

Impact Investing in the Indigenous Context: A Scan of the Canadian Marketplace

Executive Summary
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ABOUT PURPOSE CAPITAL

Purpose Capital works with asset owners and asset managers to build strategies that align their investments with their social and environmental impact objectives. Purpose Capital informs investors and advisors on the key opportunities and issues related to these types of investments, advises them on the design and implementation of impact investment strategies, and offers approaches to measure and report on social value creation. Purpose Capital is regularly engaged in the development of research and knowledge products, and provides in-depth, expert analysis to its clients on the key trends, issues and opportunities in impact investing.

ABOUT THE UBC SAUDER CENTRE FOR SOCIAL INNOVATION & IMPACT INVESTING (SAUDERS3i)

The UBC Sauder Centre for Social Innovation & Impact Investing (SauderS3i) is focused on leveraging business tools to advance social innovation and sustainability, through research, incubation, and application. SauderS3i works closely with impact investors to advance the market in Western Canada, by providing high quality research, advisory work on capital allocation strategies, and building a pipeline of innovative social ventures.

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1. INTRODUCTION

Indigenous issues remain at the forefront of Canadian policy, with many communities still lacking the necessary infrastructure and services related to water, education, economic development, and health. While these issues have traditionally been targeted by government, non-profits and charities, we believe that impact investors can play a role as well. This report seeks to answer a crucial question that has been under-examined in the Canadian impact investment market: What is being done by impact investors, and how can the sector contribute to the betterment of Indigenous communities in Canada? How will the emergence of new intermediaries including, most recently, [Raven Capital Partners](#), shape the Indigenous Finance landscape over the next decade?

We recognize investment is not a panacea, nor a “one-size-fits-all” solution. Rather, our hope is to shed light on the potential contribution that values-aligned finance can provide. **This document is an executive summary of a report written by SauderS3i and Purpose Capital.** The full report can be found [here](#).

Approach

Our research approach for this report consisted of a market scan of impact investing in the Indigenous context. We do not suggest that the trends and examples in this report are entirely representative of the broader activity across the impact investing ecosystem. Rather, they have been intentionally chosen to highlight specific issues, trends or opportunities relevant to the Canadian Indigenous context.

Organization of this Report

Overall, the report is organized to evaluate supply side activity, financial products and intermediaries, and demand-side activity. This executive summary uses the same format:

Section 1 provides a brief **overview of the relevant context** in which social finance and impact investment opportunities are taking place, including a list of key milestones in support of Indigenous social finance.

Section 2 reviews the **supply of capital**, including financial institutions, individuals, foundations, pension funds, government, and investment funds that invest for both social and financial returns.

Section 3 maps available **financial products** across Canada for both institutional and retail investors.

Section 4 scans **intermediaries** that link the supply and demand organizations through market-enabling and market-building functions.

Section 5 reviews the **demand for capital** by sector, including an overview of key trends and opportunities in high interest sectors.

Section 6 provides **insights and recommendations** arising from this review of current activity to help realize the potential of impact investing in Canada.

Table 1: A brief timeline of Impact Investing related to Indigenous Communities ¹

STAGE	YEAR	EVENT
Credit Unions	1901	North America’s first credit union, Caisse populaire de Lévis, is founded.
	1946	Vancouver City Savings (Vancity) Credit Union is founded
	1978	The Manitoba Metis Federation helped its members open the Metis Credit Union, the first Indigenous credit union.
Chartered Banks	1999	RBC becomes the first bank to provide an On-Reserve Housing Loan Program.
Social Economy	1986	Development of Aboriginal Financial Institutions
	2007	Fiducie du Chantier de l’Économie sociale is created in Québec
Community Economic Development	1987	Government of Canada creates Community Futures Program
Impact Investing	2009	CAPE Fund L.P. closes as a Canadian impact investment fund with a dedicated focus on Indigenous entrepreneurs and companies

¹ This timeline provides a snapshot of key events and is not intended to be representative of all events in the history of Indigenous impact investing in Canada.

Enabling Legislation	2010	Canadian Task Force on Social Finance recommendations issued
	2014	First Nation Finance Authority issues first Indigenous Government debenture.
	2017	Huron-Wendat, Innu of Mashteuiatsh and Essipit First Nations buy historic equity stakes in Riviere-du-Moulin wind farm.
	1966	INAC authority to provide on-reserve housing guarantees to lenders
	2006	The First Nations Fiscal Management Act establishes the First Nations Financial Management Board and First Nations Finance Authority
	2009	Federal Framework for Aboriginal Economic Development supports Developmental Lending Assistance
	2016	Landmark \$8.4B allocated to Indigenous issue in Budget 2016
	2017	Steering Committee put together to create Social Innovation and Social Finance Strategy for Canada

Supply-Side Market Estimate

The data and categorization below, from the RIA (Responsible Investment Association), estimates the entire impact investing landscape. From here, we estimate a 'minimum universe' of Indigenous Impact Investments. Since the data is insufficient to provide an accurate estimate of the full market size, the minimum universe is used instead as a measure of

the minimum amount of activity in the space and can be traced to industry data. Every reasonable effort has been made to avoid double counting specific activity. All dollar amounts are listed as Canadian dollars, unless otherwise specified.

Table 2: Supply-side market estimate

SEGMENT TYPE		ESTIMATED TOTAL VALUE OF IMPACT ASSETS UNDER MANAGEMENT (2015) ²	ESTIMATED MINIMUM UNIVERSE OF IMPACT ASSETS DIRECTED TOWARDS INDIGENOUS COMMUNITIES (2017)
High Net Worth Individuals		\$99,727,100	Data Not Available
Foundations		\$1,193,384,000	Data Not Available
Community Finance Organizations	Aboriginal Financial Institutions	\$318,633,390	\$318,633,390
	Community Loan Funds	\$31,680,000	\$0
	Community Futures/CBDCs	\$301,329,843	In AFIs above
Financial Institutions	Credit Unions	\$3,486,300,000	\$84,459,000*
	Chartered Banks	\$24,000,000	\$84,870,000* ³
Pension Funds + Solidarity Finance		\$2,205,190,000	\$15,431,500*
Impact Investment Funds/Managers		\$2,317,160,368	\$58,000,000*
Development Finance		\$24,200,000	Data Not Available
Non-profits		\$148,214,800	Data Not Available
Cooperatives		\$257,212,575	Data Not Available
Other		\$32,000,000	Data Not Available
Government		\$73,196,954	\$661,450,000*
Total		\$10,512,229,030	\$1,208,669,500

Note: "Data unavailable" does not necessarily mean that no data is available but rather that data limitations prevent us from offering an estimate of the segment's size.

*These numbers are compiled from a database of individual indigenous impact investment transactions compiled from Purpose Capital research.

² Responsible Investment Association (2015) Responsible Investment Association (2015). 2015 Canadian Responsible Investment Trends Report. https://riacanada.ca/wp-content/uploads/2015/01/RI_Trends_Report2015_EN.pdf

³ Excludes traditional on-reserve housing loans and loan activity of the First Nations Bank of Canada and other FIs for which there is no clear impact intention, with their inclusion this segment would be at \$1.3 billion.

2. THE SUPPLY SIDE

INVESTORS: PROVIDE CATALYTIC CAPITAL FOR INDIGENOUS PROJECTS

Aboriginal Finance Institutions (AFIs)

AFIs are community finance institutions that are mandated to provide access to capital where traditional financial institutions have failed to do so. Established in 1986, AFIs are owned by the communities in which they operate and are under the control of Indigenous board.⁴ In 2015, AFIs generated \$300M in primary economic impact, leveraged \$90M, supported 3,895 new jobs and help maintain on an ongoing basis 13,000 full-time equivalent jobs.⁵ Despite this strong potential, many AFIs have disbursed their entire asset base, and must now develop partnerships to access new capital.

Credit Unions

Credit unions have been natural leaders in social finance because of their cooperative values and membership structure. Credit unions have identified new lending opportunities in the Indigenous context, driven in part by the growth in land claim settlements and new cash resources. Many credit unions have made efforts to close the geographic and cultural distance that has limited previous relationships with Indigenous peoples.

Chartered Banks

All of Canada's 'Big Five' national chartered banks have dedicated Aboriginal or Indigenous Banking divisions and distinct products or funds that support Indigenous borrowers, businesses or infrastructure projects. One example is the On-Reserve Housing Loan Programs. Outside of this program, it is extremely difficult to determine the type and sector of capital deployed to Indigenous initiatives, as banks do not currently track this information. However, there are numerous examples of Indigenous financing of specific sectors or projects that fit the lens of impact investing, such as renewable energy projects and financing community/ cultural centres.

Foundations

There is little data on how much of the \$1.19B in foundation impact investments is directed towards Indigenous impact investing. It can be expected that impact investments in indigenous communities will increase as foundations continue to advance their

impact investing mandates. The J.W. McConnell Foundation has listed Indigenous initiatives as a target area and in 2015 they provided a \$350,000 loan to Aboriginal Savings Corporation of Canada. For foundations, there is a strong opportunity to develop a pipeline of both Indigenous investees and investors.

High Net Worth Individuals (HNWIs)

Canada is home to many HNWIs; however, impact investing has not yet achieved a similar level of traction in Canada as in the US. There are several HNWIs who have been pioneers in the market and often provide high-risk capital to early- or growth-stage social businesses, particularly in areas where they have a personal attachment or sectoral expertise. There are some visible and noteworthy examples, such as the leadership of former Prime Minister Paul Martin in establishing the CAPE fund. Key challenges to invest in Indigenous communities include both a lack of awareness of impact investment products and significant uncertainty in engaging with Indigenous communities.

Pension Funds

Pension funds do not separately identify or classify investments that have impact on indigenous communities. However, they invest in areas which are likely to overlap with First Nations communities such as energy development, agriculture, renewable energy and infrastructure. Pension funds hold significant investments in long term fixed income products. The First Nations Finance Authority debenture issuances, which are effectively First Nations government bonds, provide an excellent opportunity to buy a standardized, low-risk product that would complement current pension fund investments in Canadian federal, provincial and municipal bonds.

GOVERNMENT: UTILIZE PUBLIC FINANCE TO LEVERAGE PRIVATE CAPITAL

In Canada, governments at various levels have become more interested and engaged with the sector. The 2016 Federal Budget committed \$8.4B, followed by \$3.4B in 2017 to Indigenous communities to address critical needs such as on-reserve infrastructure, housing, and healthcare.^{6 7} While the

⁴ "A Portrait of Aboriginal Financial Institutions: Fiscal 2015" (National Aboriginal Capital Corporations Association, 2016).

⁵ Ibid.

⁶ Budget 2016 Highlights – Indigenous and Northern Investments. Accessed November 24, 2017. <https://www.aadnc-aandc.gc.ca/eng/1458682313288/1458682419457>

⁷ Budget 2017 Highlights – Indigenous and Northern Investments. Accessed November 24, 2017. <https://www.aadnc-aandc.gc.ca/eng/1490379083439/1490379208921>

Federal Government does not use the term impact investing, it currently supports initiatives through Crown corporations such as the Business Development Bank of Canada's Indigenous Entrepreneur Loan Program and Canadian Mortgage and Housing Corporation's On-Reserve Non-Profit Housing program. The government can play a supporting role in the sector via co-investment or partnership investment, or by providing catalytic capital such as loan guarantees and first-loss reserves. Research by S3i found that in the clean energy sector, government-led funding leveraged an additional \$2.48-\$4.55 of investment from other sources for every \$1 of public funding in a project.⁸

RELATED SUPPLY-SIDE ACTORS

The economic development corporations (EDCs) of Indigenous communities play an important role in owning and operating collective enterprises, as well as providing seed capital for new ventures. Many EDCs have been established through the proceeds of land claim settlements or through the reinvestment of revenues from other businesses. While EDCs, as holding companies for active businesses, are often on the demand-side of capital markets, seeking more resources to invest in their growth, successful EDCs may also be able to seed and self-finance new development opportunities. However, access to capital is a major constraint.

3. FINANCIAL PRODUCTS

As with the rest of the impact investing market in Canada, the number of products for Indigenous-focused impact investing is quite low. There is only a single product example in many asset classes. Within some asset classes only specific sectors, such as housing, are meaningfully represented. As a result, this executive summary does not analyze at length the available financial products. Please refer to **Appendix A**, which provides a summary of impact investment examples organized by type, sector, nature of funding received, and where applicable, nature of funding deployed.

While the depth of the impact investment product marketplace for Indigenous communities is shallow,

there are reasons to believe that the volume of Indigenous-themed products available within Canada will grow in the coming years. Examples such as the ABSCAN fund show the demand and the ability to replicate at scale. The First Nations Financial Management Act and accompanying First Nations Financial Management Board have seen the FNFA debentures grow in both scale and the number of participating nations. Equally, this same Act creates standards that make underwriting activity more straightforward. As Indigenous communities look for values-aligned lenders, the possibility of more client-facing products built around these opportunities grows.

4. CONNECTING THE MARKET: INTERMEDIARIES AND ENABLERS

INTERMEDIARIES: BRIDGE THE GAP BETWEEN INVESTORS AND INVESTEEES THROUGH CAPACITY AND RELATIONSHIP BUILDING

Intermediaries play a critical role in managing risk and reducing transaction costs. Intermediaries for Indigenous impact investing have additional considerations around effective integration with incumbent institutions and the state of development of the Indigenous market. Due to the nascent stage of the social finance marketplace in Canada, particularly in the Indigenous context, the level of activity these institutions can support and generate

has been limited. Table 3 below lists key barriers to Indigenous social finance. These barriers result in higher transaction costs and greater uncertainty on long-term participation, thus limiting capital flows. For the market to mature, interventions at multiple levels are expected to be necessary. This should centre around a continuum of both developmental and commercial actors.













Figure 1 below highlights the range of market-enabling functions and relevant examples for the Indigenous market.

⁸ Based on an analysis of the 528 projects supported by BC's ICE fund, Alberta's ERA fund, and the federal SDTC fund.

Table 3: Key Barriers Facing the Supply and Demand Sides of the Indigenous Impact Investing Marketplace

SUPPLY-SIDE BARRIERS	DEMAND-SIDE BARRIERS
<p>Access to investment opportunities: As the market is highly fragmented and most opportunities exist within specific sectors, investors may not have access to ready opportunities.</p> <p>Information and understanding: There is often a wide-gulf of cultural understanding between indigenous and non-indigenous partners. Decision-making is often seen as opaque and/or self-governance structures are not understood.</p> <p>Mismatch between investor type and opportunities: Customized or direct investments work well for some investors, such as foundations, but not for retail investors, leaving them out of the market.</p> <p>Legal structures and regulations: Legal structures limit certain investments and access to conventional collateral therefore it is necessary to find alternative vehicles for investment.</p> <p>Resource perception: Investors may not see these communities as needing additional resources compared to current support programs or believe that the Federal Government is responsible for supports.</p> <p>Costs: Smaller scale and one-time direct investments add to relatively high admin and management costs.</p>	<p>Trust: The level of trust in partnering with non-indigenous stakeholders is often very low and creates significant barriers as a “human factor”.</p> <p>Scale: The relatively small size and remoteness of many Indigenous communities makes the ultimate market potential of many enterprises limited and reduces the potential for outside investment.</p> <p>Capability: Many indigenous entrepreneurs may not have the financial and managerial expertise necessary to support external investment. Many Indigenous entrepreneurs may not have the collateral, credit scores or other requirements of conventional financing.</p> <p>Governance: In cases of collective investment opportunities, uncertainty in band and nation level politics and the independence of project governance create very significant uncertainty for outside investors.</p>

Figure 1: Market-Enabling Intermediaries

MARKET-ENABLING FUNCTIONS					
Research & Market Data	Market Creation & Development	Supporting Culture Shifts	Talent-building	Convening	Measurement & Evaluation
Generating market data to help demand side and supply side actors to make informed investment decisions	Awareness raising, education and infrastructure creation	Helping supply and demand side actors to speak the same language and understand new approaches to financial and social issues	Supporting the development of new sector talent, building knowledge and expertise for the sector	Bringing together key stakeholders to share learning, facilitate connections and promote collaboration	Helping supply- and demand-side actors to undertake measurement of the social impact of a venture or an investment
 NACCA  PURPOSE Capital	 FIRST NATIONS FINANCIAL MANAGEMENT BOARD LE CONSEIL DE GESTION FINANCIERE DES PREMIERES NATIONS  Aboriginal Human Resource Council	 National Association of Friendship Centres	 TULO CENTRE OF INDIGENOUS ECONOMICS  Aboriginal Human Resource Council	 MaRS CENTRE FOR IMPACT INVESTING  THE CIRCLE LE CERCLE	 SROI CANADA  SAMETRICA PROVE IMPACT. DRIVE CHANGE.  SiMPACT Strategy Group

The organizational capacity of projects must develop in order to attract capital from financial intermediaries and direct investors is significant, and many Indigenous enterprises will require capacity building and advisory services provided by **demand-side intermediaries**. The financial costs required to access early-stage intermediary services is not the greatest barrier to raising capital for Indigenous businesses. Instead, the accessibility of non-financial services such as business counselling and community economic development planning support is a significant challenge given the remoteness and the small size of many communities.

Financial intermediaries play the critical role of placing capital into social ventures and Indigenous businesses and often raise capital themselves. Credit

unions are especially active in this space. While online platforms specific to impact investment have become increasingly active in recent years, the emergence of Indigenous-specific platforms has yet to occur.

Supply-side intermediaries provide advice to investors to enable the efficient placement of capital. Currently, mainstream private sector intermediaries (i.e. non-AFIs) are disproportionately focused on supply-side functions, partly due to the disproportionate resources of the supply side to pay for intermediary services as well as a defined market need. Figure 2 below illustrates examples of organizations that work more specifically in each of these functions.

Figure 2: The Marketplace of Intermediaries

DEMAND-SIDE FUNCTIONS		FINANCIAL INTERMEDIARY FUNCTIONS	SUPPLY-SIDE FUNCTIONS	
Development & Investment Readiness	Financial Intermediation & Product Structuring	Capital Matching	Pool & Mobilize Capital	Investor Education
Working with social ventures to develop internal capacity and prepare for investment	Designing, developing, structuring and monitoring financial products	Introducing supply side to demand side actors and coordinating the placement of capital	Coordinating co-investment from multiple investors to reduce risk and transaction costs	Educating investors and their advisors about the range of investment opportunities
				

INDIGENOUS TRUSTS: EVALUATE PORTFOLIO ASSET ALLOCATION TO ENSURE VALUES ALIGNMENT IN ALL INVESTMENTS

Indigenous trusts are the largest sector handling Indigenous assets which are most often derived from land claim settlements or community benefits agreements. The Trusts, for the most part, are managed in a similar way to foundations and faith-based endowments, who invest their principal capital in traditional market investments. Investment income (interest, dividends and capital gains) are then applied towards their grant-making activity.

As new trusts are formed and existing trusts' governance structures continue to evolve, there may

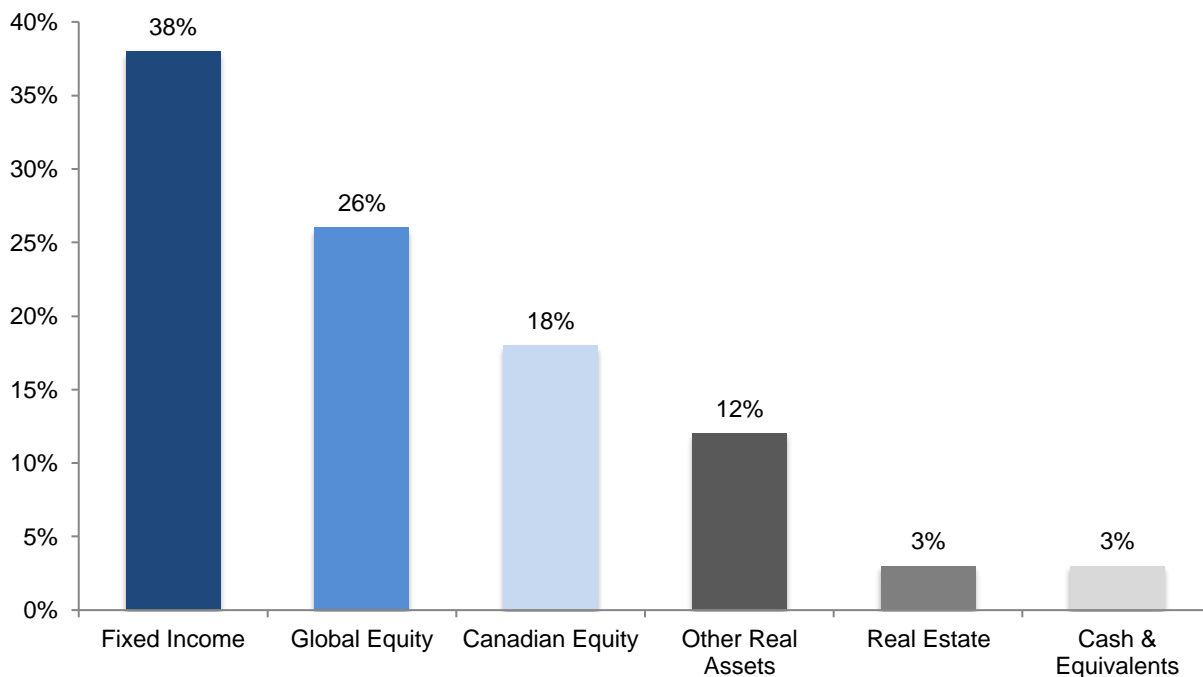
be opportunities for dialogue around how these resources could be deployed with greater impact.

Given the very small proportion of mainstream public and private equity markets that touch Indigenous communities, it is worth considering how little of these assets are actively circulating in Indigenous communities and what can be done to rebalance these types of investments. Figure 3 below shows the average asset mix, calculated from several Canadian Indigenous trusts.

Like other values-driven organizations, there is likely a much greater opportunity to have trust capital directed towards Indigenous economic development and impact investing, especially in the case of infrastructure or other real asset-based collective

resources. This could also provide an opportunity for mutual or reciprocal impact investment strategies, where Indigenous communities that are asset rich could directly finance the development of other Indigenous communities.

Figure 3: Average asset mix for 10 Indigenous trusts ⁹



5. THE DEMAND FOR CAPITAL: TARGETED SECTOR REVIEW

ENTREPRENEURS AND INDIGENOUS LEADERS: FAMILIARIZE INVESTORS WITH BUSINESS MODELS WITH EMBEDDED SOCIAL OR ENVIRONMENTAL IMPACT

Indigenous business owners and leaders are finding some success in running profitable enterprises, but may not have the same access to capital as their non-Indigenous peers. Attracting patient capital will require work on both sides: investors must familiarize themselves with potentially new business models, and entrepreneurs must be able to build their network, be willing to build partnerships and showcase their work.

Figure 4 below provides a summary of sector areas reviewed and an assessment of current interest and

activity levels. The transaction activity and examples studied in this section provide evidence that Indigenous investment opportunities mirror what international development impact investors call “frontier capital”¹⁰. This term refers to the broad range of investment mechanisms designed for projects featuring proven business models to unproven models that are riskier and asset heavy. For example, existing project financing structures could be replicated for revenue-generating renewable energy projects, while more patient capital tools like loan-loss reserves may be required for Indigenous housing projects situated in remote areas. Different types of capital are required for different sectors in Indigenous impact investing. In Appendix A: Examples of Indigenous Investment Activity, we break down the mechanisms used by various sectors.

⁹ Based on estimates: SauderS3i (2017). Capital Allocation Decisions. UBC Sauder Centre for Social Innovation & Impact Investing.

¹⁰ Bannick, M., Goldman, P., Kubzansky, M. (2015). Omidyar Network. Retrieved from: https://www.omidyar.com/sites/default/files/file_archive/insights/Frontier%20Capital%20Report%202015/ON_Frontier_Capital_Report_complete_FINAL_single_pp_100515.pdf

Figure 4: Impact Investment Interest and Activity by Sector in the Indigenous Context



Agriculture and Fisheries



The fisheries industry in Canada represents a large and growing area of opportunity for Indigenous fisheries. As consumers seek healthier and more sustainable food alternatives, an increasingly visible and lucrative market has emerged. For Indigenous communities, this creates a strong opportunity to utilize their land assets for economic benefit while building a sustainable food system. For impact investors, this creates an opportunity to place their capital in ventures that are working to improve environmental outcomes, either through the direct production of agricultural goods or through supportive technologies to reduce environmental impact.

Housing



Availability and quality of housing for on-reserve Indigenous peoples has long been an area of great need and political pressure. One of the main impediments to on-reserve housing is a lack of access to financing due to provisions in the *Indian Act*, which limit seizure of property on-reserve, a key restriction in the ability to secure mortgage financing. The increasing Indigenous population in urban areas puts growing pressures on already strained social housing infrastructure. Given the concentration of Indigenous housing needs within urban areas, the impact investment opportunity for Indigenous housing is deeply connected to the overall gaps that exist in traditional social housing.

Energy



The renewable energy sector is accelerating quickly, driven by global concern and domestic targets for climate-friendly energy production and the federal government's support for clean energy. Investment opportunities exist across the value chain, notably by growing global awareness and standards around environmental conservation and sustainability, there may also be greater opportunities for marketable development which aligns with traditional Indigenous values around sustainable development. The engagement of Indigenous communities in the sector could serve as a catalyst for the adoption of more stringent standards around conservation and sustainability.

Financial Access



Where microfinance and inclusive banking are growing the market for financial services, Indigenous communities still face numerous barriers when it comes to accessing safe and affordable financial services. While the financial services sector is notable for its use of innovative tools to provide access to finance, the absence of mainstream financial services in many rural and remote communities, combined with the shift toward electronic banking, represent significant barriers for many Indigenous peoples.

Nonprofits and Social Enterprises



Like the rest of Canada's social sector, Indigenous serving non-profits and social enterprises often face challenges in accessing conventional, sustainable and long-term financing. Impact investors can play an important role in unlocking capital for non-profits and social enterprises when they harness business models that align their missions and social impact with the capacity to generate financial returns.

Natural Resources



Given the significant land assets of many Indigenous communities, the most available economic opportunity for economic development is the utilization of their natural resources. Driven by growing global awareness and standards around environmental conservation and sustainability, there may also be greater opportunities for marketable development which aligns with traditional Indigenous values around sustainable development. The engagement of Indigenous communities in the sector could serve as a catalyst for the adoption of more stringent standards around conservation and sustainability.

Health



Healthcare challenges within Indigenous communities are reflective of the complex web of governance across federal, provincial, territorial, and First Nations and Inuit jurisdictions. Indigenous populations are affected by major health problems at much higher rates than the non-Indigenous population, particularly in areas of maternal, fetal and infant health; child health; certain communicable and non-communicable diseases; mental health and wellness; violence, abuse and injury; and health impacts from environmental contamination.¹¹ One opportunity lies in mobile health, so that Indigenous peoples in remote communities can access a broader range of specialized health care.

¹¹ National Collaborating Centre for Aboriginal Health (2013) *The State of Knowledge on Aboriginal Health (2013)*. Retrieved from: http://www.nccah-ccnsa.ca/Publications/Lists/Publications/Attachments/52/SOK_report_EN_web.pdf

Education



Education is considered one of the top priority areas with regards to combating the high rates of violence and crime affecting Indigenous youth today, as well as supporting a pipeline of skilled labor to meet Canada's growing workforce needs. Furthermore,

when it comes to investment in post-secondary education, recent reports indicate that Indigenous women with post-secondary certificates, diplomas or degrees enjoyed higher rates of employment and earnings potential than their non-Indigenous counterparts.¹² These and related observations around the gender gaps between Indigenous men and women have resulted in increased attention around the need to create investment opportunities that target Indigenous women and girls.

6. SUMMARY FINDINGS AND RECOMMENDATIONS

Our research demonstrates that impact investing in Indigenous communities is at a very early stage, but is gaining traction within some industry-specific opportunities. There is strong unrealized potential for impact investing to develop new investment markets that are aligned with traditional Indigenous values. This can increase capital available for social, environmental and economic priorities within Indigenous communities and made possible through increased collaboration across public, private, and social sectors to realize consensus and develop the trust that is essential for successful market development and execution.

This executive summary highlights our key findings and recommendations:

- For Indigenous trusts, ensure that investment of trust capital aligns with the community's values. Explore responsible investment methodologies such as positive and negative screening, or ESG factor integration.

DEMAND SIDE

- For entrepreneurs and Indigenous leaders, build relationships with each other, investors, and capacity-building intermediaries. Showcase successful business models that embed social or environmental considerations in their community or industry, particularly those that counter the perceived trade-off between development and environmental stewardship.

SUPPLY SIDE

- For investors, there is a lack of activity in this space but this represents an opportunity to partner with Indigenous communities. Investment capital can take many forms, from traditional project financing for energy initiatives from mainstream financial institutions to grants to seed and sustain grassroots initiatives from foundations.
- For government, consider using public finance to leverage private capital. By providing risk-reducing layers of capital such as loan guarantees and first-loss reserves, this could encourage and spur further investments from non-governmental sources.

Our summary analysis and recommendations are further detailed in the full report. Investing in Indigenous communities remains a relatively small segment of the overall social finance market activity. Recent developments, however, are encouraging:

- More catalytic and favourable legislative and financial initiatives;
- More products being introduced in Indigenous - related sectors, and;
- General advancement toward stronger connections between Indigenous and non-Indigenous communities.

INTERMEDIARIES

- For intermediaries, bridging the investors and investees will be crucial to market building efforts. This involves both increasing organizational capacity to ensure projects are investment-ready, as well as relationship-building efforts with investors that are less familiar with the space.

Looking forward, we see significant developmental opportunities for public, private, and non-profit sectors. Across the country, community and private sector leaders have created early examples of a new model of Indigenous development centered on local enterprise, and there is now the opportunity to leverage these precedents as a new partnership with Indigenous communities begins to unfold.

¹² Paula Arriagada (Feb, 2016) *First Nations, Metis and Inuit Women*. Retrieved from: <http://www.statcan.gc.ca/pub/89-503-x/2015001/article/14313-eng.htm>

APPENDIX A: EXAMPLES OF INDIGENOUS INVESTMENT ACTIVITY

Sector	Sub Sector	Type	Example	Source of Funding	Type of Capital Received	Type of Capital Deployed	Project/Fund Size	Indigenous Component
Agriculture & Fisheries	Fisheries	Fund	Atlantic Integrated Commercial Fishery - Pilot Fund Proposal	Indigenous investors; Government of Canada	Equity investment	Debt financing	\$20M	All
	Agriculture	Project	T'sou-ke First Nations and Pacific Coast Wasabi	Nuu-chah-nulth Economic Development Corporation	Debt	N/A	\$0.175M	All
Renewable Energy	Hydro	Fund	First Nations Regeneration Fund	Tale'awtxw Aboriginal Capital Corporation (TACC); Tribal Resources Investment Corporation (TRICORP), Ecotrust, Government of Canada	Not Available	Debt to acquire equity	\$7M	All
	Wind	Project	Six Nations of the Grand River Renewable Wind Project	RBC	Debt to acquire equity	N/A	\$100M	\$10M
		Project	Huron-Wendat Riviere-du-Moulin Wind Farm	Desjardins, Industrial Alliance, Manulife, Fondation			\$900M	\$43.75M
		Project	Innu of Mashteuiatsh and Essipit First Nations Riviere-du-Moulin Wind Farm	Not Available			\$900M	\$43.75M
		Project	McLean's Mountain Wind Farm	TD			Not Available	\$20.1M
	Solar	Project	Six Nations Oneida Business Park Solar Project	Not Available	Not Available	Not Available	Not Available	
Housing	Housing & Community Buildings	Fund	First Nations Market Housing Fund	Government of Canada	Government	Loan Guarantees	\$300M	All
		Program	Douglas Cardinal Housing Corporation	Various lenders	Varied	Varied	Not Available	Not Available
		Product	Aboriginal Savings Corporation of Canada	Individual investors	Term Deposits		\$2M	All
	Residential	Program	First Nations Bank of Canada	N/A	N/A	Mortgage-like financing	\$86M	All
		Program	On-Reserve Housing Loan Program BMO	Internal allocation	N/A		\$225M	All
		Program	On-Reserve Housing Loan Program CIBC				Not Available	Not Available
		Program	On-Reserve Housing Loan Program RBC				\$132M	All
Natural Resources	Forestry	Project	Coast Tsimshian Resources			BMO, Lax Kw'alaams First Nation	Debt	N/A
Various	Various	Product	First Nations Finance Authority Debentures	Provincial pension funds, US Foundations, life insurance companies.	Public Debt	Varied	\$251M	All
		Fund	CAPE	Major banks, insurance companies, US foundations, other Canadian corporations.	Equity investment	Private Equity	\$50M	All
		Fund	First Nations Venture Capital Fund	Native Benefits Plan, SOCCA, CDEM, Fonds de Solidarite (FTQ), Desjardins.		Venture Capital	\$8M	All