

Policy Brief

Community Economic Development: Keys to Success

Presented to the Métis Economic Development Symposium II
January 19-21, 2011 in Vancouver, BC

Paul Hanley Consulting, Saskatoon

COMMUNITY ECONOMIC DEVELOPMENT: KEYS TO SUCCESS

1.0 EXECUTIVE SUMMARY

Historical circumstances have isolated the Métis economically and undermined their ability to participate fully in the economy. In contrast to traditional community economic programs tied to local territorial communities, the Métis have organized as province-wide political communities under a system of democratic accountability. In order to address the varying needs, circumstances and aspirations of their members in urban, rural and hinterland areas, they have established a number of arms length training, economic and business development institutions that have a proven track record in support of Métis economic development.

Emerging trends point to community economic development becoming more opportunity-driven and market-oriented, with a focus on building the capacity of Aboriginal communities to engage in effective economic and business development. The Métis National Council (MNC) is proposing, for example, a Métis Community Opportunities Fund that would further address needs and opportunities in key areas of capacity building—planning, governance, access to capital and improved commercial infrastructure—and build on best practices of Métis capital corporations and the Clarence Campeau Development Fund.

Métis community economic development requires strong collaborative policy development involving Canada, the Provinces and Métis organizations and their affiliated institutions.

2.0 CONCEPTUAL OVERVIEW

The Métis Community

The Métis community can be defined as those people who identify as Métis, who are of historic Métis ancestry, and are accepted by the historic Métis community. This definition of community aligns with the National Definition of Métis adopted by the Métis National Council in 2002. It also aligns with the test of objectively verifiable criteria for membership in a Métis rights-bearing community set by the Supreme Court of Canada in the *Powley* decision (R. v. Powley, [2003] 2 S.C.R. 207, 2003 SCC 43). That decision restricted the application of constitutionally protected Métis Aboriginal rights to those people who self-identify as Métis, can prove an ancestral connection to a historical Métis community, and are accepted by a contemporary but historically rooted Métis community.

Historical Characteristics

The unique characteristic of the Métis population is its scattered distribution shaped by historical factors. The ethnogenesis of the Métis people occurred along the fur trade routes between the Great Lakes and the Rocky Mountains. Some of the early fur trade communities such as Ile-a-la-Croix in Saskatchewan remain predominantly Métis to this day.

The largest concentration of Métis in the 19th century was in the Red River Settlement, where they constituted approximately 85% of the population of 11,000 in 1870, when a Métis Provisional Government negotiated the entry of that territory into Confederation as the Province of Manitoba. In the subsequent decade there was a large dispersion of the Red River Métis population to the west and north, particularly to the Saskatchewan Valley where there were established Métis communities. The military defeat of the Métis in the Northwest Resistance of 1885 led to another major dispersion of the Métis to points further west and north including the Peace and upper Mackenzie valleys.

The result has been a population scattered across a wide swath of west-central North America. The Métis National Council defines the historical Métis homeland as encompassing the three Prairie Provinces and extending into Ontario, BC, the Northwest Territories, and the United States. The historical background of the Métis—their high degree of mobility within the fur trade economy and their displacement and dispersion onto marginal lands in the wake of failed federal land grant and scrip policies—has contributed to the distribution of the Métis population today. The Métis are the only Aboriginal people without a land base, with the exception of the Métis Settlements in northern Alberta.

Population Distribution

According to the 2006 Census, almost 400,000 people reported they were Métis, with almost 90% located in the western provinces and Ontario (Statistics Canada, *Aboriginal Peoples in Canada in 2006: Inuit, Métis and First Nations, 2006 Census*). The Métis were younger than non-Aboriginal people (25% of the Métis population was aged 14 and under compared to 17% in the non-Aboriginal population). The proportion was highest in Saskatchewan, where children made up 29% of the Métis population.

Almost 70% of Métis lived in urban centres. Of all census metropolitan areas, the largest Métis population was in Winnipeg (40,980), followed by Edmonton (27,740), Vancouver (15,075), Calgary (14,770) and Saskatoon (9,610). Urban Métis were twice as likely as urban non-Aboriginal people to live in smaller urban centres (41% of urban Métis lived in cities with a population of less than 100,000). The Métis make up a considerable share of the population in several smaller urban centres in Ontario and the West: in Manitoba, Portage la Prairie (10%) and Thompson (10%); in Saskatchewan, Prince Albert (17%), North Battleford (7%) and Lloydminster (7%); in Alberta, Cold Lake 6% and Grande Prairie (5%); in British Columbia, Dawson Creek (8%) and Prince George (5%); and in Ontario, Midland (9%) and Kenora (8%).

The highest concentration of Métis (as a percentage of the total population) is in the rural and hinterland areas of the mid-Canada corridor from northwestern Ontario across the north-central Prairies and into the Peace River district. It is in this belt that small predominantly Métis communities or mixed communities with significant Métis populations are located. Local governments are public or non-ethnic and, while often headed by elected Métis officials, have a different mandate than that of the local associations of Métis Nation provincial organizations.

The sole land base of the Métis people, the eight Métis Settlements in Alberta, were established by the Province in the 1940s following negotiations with the Métis Association of Alberta (today the Métis Nation of Alberta). They comprise 1.25 million acres of land and close to 9,000 residents. Settlement lands are owned in fee simple on behalf of the eight Settlements by the Métis Settlements General Council. The General Council and local governments on the Métis Settlements have powers delegated from provincial legislation that was enacted to implement the Alberta-Métis Settlements Accord of 1989.

Approaches to Métis Community Economic Development

The traditional approach to community economic development, as described by the Canadian Community Economic Development Network, *“is action by people locally to create economic opportunities and better social conditions, particularly for those who are most disadvantaged. CED is an approach that recognizes that economic, environmental and social challenges are interdependent, complex and ever-changing. To be effective, solutions must be rooted in local knowledge and led by community members. CED promotes holistic approaches, addressing individual, community and regional levels, recognizing that these levels are interconnected”* (<http://www.ccednet-rcdec.ca>).

Community economic development has a long history in western Canada in rural and hinterland areas and most provinces have community economic programs such as Manitoba’s Rural Economic Development Initiative (REDI) supporting rural and northern community economic development activities. As a program of planned socio-economic change, which is to involve and draw on the resources of communities to engage them in the design and implementation of economic development initiatives, community economic development has also been linked to cooperative marketing associations.

Métis communities in northern Saskatchewan were the target of early community economic development programs of the CCF government in the 1940s and 1950s that created cooperative marketing associations in trapping, fishing, forestry, housing, handicrafts and retail. From the 1930s to the 1950s, both Liberal and CCF governments in Saskatchewan established an extensive system of Métis farm colonies in the north (Green Lake) and across the south to integrate landless Métis into the economy and society. These experiments in community economic development failed for a variety of reasons: the preference of Métis for wage labor employment over agriculture; tensions over private vs. communal or cooperative ownership; government paternalism; and the decline of traditional industries such as trapping and fishing in the north. (See Quiring,

D.M. 2003. “‘The Ultimate Solution’: CCF Programs of Assimilation and the Indians and Metis of Northern Saskatchewan,” *Prairie Forum* 28 (2): 145–60.)

The most prominent examples of contemporary community economic development programs at the federal level are Community Futures Development Corporations (61 in Ontario and 90 across western Canada). They provide support for community-based projects such as strategic community planning, business information and planning services, and access to capital for small and medium-sized businesses and social enterprises. INAC has been delivering Community Economic Opportunities and Community Economic Development Programs for First Nation and Inuit communities. At the provincial level, Aboriginal community economic development initiatives are supported by a variety of funds such as the First Citizens Fund in BC, the First Nations and Métis Fund in Saskatchewan, Ontario’s New Relationship Fund and a variety of funds and initiatives under Alberta Aboriginal Relations.

In contrast to the traditional community economic development model tied to local territorial communities, the Métis, starting with the formation of Métis provincial associations on the Prairies in the 1930s, have chosen to organize as a single political community in each province rather than on a local community basis. Starting in the late 1970s, Métis provincial associations pioneered the province-wide ballot box system of elections for their provincial leaders as well as within the regions of each province and at the Local Association level. All five of the MNC provincial affiliates or Governing Members have established this structure of democratic accountability.

At the same time they have developed arms-length development institutions to ensure programs and services can be delivered professionally, fairly and cost-efficiently. Examples include the Métis capital corporations and the Clarence Campeau Development Fund for business financing, Aboriginal Skills and Employment Training (ASETS) programs, post-secondary institutions such as the Gabriel Dumont Institute, housing corporations and child and family services. These institutions are province-wide service delivery platforms that can operate more cost-effectively than a multiplicity of locally based institutions within each province. Moreover, they provide accountability to the democratically elected leadership of the Métis associations at the provincial and regional levels.

This Métis Nation governance model based on a broad political community rather than local territorial community can be seen as an alternative approach to community economic development. It is by organizing as a political community and adopting a service delivery infrastructure that responds to their governance and accountability system that Métis provincial organizations are able to address the varying needs, circumstance and aspirations of their members.

Urban centres offer developed economic infrastructure and labor markets with related opportunities, but pose a challenge in the lack of social supports. Métis provincial organizations have concentrated on building social infrastructure in support of their urban population through social housing, in particular for vulnerable groups such as seniors,

rent-to-own programs and Métis family and child services. They have also concentrated on assisting members take advantage of existing opportunities for individual mobility through training and employment programs as well as small business financing and advisory services.

Rural and hinterland areas present a different set of opportunities and challenges. The Métis represent a much larger proportion of the local population (a majority in a large part of northwestern Saskatchewan) and are living on thinly populated areas of traditional Métis territory where Métis land rights and Powley harvesting rights can be asserted. In the past, these Métis communities lacked effective participation in resource development projects occurring nearby. The Duty to Consult and Accommodate and related employment and procurement opportunities have the potential to improve participation.

In these communities, Métis ASETS have been active in trades training and Métis capital corporations have provided financing to many of the Métis businesses that tend to be concentrated in the services sector (e.g. restaurants, gas stations, motels, outfitting, highway contractors, fire fighters) or servicing the resource and energy industries (e.g. contractors for hauling, drilling, logging and construction/site preparation). The major challenge faced by these communities has been their limited capacity to engage with industry on major projects, the main engine of regional economic growth. This is the result of an underdeveloped commercial infrastructure as well as shortcomings in provincial and federal government policies. The Duty to Consult has been inconsistent in application, with large corporations sometimes not feeling the need to consult, not knowing who to consult, and in cases where they do wish to consult and accommodate, not having a partner in the Métis community with the capacity to engage. To date, the federal government's community economic development programs have been almost exclusively restricted to First Nations and Inuit communities, thereby denying Métis communities the resources to build their capacity for planning, governance, project financing and commercial infrastructure.

The Métis Settlements in Alberta are unique in owning a land and resource base with control over and participation in resource development projects. Their powers include the ownership and regulation of Settlement lands and co-management of natural resources with the province. The co-management agreement requires oil and gas companies seeking to operate on the settlements to enter into development agreements providing Settlement government with royalty and participation rights in projects.

3.0 BEST PRACTICES AND EMERGING TRENDS

Building Métis Community Capacity

A key emerging trend in the area of Aboriginal community economic development is the adoption of a more opportunity-driven and market-oriented approach and the need to build the capacity of Aboriginal communities to engage in effective economic and business development. In its new Framework for Aboriginal Economic Development, the

federal government is undertaking a renovation of the Community Economic Development Programing that has as its stated objectives:

- Take a more systematic approach to identifying economic opportunities.
- Strengthen capacity for community economic development planning.
- Ensure that economic development programs are opportunity-driven and market-oriented.
- Bring together the experience and resources of willing partners to take advantage of economic opportunities.
- Support improved institutions and capacity in Aboriginal communities to contribute to the sustainability of Aboriginal economic development.
- Facilitate linkages with the Aboriginal and non-Aboriginal private sector.

At the first MEDS in Calgary on December 16-17, 2009, INAC also put forward some possible directions for this program renovation:

Support for Community Economic Development Institutions

Develop and support arms-length Aboriginal economic development institutions that serve one or more communities

Economic Opportunities Identification:

Incremental funding to economic development institutions to secure professional and technical services to identify, assess and pursue economic development opportunities.

Commercial Infrastructure:

Project-based funding to develop commercial infrastructure. Possible examples:

- Industrial/commercial parks
- Telecommunications/ICI
- Roads, servicing, port facilities

Community capacity building and a market-oriented investment strategy has also figured in the Métis Nation Economic Development Framework in 2009, recently updated at the second Métis Nation Economic Development Forum hosted by the MNC in October, 2010. There was a consensus that while the Métis capital corporations are doing a good job at addressing the needs of individual entrepreneurs for loan capital, there was a need to support communities where lack of commercial infrastructure limited economic and business opportunities.

Four critical areas of capacity building have been identified—planning, governance, access to capital and improved commercial infrastructure—and there are a number of best practices that can guide work toward their attainment. The capital corporations of the MNC Governing Members on the Prairies—Saskatchewan Métis Economic Development Corporation, Louis Riel Capital Corporation (Manitoba) and Apeetogosan (Métis) Development Inc. (Alberta)—have been in existence since the 1980s and make loans to Métis small business. They have emerged as effective, professionally-managed, arms-length development institutions with an impressive financial performance track record.

Another professionally managed, arms-length Métis financial institution serving as a best practice is the Clarence Campeau Development Fund (CCDF), an affiliate of the Métis Nation-Saskatchewan. CCDF is capitalized with a small percentage of gaming revenues in that Province and offers programs that provide equity for Métis businesses, support to community economic development initiatives, and assistance for the development of the management skills of Métis business owners and entrepreneurs. CCDF received \$5 million from the federal government to operate a Major Resource and Energy Development (MRED) Fund, which will make equity investments in medium and large Métis businesses so that they may participate and partner in major development projects.

The Métis Economic Development Organization (MEDO) is the arms-length investment management arm of the Manitoba Métis Federation and is being capitalized out of a new \$10 million Métis Economic Development Fund established by the Province. It will also operate a new MRED fund in Manitoba.

Another best practice that can be built on is the economic development officer pilot project, the one investment INAC has made in Métis community economic development. This \$700,000 project has enabled MNC's Governing Members and the Métis Settlements General Council to hire qualified business support officers for identifying, assessing and pursuing economic development opportunities. Reflective of the active role of the Governing Members themselves in business generation, these officers combine the roles of economic advisors to the Governing Members, as well as advisors and expeditors for individual Métis businesses.

In Manitoba, for instance, the funded officer works on revenue generation by the Manitoba Métis Federation through the Métis Affinity Program, which rewards Métis consumers with discounts on their purchases in affiliated stores, thereby generating revenues for the MMF, and on a MMF procurement policy to the benefit of Métis suppliers of goods and services. The Metis Nation of Alberta has created an Industry Relations Unit to ensure that the Metis community and businesses are informed of proposed resource development projects and included in government's and industry's consultation processes. The MNA and its regional councils negotiate procurement contracts for Métis businesses, in some cases serving as general contractors in order to expedite payment to sub-contractors, and have sponsored successful trade shows with Métis businesses and industry procurement officers.

There appears to be general consensus among the MNC's Governing Members that the business development officers represent a good start in developing planning capacity. At the same time, it is felt that with one officer serving the entire province, the most he or she can do is scratch the surface of opportunities. There was a consensus that business development officers could be better deployed in sourcing good investment opportunities for a Métis community economic development fund as is happening in Manitoba with MEDO.

Without “skin in the game”, it becomes exceedingly difficult for communities to engage private corporations in partnerships and joint ventures. As a tool to build Métis community capacity, the MNC has proposed the establishment of the Métis Community Opportunities Fund. The fund would be a revolving capital pool making equity investments in eligible projects and would not be limited to the energy and resource sector as is the case with MRED. It would place a premium on joint ventures and partnerships with industry. It would also seek out co-investments with other funds, including those of other Métis development institutions, the provinces and private equity firms.

A model for the structure of the Fund would be a syndicated loan pool that the three Métis capital corporations have designed for their loan operations that combines the following features:

- joint ownership and administration
- professional management and Board
- arms-length decision-making
- low cost leveraged delivery based on existing financial management and business development officers
- accountability to directly elected Governing Members.

One of the fund’s primary investment targets will be the development of commercial infrastructure in Métis communities. In some of these communities, particularly regional service centres, there is a demand for commercial and industrial space and services from industry, governments and local populations. These can be met with projects such as industrial parks, business centres, truck stop and service centres, housing projects and accommodation services. These projects can generate sufficient income streams to repay the investment but are larger in size and build-out and require a more patient form of investment, i.e. equity capital.

A good example and best practice for this type of investment is a new multi-purpose business centre in the Métis community of Buffalo Narrows, Saskatchewan, which responded to strong demand for commercial space. The newly constructed 30,000 square-foot Town Centre has 20,000 square feet devoted to commercial rental space and 10,000 square feet for retail space. Administrative, retail and construction jobs have been and are being created through this project. Clarence Campeau Development Fund provided most of the financing for the project. Heavy equipment operator trainees from the technical unit of Gabriel Dumont Institute were involved in site preparation, illustrating the important role these projects can play in Métis human resources development at the community level.

4.0 COLLABORATIVE POLICY DEVELOPMENT

Métis community economic development offers the potential for strong collaborative policy development involving Canada, the Provinces and Métis organizations and their affiliated institutions. The starting points are:

Canada:

- The principles and objectives underlying the Federal Framework for Aboriginal Economic Development – opportunity-driven and market-oriented.
- The new directions of INAC community economic development programming – identifying economic opportunities, building arms-length economic development institutions, and developing commercial infrastructure.

The Provinces:

- Effective Duty to Consult policies in some provinces (e.g. Ontario's New Relationship Fund).
- Targeted investments in Métis-specific investment funds in some provinces (e.g. Métis Economic Development Fund in Manitoba).

Métis Nation:

- Strong corporate governance and accountability through professionally managed, arms-length development institutions (e.g. Métis capital corporations, CCDF, MEDO), with successful financial performance track records.
- Strong business model for loan and equity funds based on market orientation and low cost leveraged delivery through joint ownership and joint administration by existing financial management