers		61%
Other Barriers		4%
Total		100%

Table 6.1: Internal and external barriers of impact investment identified by external stakeholders. *Note:* All percentages rounded to their closest value.

6.3.1 Community Politics, Infrastructures, Skills & Other Internal Community Barriers

Some major internal and external barriers to investment for developing and growing enterprise in the Aboriginal communities were identified in the survey, which are similar to expert findings. As well as the results in Table 6.1, stakeholders further identified in their open-ended questions mentioned challenges like community politics, unsound economic development policy, lack of infrastructure and institutions, lack of skills and knowledge as

community-based internal barriers, which ultimately block the supply of funds for Aboriginal enterprises.

The interplay between community politics and CED policy has been addressed as the highest internal barrier by the participants of the study. Most band owned enterprises in Aboriginal communities are affected by politics where political leaders interfere with business operations over the management team (Loizides & Wuttunee, 2005). This political influence in business indicates the lack of professional management structures in place (Loizides & Wuttunee, 2005). Another drawback for investors when elected officials do the external business is that they are mostly elected for only two years (Parker& DeBono, 2004). So, the inconsistency with policy and lack of relationship management creates a discontinuity of economic development policy and develops more dependency on government funding and economic imbalance due to the lack of diversity of funding (Parker& DeBono, 2004). As well, cultural balance is seen as important for managing a business in the community (Social enterprise & cooperative management expert, personal communication, June 3, 2014).

Infrastructure and lack of financial institutions were another major barrier to remote Aboriginal community identified by the participants. Most communities don't have any institutions to facilitate capital access. Most Aboriginal communities do not have any financial institutions like Aboriginal CFDCs and ACCs and even other institutions like any bank or credit union in a community (Parker & DeBono, 2004).

According to a CED and social finance experts in Winnipeg, developing skills, capacity and knowledge of borrowers or entrepreneurs, is essential for impact investment but attracting investors depends on how they are able to use their capacity (CED & social finance expert, personal communication, December 12, 2014). Lack of skills and

knowledge of the community entrepreneurs is a problem. The lack of skills and business knowledge were identified as barriers by external stakeholders and experts. As well as most communities lacking capacity they also lack capital. Both capacity and capital are required for ACED, otherwise it is hard to develop a sustainable investment atmosphere (CED & social finance expert, personal communication, December 12, 2014). Thus, these two aspects undermine ACED.

The communities share many values and similar cultures but community people are unique in terms of business capacity and entrepreneurial skills (CED & social finance expert, personal communication, December 12, 2014). Having marketing skills and access to programs for developing skills is important for the community entrepreneurs to compete with other products in a global marketplace (Social enterprise & cooperative management Expert, personal communication, June 3, 2014). But it is difficult for them as they hold some emotional ties with their own products and less focus on marketing activities (Social enterprise & cooperative management Expert, personal communication, June 3, 2014). It is better to work with marketers who are from the community and have skills to market products outside the community and this procedure can merge both marketing skills and community focus (Social enterprise & cooperative management Expert, personal communication, June 3, 2014). Hiring a mentor to coach community people with business knowledge and management knowledge could improve this situation (Social enterprise & cooperative management Expert, personal communication, June 3, 2014).

I also asked the participants to mention any other causes they thought as important. They answered that open-ended question with several factors. I classified those factors into two groups: internal and external factors. The internal factors/ barriers identified by the participants are presented in figure 6.1 and these include social dysfunction, lack of business confidence, lack of investment and equity power, lack of trained and educated work force.

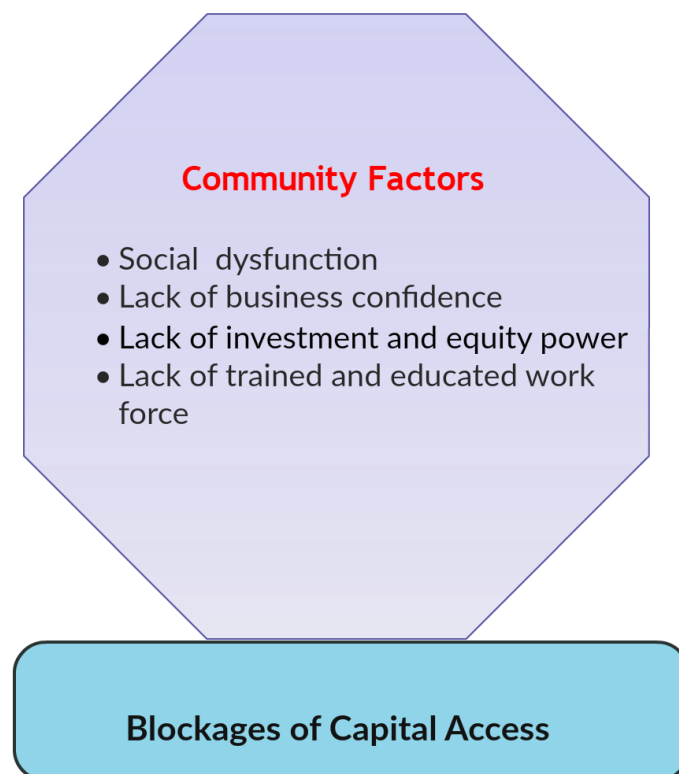


Figure 6.1: Other internal barriers addressed by the participants of the perception study.

The internal factors for blocking capital access were related to history and structural issues. On First Nation reserves there is no private land ownership, rather the reserve is crown land, which does not provide collateral for banks. Inadequate infrastructure and lack of networks into financial institutions creates further barriers (Parker & DeBono, 2004). Similarly, Kline (2013) identified lack of land rights on reserve, geographical and social isolation of communities as well as the institutional arrangements for health, housing,

education and social welfare were the main causes of First Nation suppressed economy and under development.

Colonialism has impacted Aboriginal people and communities causing social and economic dependency (Alfred, 2009). This problem is rooted so deeply that community members become psychologically dependent for financial, health, education and other administrative matters (Alfred, 2009). Developing an alternative capital pool and reducing dependency on the government funding could be a major step in building a sustainable economy in the Aboriginal community (Parker & DeBono, 2004). There are some First Nation autonomous organizations working to mitigate these barriers by focusing on self-determination and bridging the gap (Parker & DeBono, 2004; Harji et al., 2014).

6.3.2 State Policies, Legal Frameworks, Investors' Awareness, & Other External Barriers

Most participants identified a 'lack of awareness of the private/public impact investors' and 'legal barriers of the government (Federal and Provincial)' as the major external barrier to First Nation peoples accessing capital. Lack of awareness among the individuals and institutional impact investors was considered to be the highest ranked external barrier for capital access. Government and research organizations create that awareness. But private equity investors are very motivated by financial returns and they might not invest in CED project or social enterprise like cooperative in a First Nation community because these investments may be seen as less efficient, which erodes the profitability of the enterprise (CED & social finance expert, personal communication, December 12, 2014). To encourage those investors, proper education and awareness are important for engaging all stakeholders in the investment ecosystem.

Inadequate and wrong government policies were considered to be one of the most significant barriers by the participants. Aboriginal communities are getting transfer payment for health, education and community economic development which is mostly controlled by the Band Council at the community level (Parker & DeBono, 2004). These transfer payments are the major cash flows in the community for social, economic and administrative purpose. But policies can go wrong without proper consultation with the Aboriginal community and people. For example, the Federal government established and funded AFIs through INAC during mid and late 1980 and helped them grow (Eggertson, 2011).

But with another program, the federal government funded about \$18 million in 2009 to the five big financial institutions under loan-loss guarantee which made unfair competition for the AFIs with 3-4 % lower interest rate for the big five banks and larger loans for Aboriginal entrepreneurs (Eggertson, 2011). Other financial institutions like Assiniboine Credit Union (ACU) excluded themselves from the program due to remote location of the communities and lack of clientele (Eggertson, 2011).

Under the historical and legal factor, the participants mentioned the Indian Act legacy. The Indian Act was imposed by the Federal government, which put into effect many measures to deprive First Nations people of control over their education, financial, political, natural, social and cultural destiny (Aboriginal Banking and Finance Expert, personal communication, May 22, 2015). The Indian Act has been in place since 1876 under the Constitution Act by the Federal Government (Oliver, 2010).

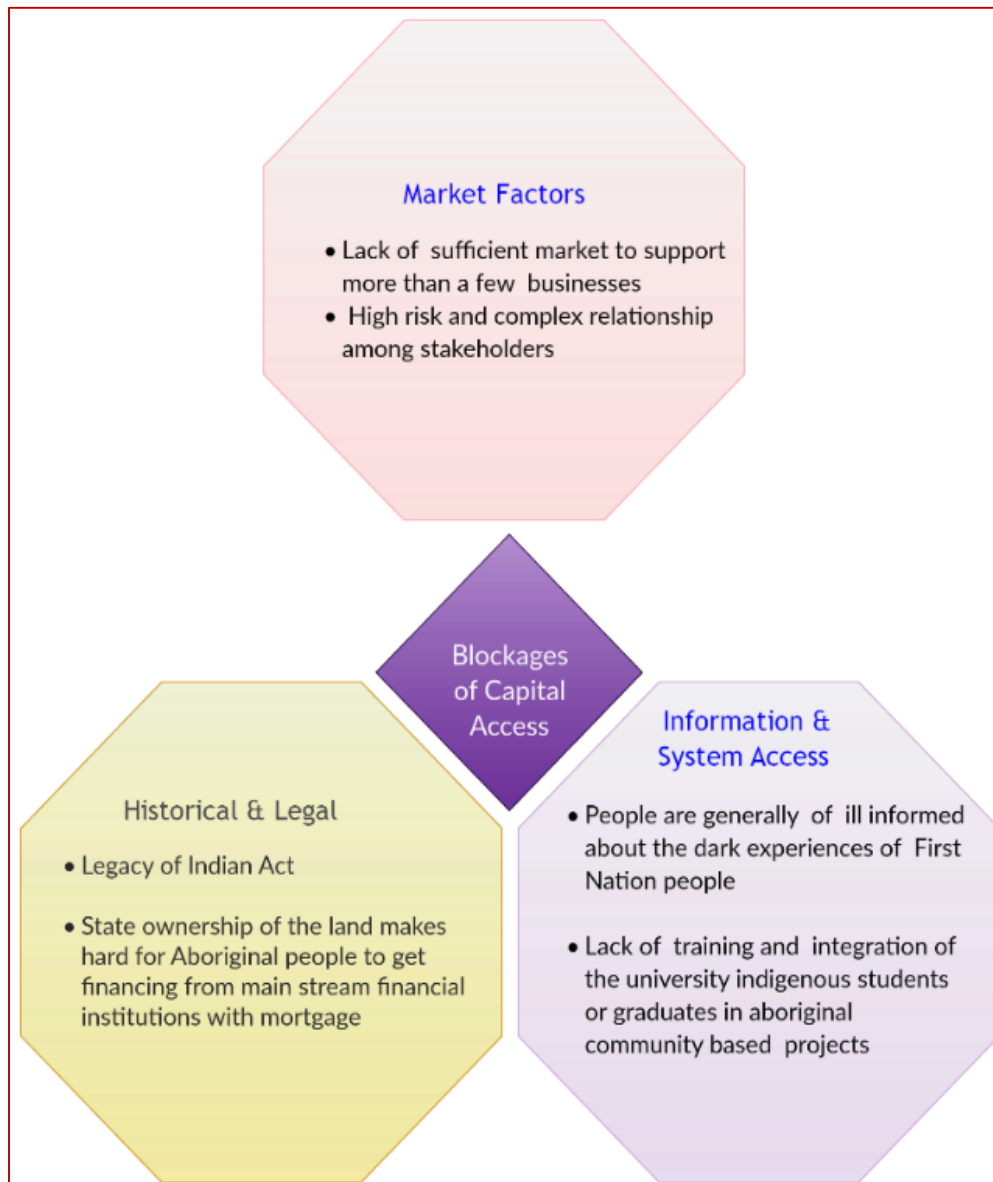


Figure 6.2: Other external barriers addressed by the participants of the perception study.

Mainstream financial institutions work within a highly regulated atmosphere that does not consider need-based banking or financing. Most of these financial institutions generate revenue from trust money (over 90% First Nation) are in Western Canada paid by the Federal government to the communities (Parker & DeBono, 2004). On the other hand, banks, AFIs and ACC's who are working in First Nation communities for everyday banking, business financing and community entrepreneurs often do overlapping activities

in some communities and no operations in other communities. These unequal distribution of services are lacking efficiencies of services and excluding a huge population from regular financial and banking services (Parker & DeBono, 2004).

6.3.3 The Correlated Factors for Investment Decision

In this section, I analyzed the correlation among the variables and the extent of those variables identified by the stakeholders. For doing this analysis, I performed the ordered logistic regression analysis (Ordered Logit Model) with the help of an expert statistician. I followed ordinal logit or ordered logit model because my dependent variable (Buying shares or encouraging others to invest in First Nation co-op or social enterprise) had more than two considerations on investing in Aboriginal communities (no, maybe, yes) with each consideration have higher value than other (Torres-Reyna, 2012). Ordered logistic is a regression analysis which is known for analyzing correlation between dependent variables and other explanatory variables (Chantala, 2001).

In order to perform ordered logistic regression, the following independent variables (Table 6.2) were used to better explain the dependent variable.

Variable	Values of Variables	Mean/SE	
		Mean	S.E.
Co-op business structure	Cooperative as Community business structure 1= rank 1 st , 6= rank last	2.81	0.13
Band Council	Band Council Owned Community business structure is 1= rank 1 st , 6= rank last	3.29	0.16
Contribute to CED	Willing to contribute to CED 1=least likely, 5=most likely	3.75	0.12
Influence of Co-op	Community cooperative can influence economic development policies 1= least influential, 5= most influential	3.39	0.09
Buying Fish	Would consider buying fishes	2.56	0.06

	1=would not, 2=might or might not, 3=Definitely consider		
Investing or financing as a challenge	Investment or financing is the biggest challenge 1= Not a barrier, 4=Extreme barrier	2.68	0.08
Public-private partnership	Public-private partnership should be given priority 1= least priority, 4= most priority	2.90	0.08
Lack of skills and knowledge	Lack of skills and knowledge of the community entrepreneurs as a cause of lack of investment 1=Yes, 0=No	0.29	0.04
Lack of Government Initiatives	Government Initiatives are sufficient 1= Strongly disagree, 5=Strongly Agree	2.50	0.11

Table 6.2: Definition and descriptive statistics of the explanatory variables used in the ordered logit analysis.

To do this, probabilities across explanatory variables were generated using STATA 11.20 to better understand how independent variables such as cooperative, band council, contribute to CED project, public-private partnership, skills and capacity of the Aboriginal entrepreneurs, adequacy of government initiatives influenced the participants in regards to investing in an Aboriginal cooperative or social enterprise.

Variable	Coefficient		Marginal Effects		P-Value
	(β)	Std. Err.	dy/dx	Std. Err	
Cooperative Business Structure	0.15	0.16	-0.004	0.004	0.359
Band Council Owned Corporation*	0.26	0.14	-0.007	0.005	0.057
Preference to Contribute CED Project ***	0.91	0.24	-0.027	0.005	0.000
Cooperative influence on CED**	0.52	0.26	-0.016	0.011	0.045
Buy Fish From First Nation*	0.79	0.46	-0.023	0.017	0.082
Investment/Financing Challenge to develop co-op or other business	-0.25	0.28	0.007	0.009	0.373
Public-private partnership	0.08	0.29	-0.002	0.008	0.766
Skills of doing Aboriginal business	-0.21	0.48	0.007	0.016	0.657
Government Initiatives**	-0.51	0.22	0.015	0.009	0.023

Thresholds					
μ_1	3.26	1.83			
μ_2	8.02	2.03			
Model Statistics					
χ^2 H ₀ : all $\beta = 0$, (df=9) 60.88 (p<0.001)					
Log Likelihood Value (Full Model) = -70.786(p<0.001)					
Log Likelihood Value (Intercept) = -101.206					
McFadden's Adj R ² = 0.192					
*p<0.1, **p<0.05, ***p<0.01					

Table 6.3: Ordered logit Analysis Results (Dependent Variable = Buying shares/Investing in Coop or social enterprise)

Note: It is important to consider that all probabilities are estimated holding the other explanatory variables at their mean.

In this analysis, I found that buying shares or encouraging others to invest in a First Nation cooperative or social enterprise is positively related to the business structure preference like 'Band council owned corporation' was significant at $\alpha < 0.10$. Thus, one unit increase preference in "Band Council Owned Corporation" will increase the likelihood of investing in CED by 0.26 units. However, business structure such as 'community members owned cooperative' was not found as statistically significant variable although it had a positive association with buying shares or investing in social enterprise or cooperative. Highest preference as a business structure on "Band council owned corporation" is a contradiction with the community members (GHFN) and experts' preference on cooperative as a better business structure for economic development and empowerment of the community. The community members in GHFN selected cooperatives as the best structure for operating a fisheries business, due to each fisher being an independent producer financing their own nets, boat, etc., but sharing the processing and marketing efforts. The statistical analysis showed the different results could happen because of a lack of knowledge or partial knowledge about Aboriginal community, culture or cooperative structure among the participants.

On the other hand, variables such as contribution to CED project, co-op influences on CED, and buying fishes from First Nation Co-op are positively related with investing in CED at CED at $p < 0.05$, and $p < 0.10$ respectfully. This is implying that for a one unit increase in preference to contribute CED initiatives of a FN Community, I would expect from the study participants a 0.91 increase in the log-odds of investing in community economic development, given all other variables in the model are held constant. Similarly, one unit increase in influence of community cooperative and buying fishes from First Nations co-op, the log-odds of investing in community economic development would increase by 0.52 and 0.79 units respectfully.

However, variable such as lack of government initiatives are negatively associated with whether to buy shares or invest in CED at $p < 0.05$ and indicating one unit increase in lack of government initiatives will decrease the likelihood of investing in CED by 0.51 unit. For better understanding of the fact, I have created some bar diagrams to identify the probability of considering buying shares or encouraging others to invest in a First Nation Co-op or social enterprise with respect to other significant variables. With these following graphical and bar diagrams, it is clearly visible how and what extent the depended variable are fluctuating in terms of related independent variables.

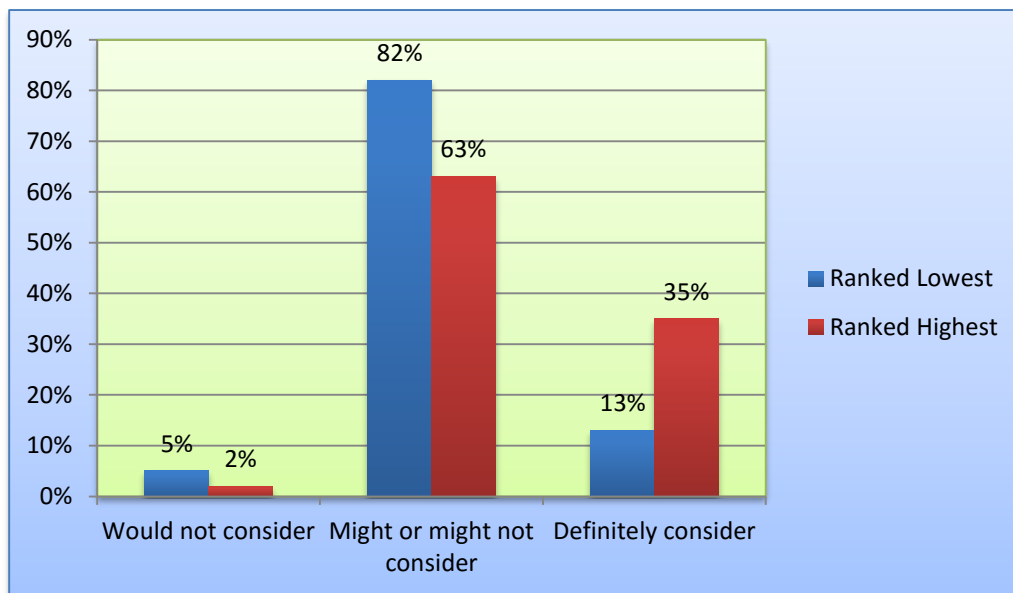


Figure 6.3: The probability of considering buying shares or encouraging others to invest in a First Nation Co-op or Social Enterprise with respect to Band Council Owned business structure.

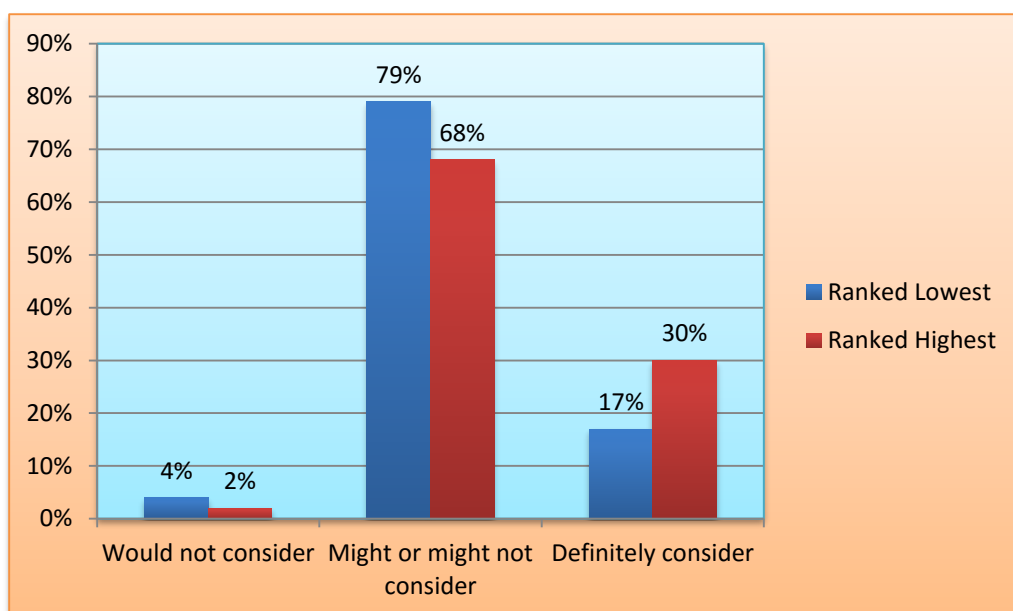


Figure 6.4: The probability of considering buying shares or encouraging others to invest in a First Nation Co-op or Social Enterprise with respect to Cooperative business structure.

The above graph (Figure 6.4) shows that 4% of participants would not consider buying shares or investing in First Nation co-op or social enterprise who actually ranked the cooperative as the lowest in potential of the business structures in a First

Nation/Aboriginal community. But only 30% would consider investing who ranked cooperatives as a preferable business structure. In both cases (Figure 6.3 & Figure 6.4), the highest percentage of participants remained in the middle line with ‘might or might not’ which was reflecting their vulnerable decision in terms of investing in a First Nation or Aboriginal social enterprise or cooperative. Whether they preferred a Band owned corporation or cooperative; investing in a First Nation business was questionable to them.

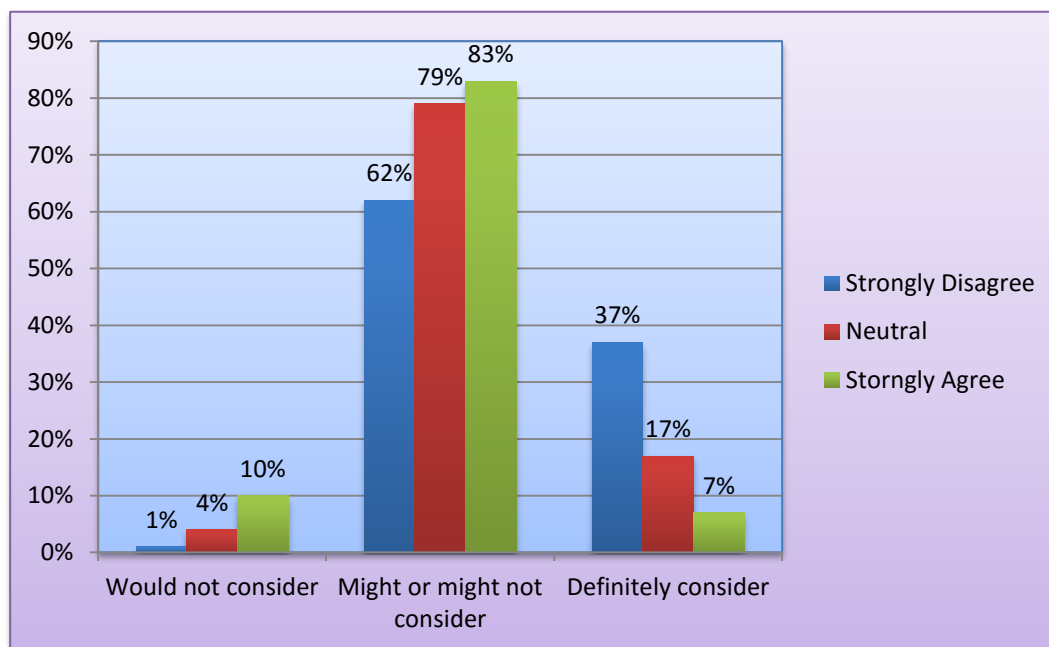


Figure 6.5: The probability of considering buying shares or encouraging others to invest with respect to government's (Both Provincial and Federal) sufficient initiatives for economic development of the Aboriginal communities

Figure 6.5 indicates the participants' response in relation to the government's initiatives for Aboriginal economic development and investment decision. Majority of the participants were hesitant to invest or buying shares as government's activities affecting their investment decision. It indicates that 83%, 79% and 62% who strongly agree, neutral and strongly disagree respectively about government's initiatives, are not confident about buying shares or encouraging others to invest. It is noticeable that 37% who think that government (both Provincial and Federal) initiatives are not adequate for economic

development of the Aboriginal communities, are definitely interested to buy shares or encouraging others to invest in Aboriginal social enterprise or cooperative. But 7 % who strongly agree about government's sufficient initiatives, are interested to buy shares or invest.

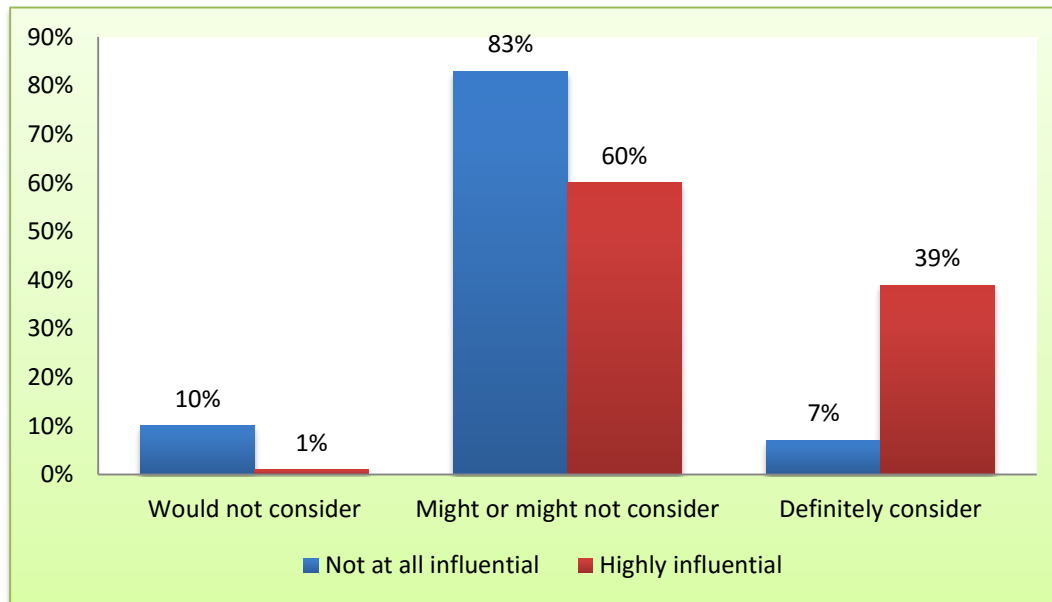


Figure 6.6: The probability of considering buying shares or encouraging others to invest in a First Nation Co-op or Social Enterprise with respect to cooperative's influences on the Aboriginal economic development policies and empowerment of the community members

In figure 6.6, the bar diagrams indicates that about 83% participants who did not consider the cooperative's influences on the Aboriginal economic development policies and empowerment of the community members and 60% would ranked cooperative as an influential tool, still were confused about investment. On the other hand, 39% who considered cooperatives as influential on the Aboriginal economic development policies, would definitely consider buying shares with the majority of the participants undecided.

6.3.4 Words & Perception: The Investment Preference

The participants of the perception study provided five words to portray Aboriginal people and communities in Canada.

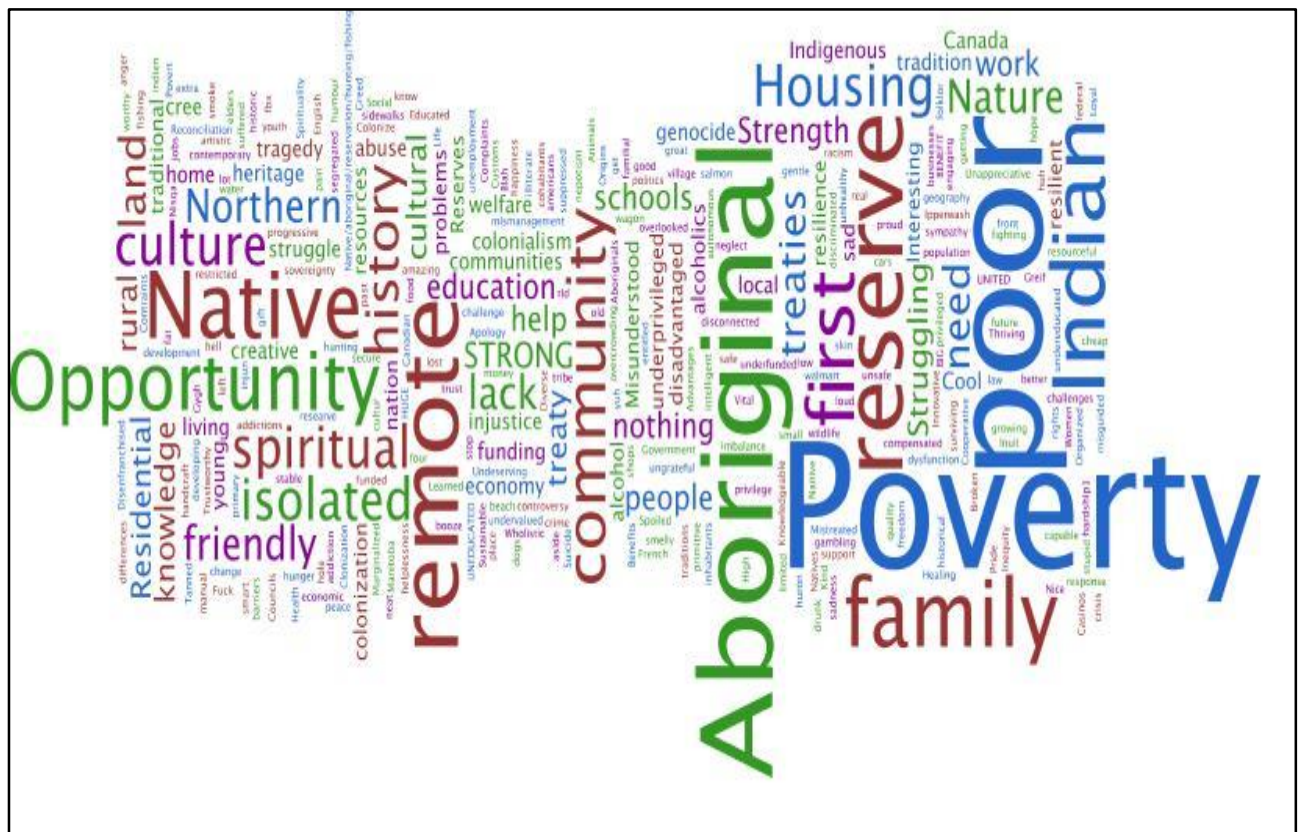


Figure 6.7: Word cloud of the mentioned words by the participants.

The participants mentioned 86 positive words 179 times while they mentioned 107 negative words about 230 times. Figure 6.7 words cloud indicates that words like Aboriginal, poverty, opportunity, poor, remote, native, Indian, community and reserve are mostly mentioned words by the participants.

Positive Words	No. of Words Mentioned	Frequency	Negative Words	No. of Words Mentioned	Frequency
Nature & Spirituality	14	27	Poverty & Underdevelopment	11	42
Positive People & Community	47	92	Community Crisis	18	36
Knowledge & Tradition	13	28	Hate & Racism	33	39
Reconciliation	4	7	Colonialism, History, Struggle & Tragedy	40	90
Government & Welfare	4	4	Remoteness & Disconnection	5	23
Origin & Background	4	21			
Total	86	179	Total	107	230

Table 6.4: The sentiment behind words mentioned in the study

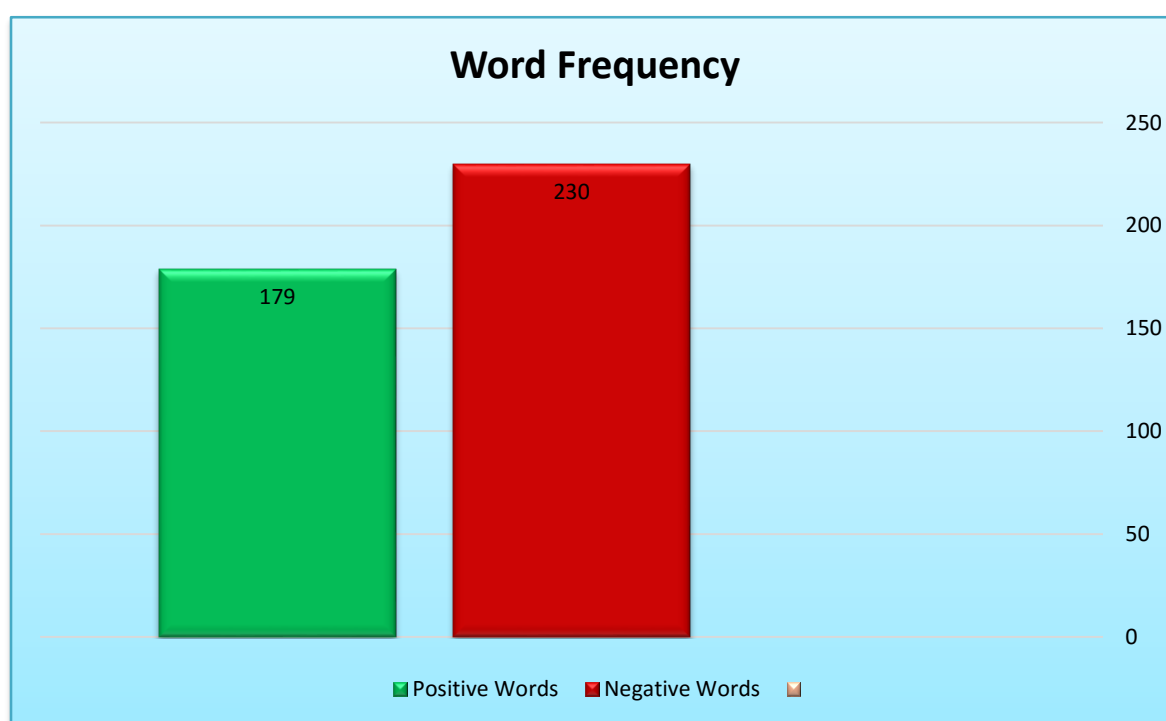


Figure 6.8: Frequency of words mentioned by the study participants

This data shows there is more negative perceptions than positive perceptions about Aboriginal people and communities. For further analysis, I categorized those words into

several groups and also developed infographics/diagrams to understand better about why and what types of negative and positive images they perceived.

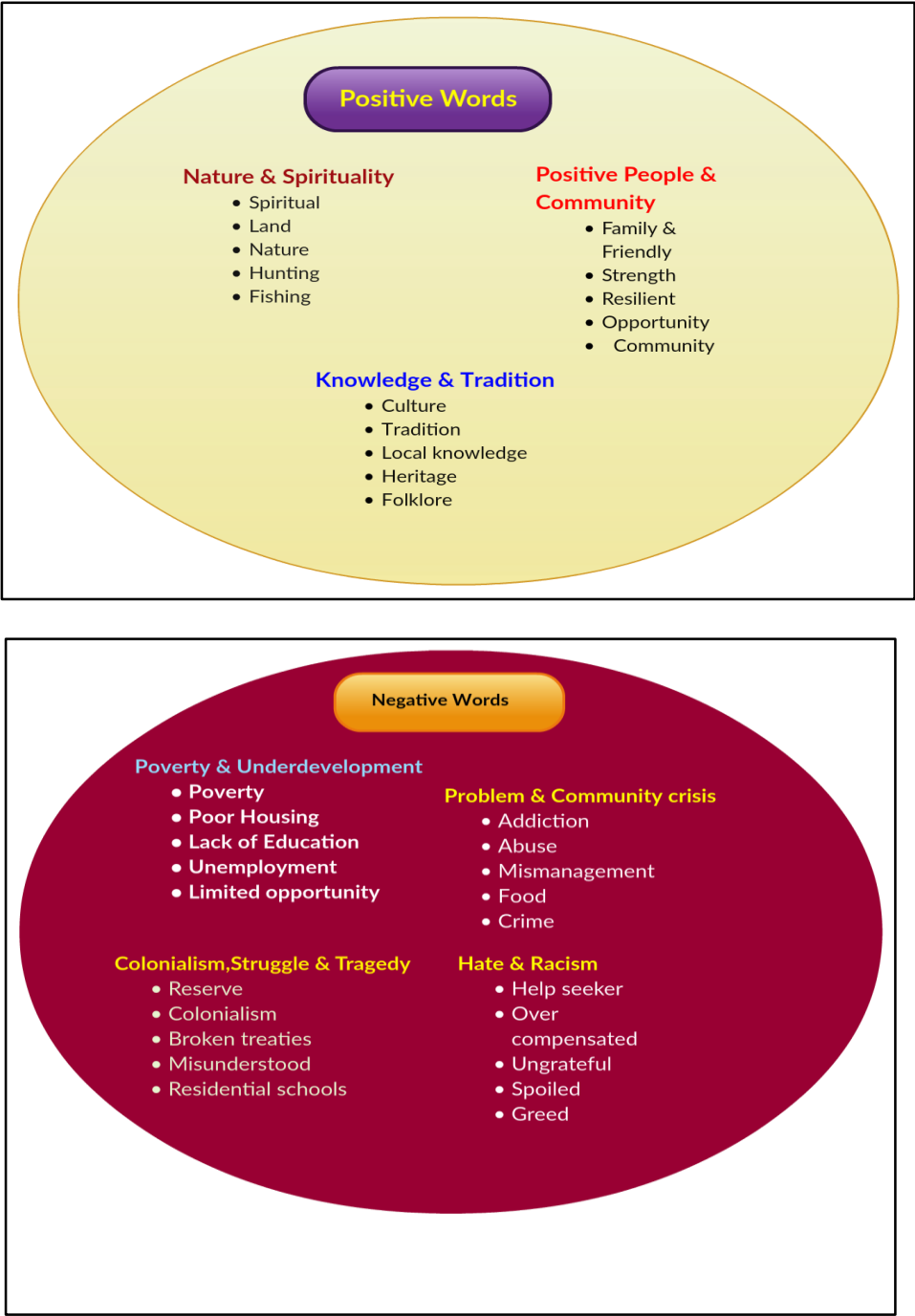


Figure 6.9: Graphical presentation of the words mentioned by the study participants.

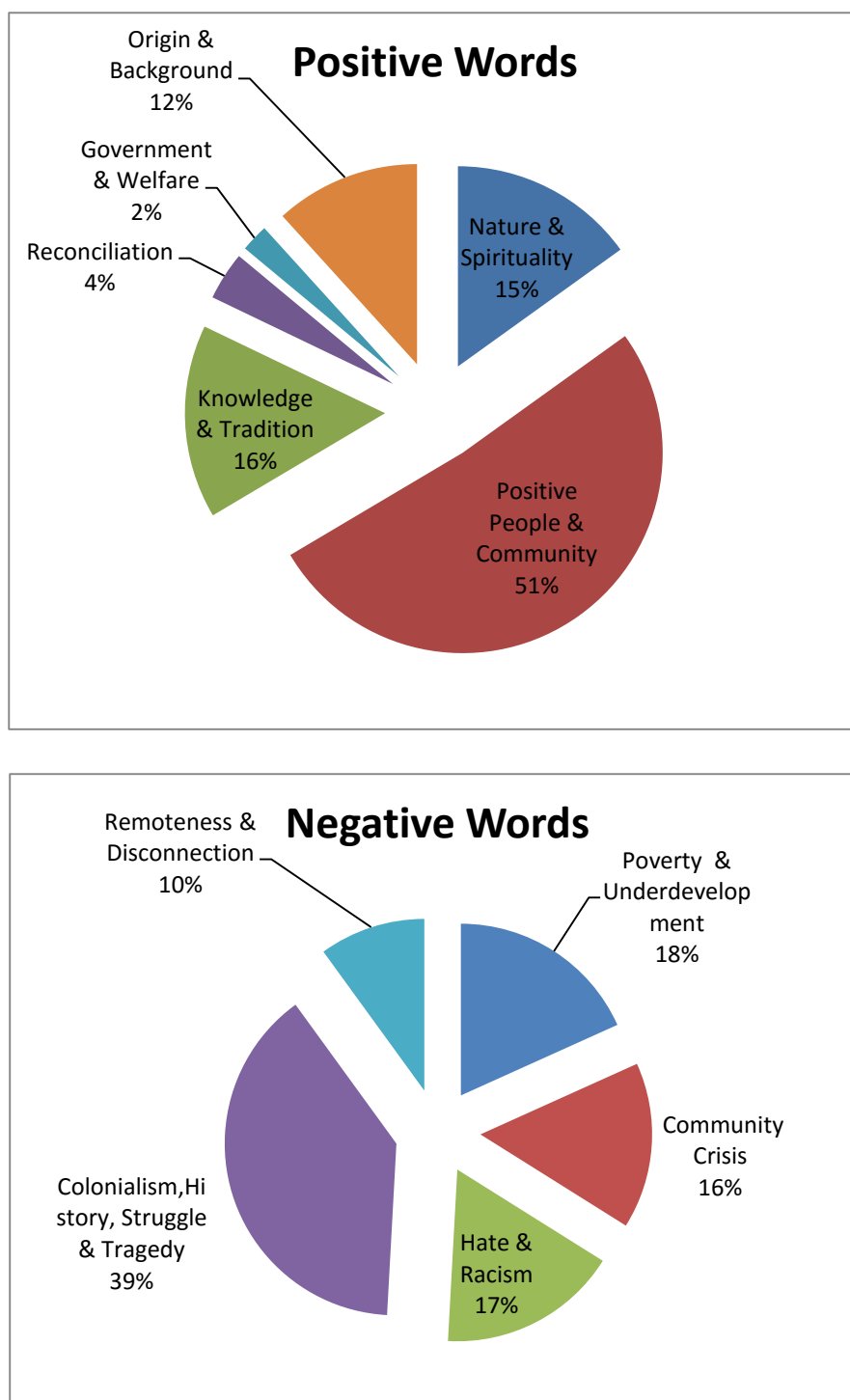


Figure 6.10: Analysis of the words mentioned by the stakeholders of the perception study

Most of the participants portrayed that people are family oriented, friendly, community focused and with rich culture and tradition based on natural and spiritual

lifestyle. The participants mentioned some words about historical background which reflected their knowledge about dark colonial history, exploitation of resources and people and showed a recognition and compassion for Aboriginal people's deprivation and historical challenges. Some participants mentioned about the remoteness of most communities which created a disconnection between developed urban areas and those communities which should be considered as barriers to accessing investment. This disconnection was not only a geographical factor but also created knowledge gap, trust barriers, and negative perception among the general people.

6.4 Perceived Risk and Return: The Decision Making Process

In a rational and conventional financial market, investors major considerations are financial (systematic and unsystematic risk) risk with financial return.⁵² The investors take investment decisions where they can match optimum return with minimum risk (Elton & Gruber, 1992). Usually traditional investors consider expected risk with expected return where return includes risk- free return plus risk premium.^{53 54} In other words, where risks are higher, traditional investors expect more financial return from those investments (Figure 6.11). These expected risk and return mostly consider market financial risk and other non-financial operational risk (Ali, Akhtar & Sadaqat, 2011).

⁵² <http://www.investopedia.com/walkthrough/corporate-finance/4/return-risk/systematic-risk.aspx>

⁵³ <https://blog.shareinvestor.com/what-is-beta/>

⁵⁴ <http://www.investopedia.com/terms/r/riskreturntradeoff.asp>

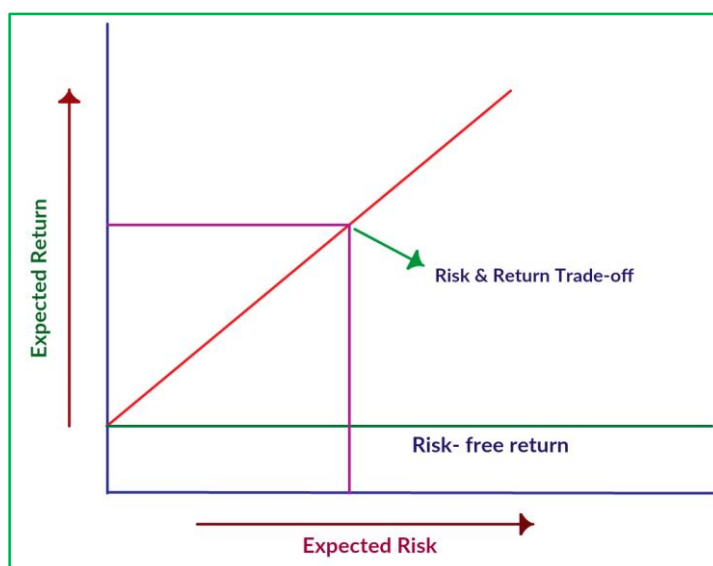


Figure 6.11: Expected risk and return trade-off point for mainstream investment.

Note: *This figure has been drawn by the thesis author based on the common knowledge of risk-return tradeoff in the financial world. No copy-righted image has been used.*

In figure 6.11, risk-return trade off line is upward rising which indicates positive correlation between expected risk and financial return if other factors held constant. For impact investment market, those traditional investors have to consider social, economic or environmental impact as non-financial return with financial return where they often assume riskier than main stream investment (Emerson, 2010). Because misconception exists about risk and due diligence due to lack of awareness about impact investment products among the investors and lack of knowledge about how to trade off potential impact with financial return considering other financial risks (Emerson, 2010) which already described as major external barriers by the study participants in the previous section.

But Aboriginal impact investment market consists some unconventional financial and non-financial risks which are unlikely for the non-Aboriginal impact investment markets. Financial risks include liquidity, borrowing, funding and other investment risks (Cooper & Ulnooweg Development Group, 2013). The institutions working in the Aboriginal market often lack suitable projects despite having liquidity (Cooper &

Ulnooweg Development Group, 2013). Investors or fund suppliers often fix lower rate than the market interest rate which is considered as another borrowing risk (Cooper & Ulnooweg Development Group, 2013).

Aboriginal financial market experience other unique non-financial risks like reputational, cultural or spiritual risk (Cooper & Ulnooweg Development Group, 2013). The investors consider those risks as strategic and related to trust and relationship with Aboriginal communities (Cooper & Ulnooweg Development Group, 2013). Spirituality is the part of Aboriginal culture, tradition and livelihoods but the impact investors usually ignore or do not understand these dimensions which are related to their financial risk (Cooper & Ulnooweg Development Group, 2013). These risks are mostly perceived rather than real (Cooper & Ulnooweg Development Group, 2013; Emerson, 2010). Impact investors for Aboriginal market add those extra layers of perceived risk and return which are more than expected risk and return in the main stream market (Emerson, 2010).

These perceived risks and returns derived from the perception about Aboriginal people and community which are unique. Lack of knowledge or partial knowledge about Aboriginal community, livelihoods, culture, history and socio-economic background are developing partial or negative perceived image (Cooper & Ulnooweg Development Group, 2013) which are hindering their preference to impact investment in Aboriginal social enterprise. Human perception is greatly influenced by education, living society, profession and media. Media have highlighted Aboriginal community as a dysfunctional society with poor health, housing, food insecurity, mismanagement and crime (Wesley-Esquimaux & Calliou, 2010). With other historical background, these factors have painted a negative image in general mind's canvas (Wesley-Esquimaux & Calliou, 2010). These worldviews about Aboriginal people and communities have created perception of 'a deficit region'

where people connect different stories to take investment decision (Ponting & Voyageur, 2001).

To better understanding of the decision making process, I looked at the outcomes of my analysis and found that the stakeholders’ expressed their high preference to contribute Aboriginal CED initiatives with highest positive correlation (0.91). It indicates that the stakeholders are interested to include socio-economic impact as their perceived return along with financial return. But still majority (10 % as no and 58% as may be) of them were reluctant (Figure 6.12) about investing in First Nation social enterprise or cooperative. I also considered the participants’ perception about Aboriginal people and community as their perceived image and there appeared to be a relationship between their positive and negative perception and investment decision. There are not only financial risk and return, but it also considers other cultural and negative images about Aboriginal people and community.

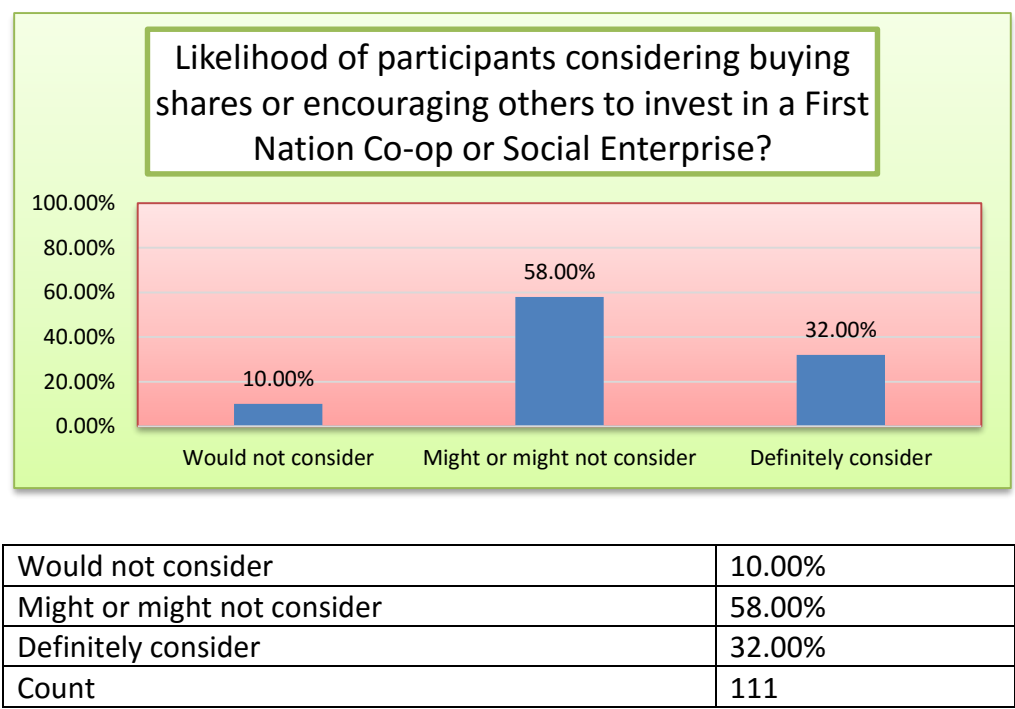


Figure 6.12: Participants’ responses about buying shares in a First Nation Co-op or social enterprise. *Note:* All percentages rounded to their closest value.

I ranked the frequency of the negative words as perceived risk over perceived return (Table 6.5) which are financial return plus social and economic impact with extra layers of traditional and natural/environmental return from the Aboriginal capital market. I assumed that the stakeholders' expectation about financial return as dividend or interest in exchange of financial risks are set at some point. After weighing the positive and negative group of words, I explained how an individual develops his/her own investment decision based on perceived risk and return.

Positive Words	Frequency	Perceived Return	Ranking	Negative Words	Frequency	Perceived Risk	Perceived Risk Ranking
Positive People & Community	92	Socio-economic Impact	4	Colonial History & Tragedy	90	Historical Risk	4
Knowledge & Tradition	28	Cultural Impact	3	Poverty & Underdevelopment	42	Economic Risk (Cooper & Ulnooweg Development Group, 2013)	3
Nature & Spirituality	27	Environmental Impact	2	Hate & Racism	39	Informational/Stereotyping Risk	2
Origin & Back ground	21	Historical/Recognition Impact	1	Community Crisis	36	Reputational/Cultural Risk (Cooper & Ulnooweg Development Group, 2013)	1

Table 6.5: Weighing perceived risk and return of Aboriginal impact investment.

Negative perception were more than positive from the participants of the study. Similarly, the statistical analysis showed that most of the participants were undecided or negative about investing or buying shares in a First Nation enterprise. I ranked highest as 4 and lowest as 1 for both perceived return and risk. So a higher percentage of negative perception among the stakeholders could raise some fundamental questions about attracting

investment and participation in economic development process in Aboriginal cooperative or social enterprise.

Figure 6.11 shows that expected risk and return has positive relationship for traditional investment. But with statistical and words analysis, it indicates that the potential investors for Aboriginal impact investment market consider perceived risk and rerun with negative relationship which mean higher the perceived risk with negative image, lower the likelihoods of investing in Aboriginal enterprise despite financial return (Figure 6.13). Though, it is hard to measure qualitative perceived risks to develop quantitative relationship with perceived return.

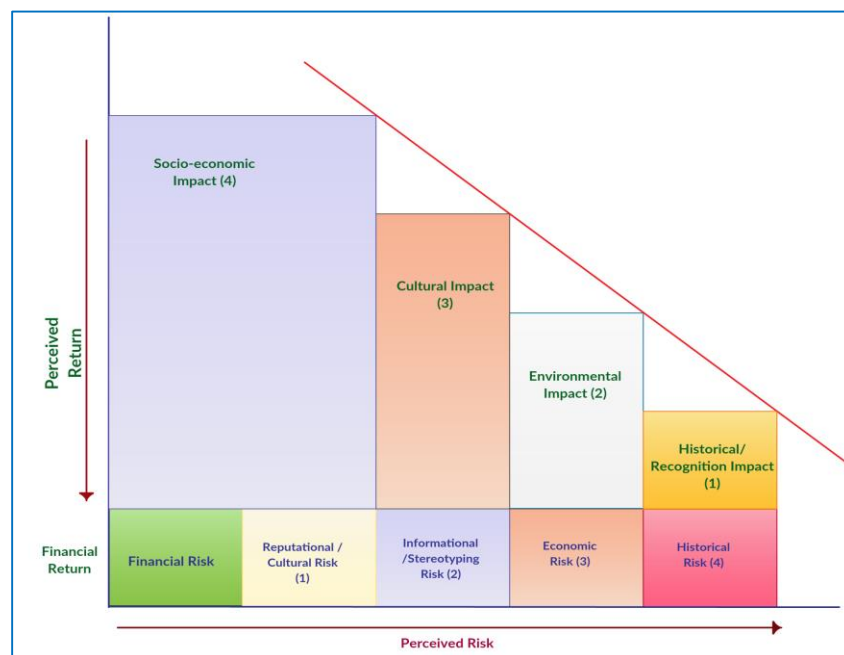


Figure 6.13: Perceived risk and return trade-off for Aboriginal impact investment decision. *No copy-righted image has been used.*

Figure 6.13 does not indicate any correlation or extent among the perceived risk and return factors. It shows the downward slopping relation among the perceived risk and return which is higher the perceived risk, lower the expectation or interest for Aboriginal impact investment. But it also indicates that there is a huge gap of ‘investors/lenders’ perceived

return with 'perceived risk' which is one of the major cause of blocking access to capital (Parker & DeBono, 2004). The stakeholders who had intention to support Aboriginal CED initiatives and social enterprises lack the confidence to invest in Aboriginal business particularly in social enterprise.

Businesses in the Aboriginal community face all the usual pressures of businesses like service/product development, marketing, financing, management and the business owners also have to face some other challenges from the society which is historical racism and discriminations (Aboriginal finance & CED expert, personal communication, March 18, 2015). However, due to stereotypes and lack of information, the decision to invest in Aboriginal business is more nuanced and encompasses social, cultural and historical factors.

6.5 Chapter Summary

In this chapter, I explained the external and internal barriers, which were considered to be significant by the study participants. The intent was to provide a road map for community economic development, applicable to other communities, using impact investment. But I also analyzed their perception and how it is affecting their impact investing decision. Access to capital is limited due to a lack of knowledge and interest about the Aboriginal economic development, negative perceived image and other cultural risks. On the demand side of things, the community borrowers' systematic dependency on the state is curbing the possibility of various impact investment funds.

Among the general stakeholders, ignorance and negative perceptions seem to vary from region to region based on geographical isolation and educational attainment. In this study, it was observed that people from provinces or regions who have more access to

information and more active institutions, did not think financing is not a major challenge for developing social enterprises like co-op and small start-up businesses. Most importantly, the majority of the people had negative perceptions and limited and partial knowledge about Aboriginal community and people.

Systematic preference and negative perceived image caused lack of confidence with stakeholders about Aboriginal communities which ultimately affected their investment decision in individual and institutional level. For these, the investors also have lack of interest for Aboriginal capital market and on the other side, the community entrepreneurs and leaders have a lack of skills to identify the gaps and barriers to attracting more capital for economic development. Experiences and lack of capacity also affects most Aboriginal entrepreneurs as they start businesses first in their families (Aboriginal finance& CED expert, personal communication, March 18, 2015). So the decision to invest was negatively affected due to some factors on both the demand and supply side.

Developing and maintaining impact investment requires a different kind of skill set than that of accepting grants and developing programs without requiring equity or debt capital (CED & Social finance expert, personal communication, December 12, 2014). It is also important to determine objectives and skills available to use impact investment funds (CED & Social finance expert, personal communication, December 12, 2014). As the paradigms of investment are shifting, it needs a good coordination of different stakeholders like government, private institutions and the community (CED & Social finance expert, personal communication, December 12, 2014). More private-public partnership funds and engagement of micro-investors to Aboriginal social enterprise or cooperative for CED could improve the situation and develop opportunities for both the supply and demand side.

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CHAPTER 7: RECOMMENDATIONS AND CONCLUSIONS

7.1 Introduction

Aboriginal community entrepreneurs usually face two levels of drawbacks to successful enterprises. First, they lack access to natural resources, infrastructure, capacity and have legal challenges to form the enterprise. Even after forming the enterprise, they face another obstacle to obtaining essential capital to grow their enterprise.

The primary focus of this thesis is to identify the stakeholder's (non-community members) perception about Aboriginal people, and community and how the perception is affecting their investment decisions with the development of an Aboriginal social enterprise or cooperative. Also the thesis identified the other internal and external barriers to impact investment regarding an Aboriginal cooperative/ social enterprise development.

According to an Aboriginal Finance & CED expert, the availability of funds is not a problem (Figure 7.1) but finding enough borrowers/entrepreneurs has become an issue for AFIs (Aboriginal Finance & CED expert, personal communication, March 18, 2015).

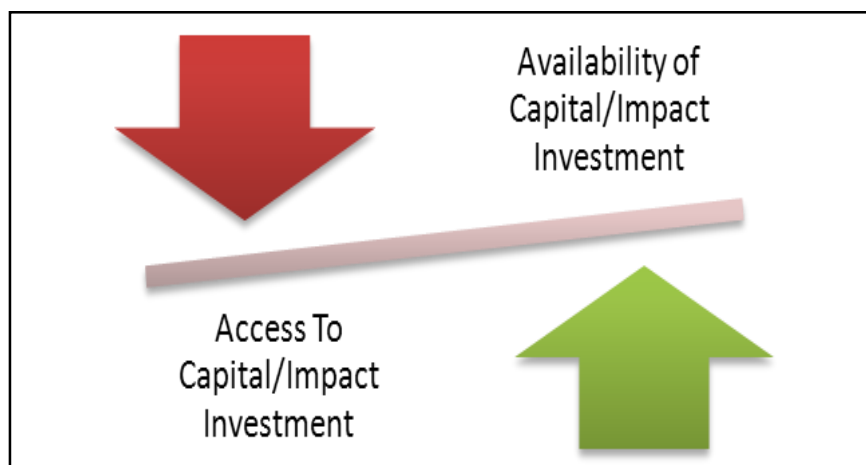


Figure 7.1: Imbalance between accessibility and availability of impact investment for Aboriginal communities.

Because my research experience showed that community entrepreneurs in GHFN were struggling to find enough start-up capital and proper channels to access available financial sources. So these were clear mismatches or a lack of effective matchmakers between the lenders and borrowers in the market regarding information availability, as shown in Figure 7.1. With my expert interviews and perception study, it was indicated that these institutional settings sometimes also overlooked the individual borrowers because limited or no information reaches to the potential borrowers who need financing to grow their enterprise.

7.2 Research Limitations, Observations & Analysis

This research was based on the socio-economic conditions in a First Nation Community in Northern Manitoba. I generalized this community as a part of a larger Aboriginal community in Canada, considering that most of the Aboriginal communities have similar colonial history and economic barriers. Most of these communities are underserved and deprived of mainstream financial services. But this is not true for all cases. Some Aboriginal communities—particularly in the coastal (east and west) areas—are more economically developed and with better financial services than the remote and fly-in Aboriginal communities in Manitoba. So the outcomes from this study are not equally applicable to all Aboriginal communities in Canada. However, the research objectives in this study have few Aboriginal communities and stakeholders, so they can use my research as a road map for future research.

This study also faced several regulatory, logistical, political, and financial challenges during the developmental and growth stage of the cooperative. Due to logistics,

financial and time constraints, I conducted my study with a limited sample size, with specific experts and geographical areas, with a focus on Aboriginal impact investment and financial system. I focused on a broader perspectives and looked at the overall system, which might have resulted in me ignoring some specific and location-based factors and challenges. Thus, researchers and readers of this thesis should consider these limitations while developing their own conclusions

On the other hand, the fishing cooperative component of this research was mainly to develop direct local markets in Manitoba, particularly in Winnipeg, for maximum return to the fishermen. For that, it was required to get a sustainable long supply contract and produce more value-added products to maximize profit and reduce costs rather than selling the whole fish. Regarding management, a better and effective management board for the co-op to arrange financing and to establish a brand image for fisheries products to allow more effective marketing (Thompson et. al., 2014). In terms of management, sales, marketing and livelihoods perspective, the cooperative achieved most short term goals since its official inception September, 2014. But it is too early to evaluate the business sustainability of the co-op and its social and economic impact on the community. So there is scope to study long-term sustainability in the future.

In undertaking this work at the community-level, it also identified many systemic barriers and policy problems. While arranging start-up financing for the Island Lake Wabung Co-op, the lack of other than government, research and non-profit donor funding was obvious. With limited timelines, lack of resources, infrastructures, remote location and lack of information, it was difficult to try diversified financial mechanisms. I contacted a few mainstream financial institutions during start-up financing stages of the fisheries cooperative. But conventional and mainstream financial institutions were not enthusiastic

about financing a new cooperative in a remote community and without a previous sales history. In terms of investment barriers, my analysis of the present investment ecosystem (chapter 5) revealed that the ecosystem offers complex, overlapping regulatory frameworks with difficult access for Aboriginal social enterprise especially for new cooperative in remote communities.

An information and communications gap exists between Aboriginal borrowers and lenders. This gap among the present institutional investors, borrowers and general stakeholders is creating systemic ignorance and lack of confidence to invest in Aboriginal business or CED project. It was also indicated that the individual borrowers who need financing to grow their enterprise often got limited or no information about the potential lenders.

I recognize this is not an easy task to change the many factors preventing Aboriginal economic development. These factors include financial dependency of Aboriginal communities together with colonial state policies that undermine Aboriginal self-determination and capacity building and the negative perception of Aboriginal communities that exists in Canadian society and among potential investors. These factors have developed for more than a hundred years within the financial ecosystem and inside settlers' hearts. On the other side, Aboriginal entrepreneurs' lack of capacity, skills and community politics result in many Aboriginal communities and businesses having an inability to effectively access and manage capital. The scenarios have started changing slowly since the involvement of private capital in Aboriginal community economic development and impact investment concept has arrived (Doyle & Carnegie, 2014).

The 'AIMS' process, as shown in figure 6.2, would help to improve the present investment ecosystem and to bring a positive change among the stakeholders. Positive

awareness among all stakeholders, is the first step to bring changes in the investment ecosystem. It is important to consider needs of all stakeholders and their expectations as a part of the ecosystem.

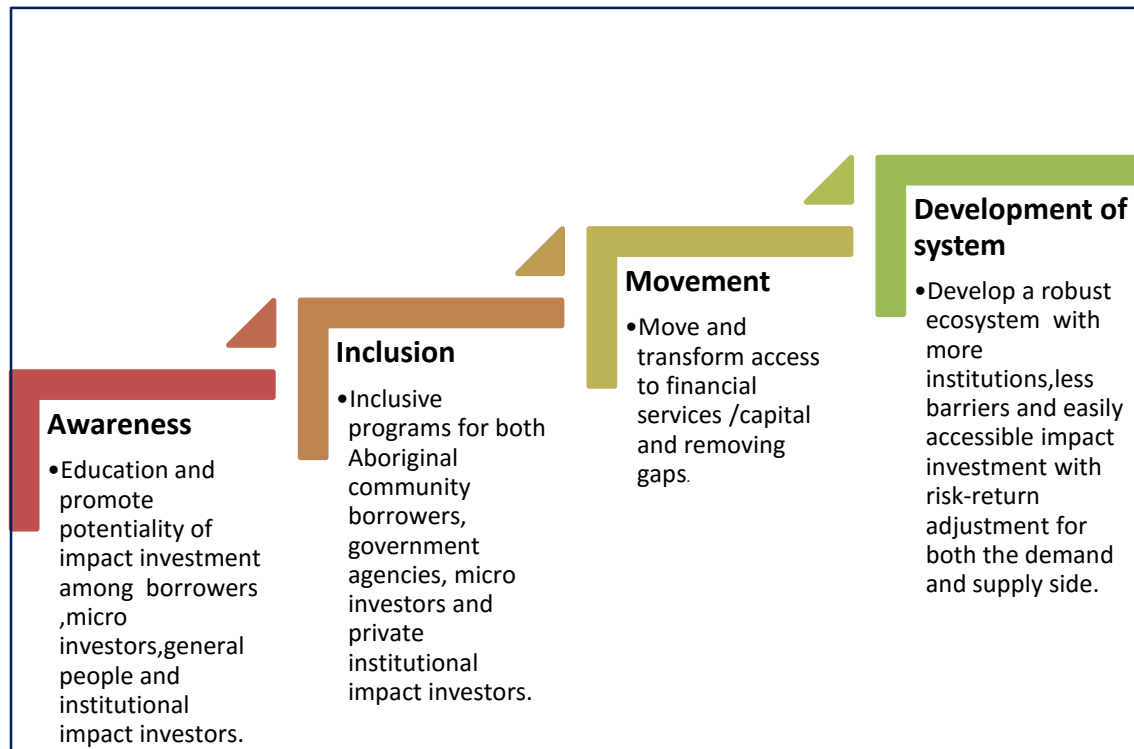


Figure 7.2: AIMS (Awareness, Inclusion, Movement and Development of System) process of removing gaps and creating effective ‘Aboriginal Impact Investment Ecosystem’.

Awareness of the lack of financial institutional support is required as well as an openness to the potentiality of impact investment among borrowers, micro investors, general people and institutional impact investors to transform an unjust situation. Awareness is needed to transform the negative to positive perceptions of Aboriginal businesses. This awareness can be brought about by using different kinds of media, education and social practice to educate non-Aboriginal people about Aboriginal people and the historical and present systematic discrimination against First Nations. This transformation of attitude requires financial inclusion of Aboriginal peoples and communities.

Financial inclusion with a holistic approach is the next step toward an effective investment climate. Inclusive programs are needed for both Aboriginal community borrowers, government agencies, micro investors and private institutional impact investors. This inclusion has to include grassroots level borrowers and general community members. Innovative products and services need to be implemented because they have to overcome barriers and the status quo. Few steps have been taken to include the Aboriginal “unbanked” communities. The majority of Aboriginal people are ignored in this present system. Banking can be done, first, by targeting specific groups who are entrepreneurs or want to be entrepreneurs.

After inclusion, the next step is to develop a socio-economic movement to transform access to financial services /capital and removing gaps. According to an Aboriginal banking and finance expert, real social development happens only when everyone’s wellbeing is considered with good governance, financial management, and economic development (Aboriginal banking and finance expert, personal communication, May 22, 2015). So this move must address the gap in financial services and integrate financial services, companies, lenders, borrowers, market enabling and engagement institutions and academic researchers. Although a centralized movement and coordinating all stakeholders in the ecosystem may be too difficult to accomplish it could be done on a regional scale or even community scale. This movement should address borrowers’ expectation, governance, community development plan, financial education, perception development and future goal to develop a robust, sustainable and healthy impact investing system.

Finally, the development of a financial ecosystem, with more institutions, less barriers and easily accessible impact investment with less risk on return for both the demand and supply side, is needed. This inclusive financial system has to develop a sustainable

atmosphere with mainstream and other impact investors. Policy makers, researchers, and regulators in the impact investing system should think about independent platforms (online or offline) or “Aboriginal Social Stock Exchange” to bring potential investors and investees to this platform. This sustainable system will ensure affordable and easy access to the borrowers and expected return to investors. But the capacity of the system, cost effectiveness and effective education for both borrowers and investors will be needed.

7.3 Recommendations for better access to impact investment considering the ‘AIMS’ process

Based on the research findings and considering the present impact investing framework, the following steps should be taken by respective individual stakeholders and organizations including government, research organizations, financial institutions, policy makers and also media to implement the ‘AIMS’ process for a robust, positive and need-based Aboriginal impact investing atmosphere. These recommendations are:

For creating awareness

1) Education for the demand and supply sector:

To transform the negative perception to a positive opportunity, education and awareness programs are needed. Personal perceptions have a huge impact on professional works, which ultimately are implemented through policy and legal framework⁵⁵. The perception study found that the complex nature of human perception about Aboriginal people and communities requires better awareness and countering the negative stereotypes of settlers and Canadians. The institutional systematic discrimination of First Nation communities and people in Canada requires correction as presently human right codes are

⁵⁵ Retrieved December 28,2015 from <http://www.csus.edu/indiv/s/sablynskic/Ch5OBE150.htm>

in violation, but it has also resulted in underdevelopment in Aboriginal communities. This stereotyping by Canadians and settlers has been very disadvantageous⁵⁶ to Aboriginal people undermining their human rights and access to jobs and other opportunities and resources. Aboriginal-led education and programs are needed to rebuild positive perception among the investors and general population.

On the demand side, basic financial literacy for the Aboriginal population is poor. Despite having good knowledge, the mainstream institutions and individuals in the supply side are not connecting properly with investment process. There are some professional organizations like AFOA Canada (formerly Aboriginal Financial Officers Association of Canada),⁵⁷ Canadian Council for Aboriginal Business⁵⁸ are working on these issues and offering programs for capacity building, financial education, reducing knowledge gaps and perception development among the Aboriginal and non-Aboriginal business communities.

For holistic financial inclusion

1) Inclusion of micro-investors and borrowers for quicker capital access :

I think it is important to connect individual lenders with individual borrowers for several reasons. It is less complex and quicker to connect micro investor/lenders and borrowers through an investment network. It could be an online or a conventional platform through CED organization. This mechanism will increase direct connection between borrowers and lenders, develop positive image among the potential investors and borrowers. This connectivity among the micro-investor and borrowers in Aboriginal community will develop socio-cultural bonding beyond financial gain.

⁵⁶ Retrieved December 28,2015 <http://www.csus.edu/indiv/s/sablynskic/Ch5OBE150.htm>

⁵⁷ Retrieved on May 15,2015 <https://www.foa.ca/foaen/Home/en/Home.aspx?hkey=141de6bb-7dc8-43d9-8c04-697998d2ad86>

⁵⁸ Retrieved on May 15,2015 <https://www.ccab.com/about>

Microfinancing is well-known throughout the world as a way to provide small capital for the marginalized borrower but not in Canada. Microfinance for small business owners only recently started in Canada. Inspired by success of microfinance program in the developing world, some non-profit organizations, local NGOs and communities organizations started this program in Canada. Most of them work in urban setting for poverty reduction and small business development. For example: MOMENTUM in Calgary⁵⁹ and SEED in Winnipeg⁶⁰ are working in urban and suburban areas. On the other hand, development agencies, community finance organizations, NGOs are focusing mostly on developing nations in Africa, South East Asia and South America ignoring the domestic underdeveloped Aboriginal communities. Calmeadow⁶¹ and FINCA⁶² are examples of Canadian NGOs who focusing on international underserved regions for their microfinance program. Even the online microfinance platform like Kiva has about 8,000 Canadian lenders who have given more than 184,000 loans⁶³ to the developing world but not in the Aboriginal communities or entrepreneurs who live in an underdeveloped nation, lacking basic infrastructure and services, within a developed country. There are a few exceptions like Paro Centre of Women's Enterprise but not adequate compared to larger Aboriginal population in remote communities. For developing a coherent and sustainable CED, it is important to consider micro-entrepreneurs and give easy and quick access capital to them.

2) Learn from CED in other countries and projects, particularly developing countries which have much in common with Aboriginal communities (For both the supply and demand sector):

⁵⁹ Retrieved on May 16,2015 from <http://momentum.org/programs/money>

⁶⁰ Retrieved on May 16,2015 from <http://seedwinnipeg.ca/programs>

⁶¹ Retrieved on May 17,2015 from <http://www.calmeadow.com/index.html>

⁶² Retrieved on May 17,2015 from <http://www.fincacanada.org/>

⁶³ Retrieved on May 26,2015 from http://www.kiva.org/team/team_canada

Though living in a developed country, Aboriginal communities, in many ways, are far behind in development compared to rural and other communities in the developing world. Particularly, Aboriginal communities in Canada are underdeveloped in terms of financial literacy, capacity building and access to the banking system. Over the last 10 years, some developing countries like Bangladesh, India, Kenya, Uganda (Yousif, Berthe, Maiyo, & Morawczynski, 2012) implemented mobile banking services like M-Pesa (Kenya) and B-kash (Bangladesh) and those projects achieved tremendous success using cell phone for regular banking and microfinance activities (Kimenyi, & Ndung'u, 2009), which could be an example for Aboriginal communities in Canada. Because proper connectivity develops productivity, which is a great barrier for remote Aboriginal communities. Aboriginal communities in Canada should be included into mobile banking and microfinance activities using cell phones to alleviate poverty, removing the digital divide (Bhavnani, Chiu, Janakiram, Silarszky & Bhatia, 2008).

Several rural credit unions and other banks in Canada offer apps based and text based mobile banking using smartphones. However, this research found that these mobile banking services are limited to large urban and some small towns, excluding greater remote Aboriginal communities. These remote communities are without any formal banking agent to deposit and transfer money, proper promotion and mechanisms.

3) Transform Aboriginal Financial Institution into “Multidimensional Community Banking Centre”:

Some AFIs are performing well and some are struggling to survive due to management inefficiency and bad loan portfolios (Parker & DeBono, 2004). At the same time some communities have no deposit-taking institution or banking facilities despite having AFIs in their communities. So my recommendation to transform those AFIs into

multidimensional community banking centers to provide a deposit taking institution (Parker & DeBono, 2004; Hammond Ketilson, 2014). It would be another great move if the Federal Government and Association of National Aboriginal Capital Corporation make a move to transform AFIs by increasing their capital base and developing strategic partnership with other mainstream institutional lenders, institutional impact investors and development banks (Parker & DeBono, 2004)

A credit union model is also powerful, supportive and more community oriented which would be a better solution for Aboriginal community (Hammond Ketilson, 2014). So transformation of AFIs to full-service credit union or community banking center could solve many problems for Aboriginal community by providing more support to local cooperative and other business, deposit, money transfer, mortgages, risk mitigation and better-regulated management than present AFIs.

For developing a movement

1) More integration with Aboriginal CED program and Philanthropic capital:

It is an established practice that Aboriginal CED project or social enterprise should focus on government funding or donor non-repayable grant. For a sustainable CED or social enterprise growth, Canadian Task Force on Social Finance recommend in 2010 that Canadian public and private foundations' contribution in the social finance sector should reach at least 10% by 2020 (Doyle & Carnegie, 2014). This indicates that CED program is facing a gradual transformation by including philanthropic capital in community development project and social enterprise development. Income Tax Act (ITA) and the provincial trust law are major concern for the non-profit organizations to invest in CED sectors, which need government attention (Doyle & Carnegie, 2014).

A good example is Tides Canada's "Change Capital"⁶⁴ where donor capital is invested in socially and environmentally focused enterprises and returns with primary investment given back to the social enterprise to add more impact in the community. More focus needed like this initiative for Aboriginal communities and social enterprise for creating sustainable impact.

2) Increase education and funding through State but also other sources (For the demand sector):

Aboriginal state dependency is not limited to a historical/colonial background, but is present today in the lack of trades and business skills and higher education in First Nation communities (Statistics Canada, 2011). Since entering into "Indian Act" era, Aboriginal communities have mostly had their economic options cutoff by the Government (Aboriginal banking and finance expert, personal communication, May 22, 2015). According to the Royal Commission on Aboriginal People (RCAP), this dependency has tremendous socio-economic cost estimated at \$7.5 billion (1996) and expected to increase to \$ 11 billion in 2016 (Anderson, Dana, & Dana, 2006).

The effectiveness of reducing dependency will depend on how the Aboriginal community leaders, financial sector and government identify options for First Nations to self-determine based on their strengths and collective power. Also the Aboriginal communities and financial institutions should implement their own products and services and co-operating each other for financial transactions and services. It requires more research and time to implement but they should start thinking about this mechanism.

⁶⁴ Retrieved December 15, 2015 from <http://tidescanada.org/approach/investing-for-good/>

3) More connectivity between private and public sector for pooling sustainable investment (For both supply and demand sector):

Mainstream connectivity is required between private sector investor and public sector for creating more impact investment opportunities. Though institutions, like CAPE Fund ⁶⁵, First Nation Finance Authority (FNFA)⁶⁶, are working to pool private sector capital and make investment in Aboriginal communities and government, federal and provincial government's proactive role are important to bring more private capital and develop co-investment (Harji et. al., 2014).

Other exceptional examples,, Nova Scotia's CEDIFs and Ontario's Green Energy Act, are already in the market (Harji et. al., 2014). But these are limited for specific needs and target groups. It is also important to match private equity investor's philosophy and the objective and a holistic return on investment which will improve social, environmental and financial return on investment while they are partnering with the public sector (CED & social finance expert, personal communication, December12, 2014). For Aboriginal communities, getting proper approval is important from the community for any kind of external investment in community's business and CED project (Aboriginal financing & CED expert, personal communication, March 18, 2015).

For developing a robust financial system

1) Risk Adjustment with customized financial assets for Aboriginal CED or social Enterprise:

⁶⁵ Retrieved October 20, 2015 <http://www.capefund.ca/en/about-capefund.html>

⁶⁶ Retrieved October 20, 2015 <http://fnfa.ca/en/fnfa/>

Most institutional impact investors feel investment in Aboriginal social enterprises and CED projects are financially riskier than non-aboriginal investment. Even individual investors identified several barriers and saw socio-cultural risk as adding to financial risk, which I discussed in chapter five.

To minimize these risks and boost confidence, the government, community band council and investors should come forward and develop more co-investment vehicles for Aboriginal enterprises, particularly for social enterprises where expected return rates are typically below the market rate (Doyle & Carnegie, 2014). For better risk adjustment, diversified financial instruments are needed with more Seed capital and developmental lending mechanism (Parker & DeBono, 2004). Government interventions could also balance the perceived higher risk factors by providing grants or guarantees and other innovative solutions (Global Impact Investing Network, 2013). In case of Aboriginal community-based investment, investor also need to be more patient about return and subsidized for risk adjustment by the government (Aboriginal financing & CED expert, personal communication, March 18, 2015).

2) Issuing bonds and develop bonding (For the both demand and supply):

Social Impact Bond (SIB) has entered the social finance arena with the objective to engage the public sector with private capital, other social and community organizations for solving specific social issues with a financial and social return.⁶⁷ A SIB commits to pay for improved social outcomes resulting in savings for the public sector. The Canadian government was inspired by the success of SIBs in UK, US, Australia and other countries

⁶⁷ Retrieved on October 15, 2015 <http://www.socialfinance.org.uk/wp-content/uploads/2014/07/Introduction-to-Social-Impact-Bonds.pdf>

and patronized SIBs in some areas not including the non-aboriginal market (Doyle & Carnegie, 2014). For example, Provincial government of Saskatchewan announced to issue first Canadian SIB for supporting social housing for single mothers in May 2014 (Doyle & Carnegie, 2014). This is an example of a public–private partnership where government has partnered with private financial institutions like Connexus Credit Union, Wally and Colleen Mah, and EGADZ (Ecotrust Canada, 2014).

Like this example, the mainstream financial market should also focus on issuing more impactful investment opportunities for aboriginal communities without thinking only financial return (Parker & DeBono, 2004). MaRS Centre For Impact Investing in Toronto is active for developing an effective mechanism and working Government and other social and economic organizations for issuing SIBs in the Canadian social finance market (Joy, & Shields, 2013). There is a potential to issue an "Indigenous Impact Bond" like conventional SIB considering urgency, socio-economic issues, financial risks and engaging institutional investors, government and AFI and other Aboriginal CED organization. It would be a great solution for social enterprise and CED project for capital access.

7.4 Conclusion

Impact investing is a present necessity to deal with complex social issues and is growing in popularity. Though Canadian market volume is much smaller than the US & European market, most Canadian impact funds are interested in other developing countries with more expected market return (Svedova, Cuyegkeng & Tansey, 2014). But the Aboriginal market and the social issues from underdevelopment in Aboriginal communities is another sector to focus for Canadian impact investors. Several barriers have been identified by this research to develop and grow cooperative and social enterprise in

Aboriginal communities. But to remove these barriers, borrowers, Aboriginal community entrepreneurs, capital suppliers and other intermediaries require a fair share of the financial resources and promotion. Otherwise it is quite difficult to get optimum results and buy-in for this growing sector.

On the supply side of financing, new capital markets are required that include more diversified investment products for Aboriginal CED projects and social enterprise (Parker & DeBono, 2004). Federal and several provincial governments are just beginning to investigate these needs by trying to partner with other private sector intermediaries to develop a framework for future movement (Svedova, Cuyegkeng & Tansey, 2014).

On the demand side of financing, Aboriginal financial institutions and other community development organizations should develop their management capacity and include more innovative projects for investment. Several autonomous Aboriginal governance authorities like First Nation's Finance Authorities (FNFA), First Nations Financial Management Board (FNFMB) and First Nations Tax Commission (FNTC) are working on these capacity and management issues with the communities in a limited scale. These mechanisms will create more capital flows and motivate more impact investors to develop standard investment projects (Doyle & Carnegie, 2014). To do this, government's co-existence is important as the market is not mature and still needs more developed tools for risk mitigation and safe exit after investment term (Parker & DeBono, 2004).

All these steps are essential and mostly applicable for institutional settings. But more importantly, the scenarios could change with two societal shifts. First, a shift from discrimination against Aboriginal peoples to anti-racism is required at all levels of Canadian society, which I call the negative perception towards Aboriginal peoples and communities in this paper. Second, Aboriginal borrowers' excessive dependency on the

state for economic development must be changed through an opening of other economic opportunities to them. For both impact investors and borrowers, these would cure some deep problems and with connect both with a positive vision for a sustainable and easily accessible impact-investing ecosystem.

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APPENDIX: ANALYSIS & FIGURES

Chapter 4:

Figure 4.2: Fixed & variable cost estimation for Break-even analysis (Pickerel Fillet for Wholesale) ⁶⁸

Monthly Fixed Expenses (non-production)	
Accounting fees	\$ 450.00
Advertising & promotion	\$ 550.00
Bank charges & Credit Card Fees	\$ 200.00
Employee salaries (2 Part times)	\$ 3,000.00
Equipment depreciation	\$ 100.00
Insurance	\$ 100.00
Interest on loans	\$ -
Vehicle Leases	\$ 350.00
Storage fees	\$ 100.00
Office Rent	\$ 250.00
Repairs & maintenance	\$ 100.00
Telephone & cell phone	\$ 50.00
Utilities (heat, hydro, & water)	\$ -
Vehicle Repair	\$ 100.00
Other non-production expense	\$ 150.00
Total	\$ 5,500.00

Direct-fixed production costs	
Plastic Bag	\$ 150.00
Products Labels	\$ 180.00
Printer Ribbon	\$ 75.00
Boxes	\$ 95.00
Total	\$ 500.00

Direct-variable production costs per unit	
Filleting	\$ 0.50
Packaging& Labelling	\$ 0.25
Transport and Pthers (\$ 250 per mor	\$ 0.10
Purchase price	\$ 3.00
Per-unit	\$ 3.85

⁶⁸ Template Source: Retrieved on June 15,2015 <http://www.visa.ca/small-business/manage-your-finances/reporting-and-analysis-tools.jsp>

Sales revenue projection	
Projected number of units produced & sold each month	\$ 2,500.00
Selling price per unit	\$ 6.50
Total projected monthly sales revenue	\$ 16,250.00

Cost calculations	
Total unit cost = direct-fixed unit costs + direct-variable unit costs	\$ 4.05
Cost of Goods Sold (COGS) = total unit cost * number of units sold	\$ 10,125.00
Gross margin percentage = (sales revenue - COGS) / sales revenue	37.7%

Breakeven calculations	
Breakeven revenue Total sales revenue needed to cover all expenses	\$ 15,625.00
Breakeven units Number of units to sell at price entered above to break even	2,404
Breakeven unit price Minimum unit price assuming number produced above	\$ 6.25

Fixed & variable cost estimation for Break-even analysis (Pickerel Whole for Wholesale)

Monthly Fixed Expenses (non-production)	
Accounting fees	\$ 450.00
Advertising & promotion	\$ 550.00
Bank charges & Credit Card Fees	\$ 200.00
Employee salaries (2 Part times)	\$ 3,000.00
Equipment depreciation	\$ 100.00
Insurance	\$ 100.00
Interest on loans	\$ -
Vehicle Leases	\$ 350.00
Storage fees	\$ 100.00
Office Rent	\$ 250.00
Repairs & maintenance	\$ 100.00
Telephone & cell phone	\$ 50.00
Utilities (heat, hydro, & water)	\$ -
Vehicle Repair	\$ 100.00
Other non-production expense	\$ 150.00
Total	\$ 5,500.00

Direct-fixed production costs		
Plastic Bag	\$	150.00
Products Labels	\$	180.00
Printer Ribbon	\$	75.00
Boxes	\$	95.00
Total	\$	500.00

Direct-variable production costs per unit		
Filleting	\$	-
Packaging& Labelling	\$	0.25
Gas/Fuel (\$ 250 per month for 2500 lb)	\$	0.10
Purchase price	\$	3.00
Per-unit	\$	3.35

Sales revenue projection		
Projected number of units produced & sold each month	\$	2,500.00
Selling price per unit	\$	5.49
Total projected monthly sales revenue	\$	13,725.00

Cost calculations		
Total unit cost	\$	3.55
= direct-fixed unit costs + direct-variable unit costs		
Cost of Goods Sold (COGS)	\$	8,875.00
= total unit cost * number of units sold		
Gross margin percentage		35.3%
= (sales revenue - COGS) / sales revenue		

Breakeven calculations		
Breakeven revenue	\$	14,375.00
Total sales revenue needed to cover all expenses		
Breakeven units		2,618
Number of units to sell at price entered above to break even		
Breakeven unit price	\$	5.75
Minimum unit price assuming number produced above		

Fixed & variable cost estimation for Break-even analysis (Whitefish Whole for Wholesale)

Monthly Fixed Expenses (non-production)	
Accounting fees	\$ 450.00
Advertising & promotion	\$ 550.00
Bank charges & Credit Card Fees	\$ 200.00
Employee salaries (2 Part times)	\$ 3,000.00
Equipment depreciation	\$ 100.00
Insurance	\$ 100.00
Interest on loans	\$ -
Vehicle Leases	\$ 350.00
Storage fees	\$ 100.00
Office Rent	\$ 250.00
Repairs & maintenance	\$ 100.00
Telephone & cell phone	\$ 50.00
Utilities (heat, hydro, & water)	\$ -
Vehicle Repair	\$ 100.00
Other non-production expense	\$ 150.00
Total	\$ 5,500.00

Direct-fixed production costs	
Plastic Bag	\$ 150.00
Products Labels	\$ 180.00
Printer Ribbon	\$ 75.00
Boxes	\$ 95.00
Total	\$ 500.00

Direct-variable production costs per unit	
Filleting	\$ -
Packaging & Labelling	\$ 0.25
Gas/Fuel (\$ 250 per month for 2500 lb)	\$ 0.10
Purchase price	\$ 1.25
Per-unit	\$ 1.60

Sales revenue projection	
Projected number of units produced & sold each month	\$ 2,500.00
Selling price per unit	\$ 3.49
Total projected monthly sales revenue	\$ 8,725.00

Cost calculations	
Total unit cost = direct-fixed unit costs + direct-variable unit costs	\$ 1.80
Cost of Goods Sold (COGS) = total unit cost * number of units sold	\$ 4,500.00
Gross margin percentage = (sales revenue - COGS) / sales revenue	48.4%

Breakeven calculations

Breakeven revenue Total sales revenue needed to cover all expenses	\$ 10,000.00
Breakeven units Number of units to sell at price entered above to break even	2,865
Breakeven unit price Minimum unit price assuming number produced above	\$ 4.00

Fixed & variable cost estimation for Break-even analysis (Whitefish Fillet for Wholesale)

Monthly Fixed Expenses (non-production)	
Accounting fees	\$ 450.00
Advertising & promotion	\$ 550.00
Bank charges & Credit Card Fees	\$ 200.00
Employee salaries (2 Part times)	\$ 3,000.00
Equipment depreciation	\$ 100.00
Insurance	\$ 100.00
Interest on loans	\$ -
Vehicle Leases	\$ 350.00
Storage fees	\$ 100.00
Office Rent	\$ 250.00
Repairs & maintenance	\$ 100.00
Telephone & cell phone	\$ 50.00
Utilities (heat, hydro, & water)	\$ -
Vehicle Repair	\$ 100.00
Other non-production expense	\$ 150.00
Total	\$ 5,500.00

Direct-fixed production costs	
Plastic Bag	\$ 150.00
Products Labels	\$ 180.00
Printer Ribbon	\$ 75.00
Boxes	\$ 95.00
Total	\$ 500.00

Direct-variable production costs per unit	
Filleting	\$ 0.50
Packaging& Labelling	\$ 0.25
Gas/Fuel (\$ 250 per month for 2500 lb)	\$ 0.10
Purchase price	\$ 1.25
Per-unit	\$ 2.10

Sales revenue projection	
Projected number of units produced & sold each month	\$ 2,500.00
Selling price per unit	\$ 4.49
Total projected monthly sales revenue	\$ 11,225.00

Cost calculations	
Total unit cost = direct-fixed unit costs + direct-variable unit costs	\$ 2.30
Cost of Goods Sold (COGS) = total unit cost * number of units sold	\$ 5,750.00
Gross margin percentage = (sales revenue - COGS) / sales revenue	48.8%

Breakeven calculations	
Breakeven revenue Total sales revenue needed to cover all expenses	\$ 11,250.00
Breakeven units Number of units to sell at price entered above to break even	2,506
Breakeven unit price Minimum unit price assuming number produced above	\$ 4.50

Chapter 6: Graphical Representation (Online Stakeholder's Perception Study)

Figure: Interested to contribute to the community economic development initiatives of a First Nation Community

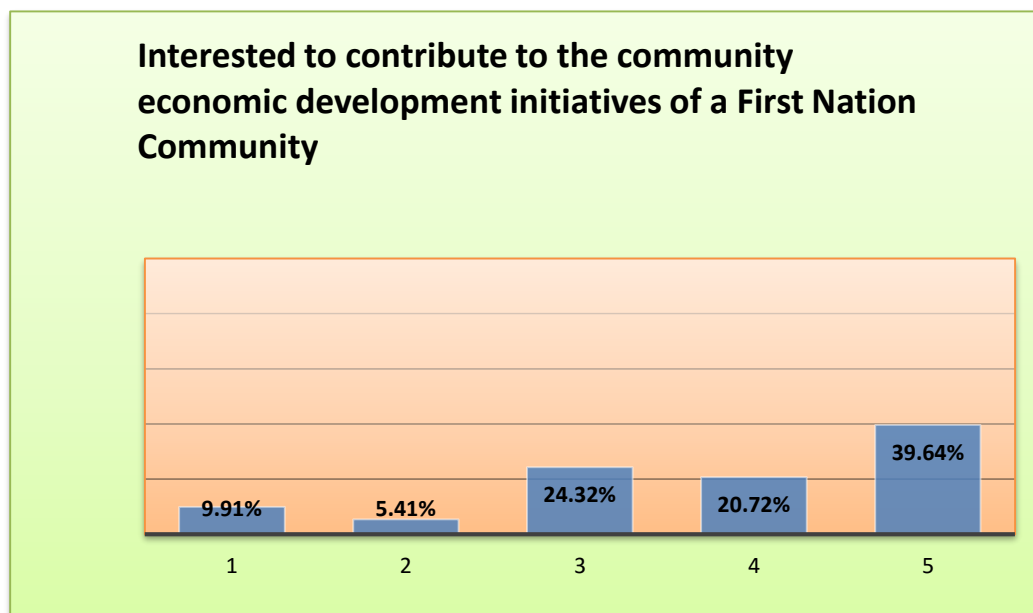


Figure: Visiting a First Nation Community

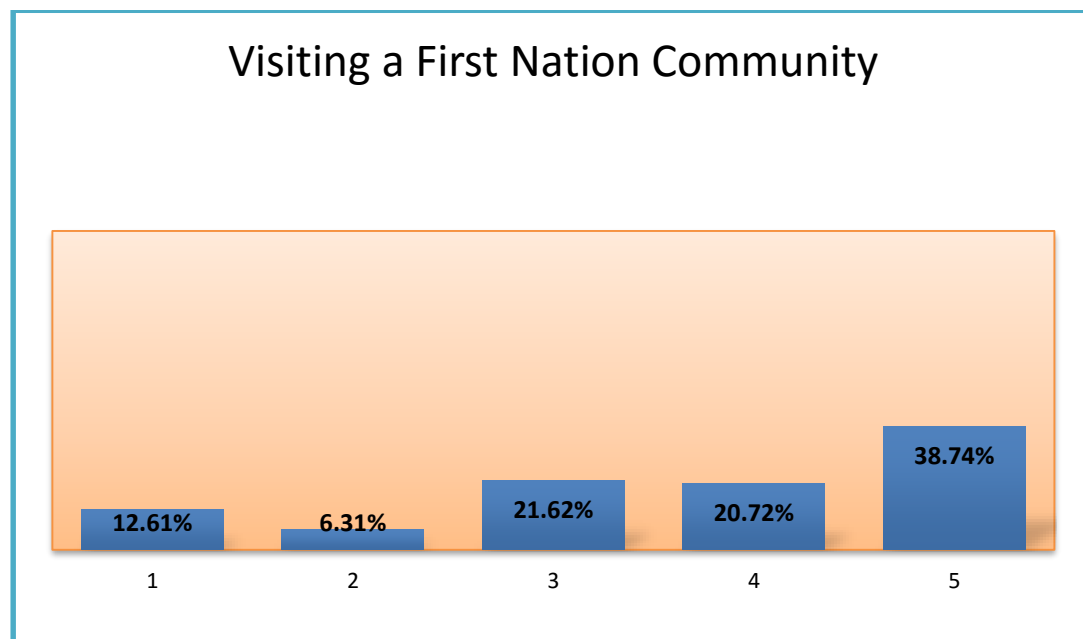


Figure: Promote products of a First Nation Community

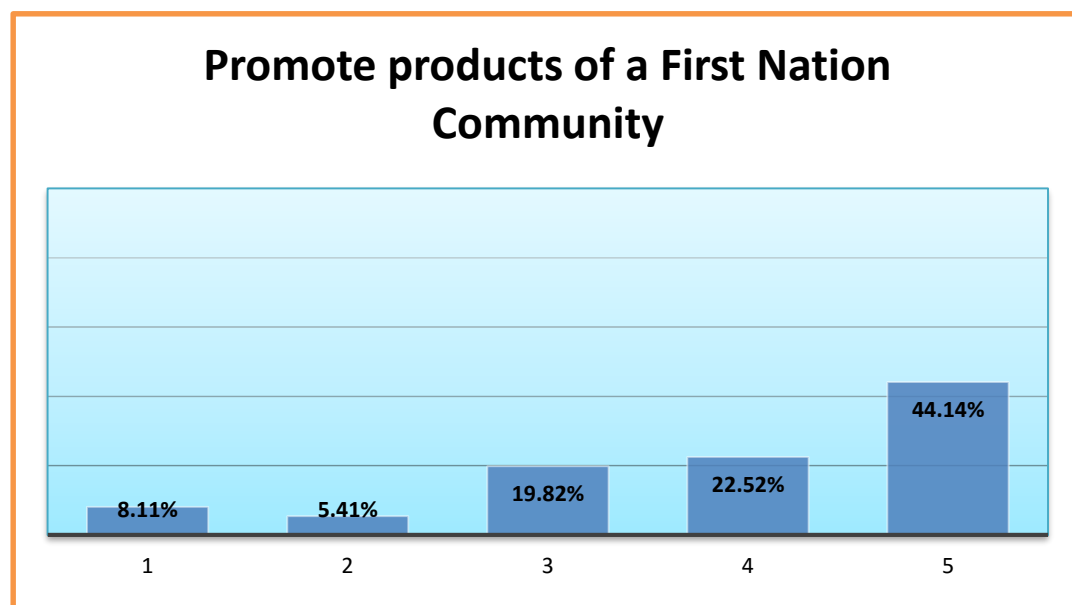


Figure: Purchase products of a First Nation Community

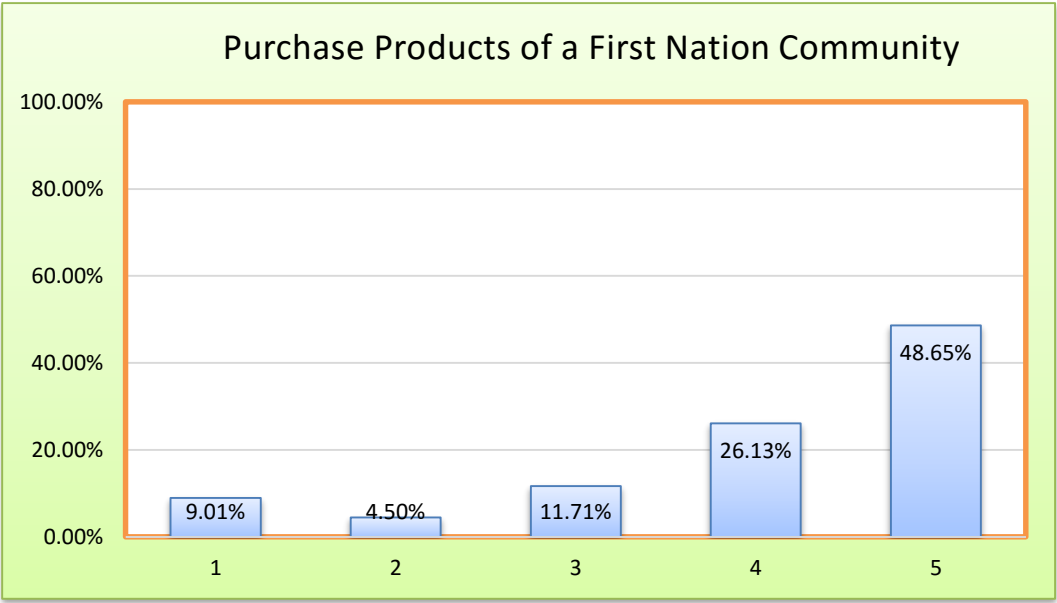


Figure : The probability of considering buying shares or encouraging others to invest in a First Nation Co-op or social enterprise with respect to recommend a friend or a relative to contribute to the Aboriginal/First Nations CED initiatives

