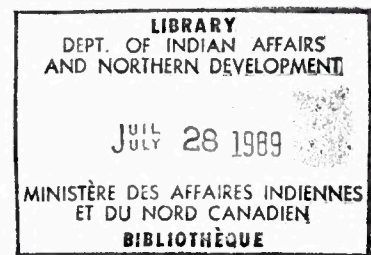


A STUDY OF ONTARIO INDIAN ECONOMIC  
DEVELOPMENT INSTITUTIONS

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August 1987



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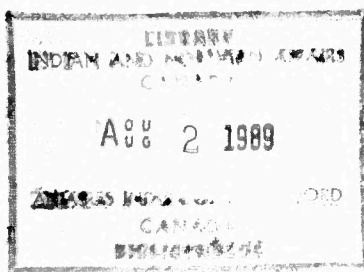
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Affairs Canada

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#### ACKNOWLEDGEMENT

While many assisted the consultant during the course of this study, the consultant wishes to particularly acknowledge the contribution of the staff and officials of the Ontario Region of Indian and Northern Affairs Canada. The interest and support of the Director General, Mr. Garry Wouters, was of great help in reviewing policy matters and identifying important issues. Mr. Jules Hebert, the Regional Director of Economic Development, devoted a great deal of time and energy to expediting the research, and to reviewing many important issues. Mr. Robert Bibeau and Mr. Don Wellstead, contributed many hours to gathering information and writing reports which were of great help to the consultant. Without the help and commitment of all of these people, it simply would not have been possible to complete the study in the short time over which it had to be completed. The results and conclusions are nevertheless the responsibility of the consultant.

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## STUDY OF ONTARIO INDIAN ECONOMIC DEVELOPMENT INSTITUTIONS

### 1.0 TERMS OF REFERENCE AND APPROACH

#### 1.1 Terms of Reference

In February, 1987 the Executive Committee of the Department of Indian and Northern Affairs Canada (INAC) approved a study of the Economic Development Sector programming. This project is to involve Departmental and consulting resources to produce a profile of current internal and external delivery mechanisms, and an effectiveness study of program delivery administered by the Department and Indian organizations. As part of this national study three more debtailed regional studies are to be conducted in British Columbia, Manitoba, and Ontario.

The consultant is to assess the effectiveness of Indian controlled and INAC delivery with respect to:

1. "future design and implementation of program devolution and their sourcing of these mechanisms," and

2. "the potential to improve the economic development delivery mechanisms effectiveness in the coming months and years."

The national study coordinator, the Ontario Regional Director, Ontario Economic Development Branch and staff, and the consultant met on July 8, 1987 to refine the contract objective and description-of-work into implementation terms-of-reference. At that meeting the participants agreed to the following implementation terms-of-reference.

The regional study objectives are:

1. to assess the effectiveness of existing Indian-controlled and INAC economic development delivery mechanisms; and

2. to use the information from the effectiveness assessment to:

- a. recommend design and implementation parameters for future program devolution to optimize impact on the client population, and to

- b. recommend program changes to improve the effectiveness of the existing Indian-controlled and INAC delivery

In completing the work, the consultant will undertake to

provide:

1. reduced data concerning the Indian-controlled and INAC delivery mechanisms;
2. an analysis of the effectiveness of these mechanisms;
3. recommendations concerning the targeting, policy thrust, accessibility, and evolution of future devolution programming;
4. recommendations to improve the effectiveness of existing Indian-controlled and INAC delivery mechanisms; and
5. recommendations to improve the operational effectiveness of existing INAC program management instruments.

The work timeline was to result in a draft regional report on August 13 - 14, and a final report due on August 21, 1987.

## 1.2 Approach

The initial phase of the Study involved working with Indian and Northern Affairs Canada national and regional staff and the national Study coordinator to refine the Study parameters. In this phase the consultant undertook the following activities:

1. Review background documents to the study.
2. Determine the mechanisms to be reviewed.
3. Determine the issues to be addressed.

Data were sought respecting the issues in a manner that, whenever possible confirmed, denied or added to the existing state of knowledge and understanding about the issues. The existing state of knowledge and understanding was developed on the basis of the literature, the consultants experience, and existing documents. The issues were then examined and analyzed, using as a base INAC documentation, the knowledge and opinions of INAC officials, and interviews.

Interview sample selection was based on four criteria. Criteria #2 and #4 were necessary because of the severe budget and time constraints placed on the Study.

1. The institution must be in existence.
2. The sample must include at least one each of the sectoral institutions, the financial corporations, the tribal council institutions, and the band economic development officers.
3. The critical INAC regional economic development staff with knowledge and understanding of programs,

Indian institutions, economic development directions, and economic development issues must be interviewed.

4. Those interviewed must be accessible in one (e.g. Toronto) or two (e.g. Toronto and Winnipeg) centres.

Because of the limitations imposed by time, the number of interviews undertaken was relatively small. As a consequence, the interviews served primarily to identify important questions, and as a way of verifying observations noted in reviewing the documentation. The conclusions and recommendations contained in the report are largely based on information gained through the review of documents, and the knowledge and observations of INAC personnel. The interviews with Indian leaders and representatives of Indian institutions did contribute in an important way to the final findings.

Individuals knowledgeable about, and in some cases representative of the following institutions were interviewed:

1. Financial institutions
  - a. Association of Reserves for Improving Social Economics
  - b. Nishnawbe-Aski Development Fund
2. Sectoral institutions
  - a. Indian Agricultural Program of Ontario
  - b. Indian Forestry Development Program
  - c. Ontario Indian Wild Rice Development Agency Inc.
3. Tribal Councils
  - a. Windigo Tribal Council
4. Band economic development officers
  - a. Tyendinga Indian Reserve
  - b. North Caribou Lake Band
5. Indian Organizations
  - a. Union of Ontario Indians
  - b. Grand Council Treaty No. 3
6. The Ontario Indian Economic Development Board

Indian and Northern Affairs Canada Economic Development Program officials were interviewed with respect to the departmental programs, as well as with respect to Indian controlled institutions.



In these cases data concerning the sampled mechanisms were collected through structured interviews. For each sampled institution interviews took place with:

- one Board representative and/or the senior manager,  
and

- one INAC staff member who has had significant operational interaction with the institution.

There were 15 interviews with Indian representatives and with INAC staff. The interviewees are listed in Appendix B.

Documented data was gathered through the INAC profile of Indian-controlled institutions. The INAC profile covered the first four groups of institutions listed above and the other band economic development officers. INAC staff also provided an overview history of Indian economic development institutions in Ontario. Quantitative performance reports, assessments, or evaluations, were utilized when available. However, it was found that such assessments, undertaken independently of this study, are generally not available, and are not required of the institutions by INAC.

The consultant wishes to thank Msrs. Robert Bibeau, Ray Smallion and Don Wellstead; and Ms. Julie Torrance for their descriptive reviews and assessments of the Indian controlled institutions. Their profile reports are both paraphrased and, in places, repeated verbatim in section 3.0 (also see Appendix C).

## 2.0 BACKGROUND AND THE ISSUES

At both the national and regional levels Indian and Northern Affairs Canada is wrestling with the development of an appropriate programming and organizational strategy to devolve service ownership and delivery to Indian people, and at the same time to reduce ("downsize") the staff complement of the Department. These extremely important policy and organizational initiatives are expected, in keeping with legislative, political and policy requirements, to be undertaken consistent with other objectives, such as maximizing the effectiveness in the use of resources, involving Indian people in decision making, maintaining national standards, and honouring trustee responsibilities. The consequence is that the devolution and downsizing thrusts must be implemented within a relatively complex policy environment, encompassing the following six major decision dimensions:

1. the dimension of specific person-year reductions, and the timing of those reductions, required by Treasury Board.
2. the dimension of maximizing Indian ownership and delivery including the attendant decision latitude and political responsibility,
3. the dimension of attempting to maximize the effectiveness of transferred and residual resources,
4. the dimension of involving Indian representatives in planning the devolution process,
5. the dimension of maintaining some minimum of national coherence while allowing for flexibility in approach and timing among and within regions, and
6. the dimension of providing an adequate level of trustee function.

This is no doubt a very difficult task. In particular, there likely are inherent, practical contradictions among the first three decision dimensions. However, it is a task that must be largely accomplished within a few years.

### Devolution

The devolution of services and responsibility to Indian control is arguably the most important policy thrust of INAC in many years. It envisages Indian people taking much greater control of the services and programs historically delivered by government. The government believes that this will improve the quality and effectiveness of programs, as well as the sensitivity of the management and administration to Indian cultural and social circumstances

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hopes and aspirations for devolution go beyond improved management and administration, in a significant way. Repeatedly, those interviewed have talked with conviction about the potential for devolution to contribute to long term social and economic development, which will fundamentally breakdown the dependency cycle which is so predominant today. Seen in this way, devolution is an integral part of the developmental process. Since social and economic development is the most commonly agreed goal of both government and Indians, devolution is critical to the achievement of the highest ideals of both.

It is perhaps for this reason that so many of those interviewed and consulted, whether government officials or Indian people, expressed the sincere desire to see devolution proceed in the most effective and successful way. Virtually no one argued that devolution is undesirable, or that it should not proceed. Many did, however, express concern about timing and staging, the structuring and managing of the institutional structures needed to make devolution effective, and about government policies guiding and directing devolution.

The devolution process, as it applies to economic development, is basically to take place within the Tribal Council funding arrangements, and to be financed from the fund established to support these arrangements. Thus from the perspective of INAC, an examination of devolution as it pertains to economic development, tends to focus on the development and funding of Tribal Councils; and particularly, as will be seen, on funding of advisory services. The consultants were urged, however, to look at other possible options for achieving the goals of devolution; a matter which will be examined later in the report.

The devolution of the economic development activities is, as a matter of existing policy, guided by the processes for establishing and funding Tribal Councils. In Ontario, it has been established that this process is to be consistent with seven specific principles:

- "1. That, where a Chiefs' Council is formed and a Band does not choose to join, the Department will continue to maintain responsibility for program delivery, but not necessarily direct service.
- "2. That a Chiefs' Council derives its mandate for authority from member Bands.
- "3. That, in the remote areas, not less than five (5) Bands, and in the rural/urban areas, not less than seven (7) Bands within the Chiefs' Council jurisdictional area must wish to form a Chiefs' Council in order to qualify for Tribal Council Funding.
- "4. That once a service has been transferred, there will be no duplicate service provided by the Department.



"5. That in the event of a breakdown or non-renewal of a Chiefs' Council agreement, an alternative delivery system will be implemented. However, INAC will not reestablish a direct delivery system.

"6. That all transfer agreements and Chiefs' Council mandates will be for a minimum of three years.

"7. That minimum program standards must be defined within an agreement."

Through this process of devolution the Chiefs' Councils are expected to provide for the following functions:

- \* Corporate decision-making, policy development, finance and administration, organizational development, and communications.
- \* Advisory functions such as financial management, Band government, economic development, community and capital planning, and technical services.
- \* Direct program delivery in conjunction with the principle of no duplication of service.

In accordance with national policy, Chiefs' Councils are the recipients of financial resources through the national Tribal Council Funding Policy. A two phase pre-planning and agreement development process is to be used in Ontario to determine the transfer of responsibilities and resources. Program responsibilities are to be negotiated on a sector by sector basis. It is important to note that this funding policy is very specific, and essentially provides funding only for administration and management, and for specified advisory services, including economic development. Thus, in Ontario, the devolution policy as it relates to economic development at the present time applies only to staffing, and specifies that only Tribal Councils shall be eligible.

As distinct from other Regions, Tribal Councils are very much in their formative stages in the Ontario Region. The Regional Office has devoted considerable effort toward the development of an Ontario-specific policy and process in support of the national policy of devolution, and is just now engaged in extensive consultations toward the implementation of this policy. The principles of that policy were specified earlier; the details of the policy and the process can be found in the draft Ontario Region document "Ontario Region Downsizing/Devolution Plans", dated June 30, 1987.

The present Tribal Council Policy will support the 14 Chiefs' Councils listed below. Those Chiefs' Council areas where no organized group has yet been established are noted by an asterisk (\*). Only the United Chiefs Council of Manitoulin and the Windigo Tribal Council actually received funding prior to the current fiscal year. The Chiefs' Councils

which will be supported by the Tribal Council Policy are specified in the following on the basis of the 1987/88 District structure. The Department has stated that while Chiefs Councils do not have to conform to existing district boundaries, the total number will be limited to fourteen. All of the Chiefs' Councils are now at various points of the pre-planning and agreement development process, with the exception of the four cases indentified where no organized group exists. By the end of August, all bands are to provide resolutions indicating their intention to participate in a Tribal Council structure which will develop from the Chiefs' Councils. At the present time, all bands are participating in the preplanning process, excepting those in the four cases where no organized activity is proceeding and already identified and two bands in the Sioux Lookout District (Muskrat Dam and Big Trout Lake).

#### Chiefs' Councils Supported by the Tribal Council Policy

| District Office | Chiefs' Councils                       |
|-----------------|--|
| Fort Frances    | Fort Frances                           |
| James Bay       | Muskegog                               |
| Kenora          | Kenora                                 |
| London          | London*                                |
| Nakina          | Nakina                                 |
| Peterborough    | Peterborough*                          |
| Sioux Lookout   | Pehtabun                               |
|                 | Shibogama                              |
|                 | Windigo                                |
| Sudbury         | North Shore                            |
|                 | Northwest*                             |
|                 | Sudbury*                               |
|                 | United Chiefs Council of<br>Manitoulin |
| Thunder Bay     | Lakehead                               |

\* no organized group yet established

The Department has authority to fund economic development, among other, advisory services provided by Chiefs' Councils. The Department has indicated that:

"There is no obligation for Chiefs' Councils to staff positions in [each advisory service] area on a full time basis, but Chiefs' Councils will be resourced for each function on the basis of the resource requirements to provide a full complement of full time staff to discharge these responsibilities. Chiefs' Councils may utilize short-term contracts or other human resource options at their discretion to deliver the required service."

The Department will provide one economic development advisor for every seven Bands, or one for every five Bands that are classed as "special access." Each advisory unit will be funded for a basic \$46,000 to be supplemented by an additional

travel allowance of up to \$8,250 depending on the remoteness index. Such funding will be an accountable contribution. Chiefs' Councils also will receive direct service funding for management and administration expenses related to each economic development advisor, based on a sliding scale which is sensitive to the scale of activity undertaken. The smallest (under \$200,000 of activities) will receive 35% of their program budget for administration, with the amount becoming proportionately smaller as the size of funded activities increases.

The Department has proposed the following levels of economic development advisor resourcing by proposed new District for the Chiefs' Councils by 1990/91. The Chiefs' Councils are grouped according to the four INAC Districts that will be in existence at that time.

Projected Number of Economic Development Advisor Positions Funded 1990/91:

| District/Chiefs' Councils                | Economic Development<br>Advisors as of 1990/91 |
|--|--|
| Sudbury                                  |  |
| - Sudbury East*                          | 1  |
| - North Shore                            | 1  |
| - Sudbury Northwest*                     | 2  |
| - United Chiefs Council<br>of Manitoulin | 1  |
| Western                                  |  |
| - Fort Frances                           | 2  |
| - Kenora                                 | 2  |
| - Lakehead                               | 2  |
| - Nakina                                 | 2  |
| Sioux Lookout                            |  |
| - Pehtabun                               | 1  |
| - Shibogama                              | 1  |
| - Windigo                                | 1  |
| Southern                                 |  |
| - London*                                | 0  |
| - Peterborough*                          | 0  |
| - Muskegog                               | 2  |
| Total Economic Development Advisors      | 18   |

#### Downsizing

During the 1987/88 through 1990/91 year period Ontario INAC is to meet the Departmental downsizing targets defined in Downsizing/Devolution Plans - July 16, 1987. During this downsizing period the Departmental structure is to be based on one Regional Office and seven District Offices in 1988/89, and one Regional Office and four District Offices in 1989/90

This downsizing is to occur regardless of the transfer of services to Indian controlled institutions. Ontario INAC will inform and discuss with Chiefs the organizational structure of the consolidated Districts and the process involved in the establishment of Chiefs' Councils. While the downsizing requirements are as indicated, departmental officials also indicate that only the 1988/89 figures are absolute; the remaining years could be subject to change as the manpower requirements are finalized within the annual budget cycle.

According to the schedule envisaged by INAC the Department will hold the following residual functions after the three year downsizing period:

- \* Corporate functions such as executive decision-making, finance and administration, human resource management, and communications.
- \* Advisory functions in support of service delivery.
- \* Program delivery functions for certain directly delivered services.

According to existing departmental plans, which are being finalized at the time of writing of this report, the process of downsizing will be accompanied by a reorganization, as was alluded to in the foregoing. The most important feature of this reorganization will be the reduction of the number of district offices from the current ten, to seven in 1988/89 and to four in 1990/91, at which point the number will be stabilized. According to current plans, these offices will be located in Thunder Bay, Sioux Lookout, Sudbury, and Toronto or its environs.

The planned economic development staff allocation during the three year downsizing is presented below.

#### Ontario Region Economic Development Downsizing Staff Allocation

|                  | 1987/88 | 1988/89 | 1989/90 | 1990/91 |
|------------------|---------|---------|---------|---------|
| Districts        |         |         |         |         |
| - James Bay      | 2       | 1       | N/A     | N/A     |
| - Sioux Lookout* | 2       | 2       | 2       | 1       |
| - Sudbury*       | 3       | 2       | 2       | 2       |
| - Fort Frances   | 1       | N/A     | N/A     | N/A     |
| - Kenora         | 2       | N/A     | N/A     | N/A     |
| - Lakehead       | 2       | N/A     | N/A     | N/A     |
| - Nakina         | 1       | N/A     | N/A     | N/A     |
| - Thunder Bay*   | N/A     | 5       | 4       | 3       |
| - Brantford      | 2       | 2       | N/A     | N/A     |



|                    |     |     |     |     |
|--------------------|-----|-----|-----|-----|
| - Bruce            | 0   | 0   | N/A | N/A |
| - London           | 2   | 2   | N/A | N/A |
| - Peterborough     | 3   | 2   | N/A | N/A |
| - Toronto*         | N/A | N/A | 4   | 4   |
| Subtotal Districts | 21  | 16  | 12  | 10  |
| Regional Office    | 17  | 16  | 14  | 10  |
| Totals             | 38  | 32  | 26  | 20  |

\* District Offices in 1990/01  
N/A District Does Not Exist

In effect there will be 11 fewer District economic development staff in 1990/91 than in 1987/88 and these District staff will be consolidated into four Districts. Further, there will be 18 economic development advisor person-years allocated to the Chiefs' Councils in 1990/91. There will be 7 fewer Regional Office staff in 1990/91. Thus, the total number of economic development personnel will remain unchanged if the plan proceeds, although there will be a considerable change in functions and responsibilities, employers, and locations. How this will affect the level and quality of services is somewhat problematic, since the changes will have essentially been driven by the Tribal Council funding and downsizing policies. It should be noted, however, that Ontario regional office officials have devoted considerable effort in trying to ensure that the effects of downsizing, when taken in conjunction with the Tribal Council funding policy, are minimal in terms of programs and services and access to these. This is a matter which will be examined further later in this report.

As of fiscal 1990/91 each District Office will have:

- \* a District Superintendent of Economic Development if the District has only one staff person-year, or
- \* a District Superintendent of Economic Development plus one or more Economic Development Officers if the District has more than one staff person-year.

It is anticipated that the staff in the District Offices will fulfill the following functions:

- administration of loans and contributions
- the provision of sophisticated, specialized advisory services which will support the advisory services provided through Tribal Councils
- continued general as well as specialized advisory services in cases where Tribal Councils are not formed, or where Bands chose to opt out of Tribal Council participation

The official position of the Ontario Region of INAC is that

the downsizing/devolution plans will permit a continuation of the levels of services currently provided, without any diminution in success. Many staff are of the opinion that quality of service will suffer under the new arrangements, partly because of anticipated implementation problems, and partly because they do not feel that the fully implemented plan will have the same capacity for service as the existing configuration. Some are of the opinion that it will be possible to enhance service because of the ability to organize activities around a greater specialization of function; although very few adhere to this view given the magnitude of the downsizing within the Branch.

#### Overall INAC Ontario Region Strategy

The Department plans to continue to use the Ontario Indian Economic Development Board (OIEDB) to:

"...provide advice and recommendations to government departments and agencies concerning the nature, content and delivery of programs and services designed to assist Indian economic development in Ontario. Programs and services are reviewed to meet the policies and procedural guidelines of the Chiefs of Ontario."

The Board is to carry out this role by identifying existing opportunities and resources, by identifying and analyzing the problems and benefits of programs, by providing direction and advice to agencies, by "promoting public awareness of Indian goals and achievements," by ensuring productive communications between the public and private assistance agencies, and by advising on the utilization and development of resources from public and private agencies. Four Local Advisory Boards, centered in the four new INAC Districts, may be formed to assume a similar role. The OIEDB could, under this arrangement, to be comprised of the chairpersons of the Local Advisory Boards. This involvement of district advisory boards is only being considered at the present time, however; and may or may not proceed.

INAC policies toward Indian economic development are to be directed by the objective of Indian self-sufficiency, an economic objective that is seen as necessary to the political goal of Indian self-government. The policy parameters seen as important to the achievement of this economic objective are: more focused Departmental responsibility for economic development at the ADM level; clarification of policy and program priorities; transfer of lending services to Indian controlled institutions; emphasis on Indian self-reliance and private sector development; business training for Indian youth and adults; and greater cooperation among governmental agencies, between government and the non-Indian business community, and between Indians and the non-Indian business community.

The environment for the INAC Ontario Region Economic

Development program and organizational planning is constrained by the tandem policies of devolution and downsizing. The Department asserts at the Regional level that a reorganization that included some downsizing, a transfer of many advisory services to Indian controlled institutions, and a reduced number of district offices could actually improve services, because of the greater specialization of function that would be possible. The present fragmentation of 21 staff among 10 District Offices is seen as inhibiting the staff specialization required for effective service. As Indian controlled institutions take responsibility for services Departmental staff would be able to concentrate on specialized services rather than acting as service or project coordinators. As well, the Department has selected the four District Offices to be in locations that should improve field coordination among federal and provincial agencies. However, there is a widespread view among economic development staff that the magnitude of the reduction in staff required will not permit this opportunity to be realized.

The Department estimates that there are around 1,131 active Indian controlled businesses in Ontario. It is anticipated that this number will expand significantly. In the opinion of the officials of the Ontario region, these businesses will not be served as well as in the past if the present downsizing/devolution plans proceed. It should nevertheless be noted that it is also believed that a significant improvement in access to, and quality of, overall service would be possible by proceeding with devolution, and by ensuring enough staff remained within the department to carry out residual functions, and to provide specialized services that Tribal Councils and other Indian controlled institutions will have difficulty providing because of their relatively small scale operations.

The view that quality of service will be maintained or enhanced under the new arrangements is not widely shared among Indian people and their leaders. There are substantial reservations expressed, based on the formal interviews and information provided by officials, about both the approach being adopted, the speed with which it is being adopted, and about the amount of preparation which will be required to make the approach effective. These will be referred to in more detail later in the report.

Nevertheless, some central issues do arise, based on an analysis of the approach being adopted, and the comments made by Indian leaders and officials. These can be summarized as follows:

1.) Does the devolution of advisory services to Tribal Councils involve the appropriate institutional structures to make the system effective? Would some other institutional framework, or at least options, enhance the effectiveness dollars spent? Further, if Tribal Councils are appropriate, is some change or adaptation required in the structuring to make them effective?

2.) Will the residual responsibilities of INAC, plus the need to provide services where bands opt out of Tribal Councils, or where Tribal Councils are not formed, be adequately provided for with the staff and other resources remaining with INAC when downsizing is complete?

3.) Should institutions other than Tribal Councils be eligible for dollars provide through the devolution policy, in order to maximize effectiveness. Would such institutions be preferable vehicles for the provision of some or all advisory services?

4.) What role should other institutions, including bands, play in the administration of departmental resources under the new downsized/devolved structure? What could be done to strengthen such institutions as part of the overall system?

5.) What improvements and changes should be made in the way the department relates to Indian institutions, including bands, in order to maximize the effectiveness of INAC economic development expenditures?

These issues have generally guided the analysis as it has proceeded, and will provide a focus for a statement of findings in Section 5.



### 3.0 THE ONTARIO PROFILE

#### 3.1 A General Overview of Institutional Development in Ontario

##### 3.1.1 An Overview of General Institutional Development

In 1978 Canada, the Province of Ontario, and the First Nations (i.e. Bands) of Ontario created the Indian Commission of Ontario. The function of the Commission is to jointly identify, clarify, negotiate and resolve issues of mutual concern. The Commission uses a "Tripartite Process" for the identification and resolution of issues. A number of agreements have been either formalized or are under active consideration by the Commission.

There are four major organizations representing Status Indians in Ontario:

- \* the Nishnawbe-Aski Nation,
- \* the Union of Ontario Indians,
- \* Grand Council Treaty No. 3, and
- \* the Association of Iroquois and Allied Indians.

These organizations are not service delivery vehicles. Their primary functions are to act as political lobbies for member Bands and to advise member Bands concerning political strategies.

The Nishnawbe-Aski Nation is the largest of Ontario's four Indian political organizations. It was formed in 1973 and represents approximately 22,000 Indians in 41 Bands scattered through Northwestern and Northeastern Ontario.

The Union of Ontario Indians, also known as the "Anishinabek", is the oldest Indian political organization in Ontario. It was formed in 1919, but has roots as far back as the mid-1800's. Until 1947 it was known as the Grand General Indian Council of Ontario. The Union represents approximately 23,000 Indians in 39 Bands along Lake Superior, Georgian Bay, and in Southern Ontario.

Grand Council No. 3 was formed in 1970. This organization represents approximately 10,000 Indians in 25 Bands of the Ojibway Nation in Northwestern Ontario.

The Association of Iroquois and Allied Nations is the smallest of the four Indian organizations. It represents around 11,000 Indians in eight Bands. Most of the Bands are located in the Lake Erie and Lake Ontario watersheds in southern Ontario, one Band is located near Sault Ste. Marie, and one is located near Georgian Bay. There presently are eleven Bands that are independent of the four Indian organizations. These eleven Bands contain over 22,000 people.

The Office of the Chiefs of Ontario was established in 1976 to serve the needs of the Chiefs and Band Councils of Ontario. One of its primary roles is also to act as a secretariat to, and a coordinating office for, the four Indian organizations. It also coordinates the Annual All Ontario Chiefs' Conference including post-conference activities. Monthly meetings are held by the Executive Council, composed of the Presidents or Grand Chiefs of the four main Indian organizations, to address issues facing the Indian people of Ontario.

### 3.1.2 A General History of Indian Controlled Economic Development Institutions

Compared to the western provinces Ontario Indians were not as quick to engage Indian controlled economic development institutions beyond the Band level. This different orientation may be due to regional, economic, and sociocultural diversity. It also may be due to historical differences in the overall political climate produced by Ontario provincial governments and INAC Regional policies.

Except for the Band, the present Indian controlled economic development institutions in Ontario are all relatively new. Only two of these institutions, ARISE (1975) and the Indian Agricultural Program of Ontario (1980) have existed in their present format for more than three years. The BEDO program has also been functioning pretty much in its current format since the 1970's.

### 3.2. Indian and Northern Affairs Canada

Indian and Northern Affairs Canada Ontario Region supports Indian economic development in four basic areas:

1. The provision and support of business development services.
2. Funding and support services to Indian controlled economic development institutions.
3. Funding and financing specific Indian businesses.
4. Funding and providing employment and training services.

Summaries of the 1987/88 and previous seven year INAC Ontario Region economic development sector budgets are presented below. Also presented is the staff allocation for the period 1982-88. A description of programming follows presentation of the budget information.

# Ontario Region Economic Development Budget Allocation 1987/88

| Program                                       | Districts | Region  | Total   |
|---|-----------|---------|---------|
| "A" Base                                      |           |         |         |
| Business Development & Financial Institutions |           |         |         |
| Business Development                          | -         | 900.0   | 900.0   |
| Financial Institutions                        |           |         |         |
| - ARISE                                       | -         | 125.0   | 125.0   |
| - NADF  | -         | 200.0   | 200.0   |
| Human Resources Development (ICHRS)           |           |         |         |
| BEDO's  | 2,100.0   | -       | 2,100.0 |
| OST   | 495.0     | -       | 495.0   |
| Outstanding Commitments                       |           |         |         |
| - TOJ   | 378.1     | 295.8   | 673.9   |
| - Regional Mobility                           |           |         | 10.0    |
| - Pukaskwa Park Native Youth Project          | 100.0     | -       | 100.0   |
| - Ontario Indian Economic Dev't Board         | -         | 50.0    | 50.0    |
| - Regional Holdbacks                          | -         | 259.1   | 259.1   |
| Other   | 1,644.2   | -       | 1,644.2 |
| Resources Development                         |           |         |         |
| Developmental Institutions                    |           |         |         |
| - Wild Rice                                   | -         | 200.0   | 200.0   |
| - Tourism                                     | -         | 150.0   | 150.0   |
| - Indian Agricultural Program of Ontario      | -         | 200.0   | 200.0   |
| Renewable Resources                           |           |         |         |
| - Federal/Provincial Agreement                | -         | 350.0   | 350.0   |
| - Tripartite Negotiations                     | -         | 150.0   | 150.0   |
| - Indian Forestry Development Program         | -         | 400.0   | 400.0   |
| Program Administration, Support, & Travel     | -         | 617.2   | 617.2   |
| "A" Base Subtotal                             | 4,385.2   | 4,239.2 | 8,624.4 |
| Supplementary Funding (ICHRS)                 |           |         |         |
| - Dona Lake/Other Mining Projects             | -         | 300.0   | 300.0   |
| - Strategy Development                        | -         | 19.4    | 19.4    |
| - BEDO Evaluation/Training                    | -         | 250.0   | 250.0   |
| - R.D.I./Economic Opportunities               | -         | 250.0   | 250.0   |
| - Entrepreneurial Enterprises                 | -         | 200.0   | 200.0   |
| Supplementary Funding Subtotal                | -         | 1,019.4 | 1,019.4 |
| Total 1987/88                                 | 4,385.2   | 5,258.6 | 9,643.8 |

The following table indicates that the total Ontario nominal budget allocation had been generally increasing until the decrease of almost 17% in the present fiscal year. Most of the decrease has been in supplementary funding, the nominal "A" Base budget decreased less than 4%.

Ontario Region Economic Development Budget Allocations  
1981/88

|  | 1981/82   | 1982/83        | 1983/84        | 1984/85        | 1985/86        | 1986/87        | 1987/88        |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>"A" Base</b>  |   |                |                |                |                |                |                |
| Activity Mgmt  | \$455.0   | \$475.0        | \$515.0        | \$441.0        | \$142.0        | \$142.0        | \$200.9        |
| Community Dev't*   | 163.5   | 276.0          | 285.0          | 665.0          | 907.1          | 1,460.6        | 1,790.1        |
| Business Dev't   | 1,501.4   | 1,501.2        | 1,045.7        | 887.3          | 1,183.6        | 1,170.1        | 973.9          |
| Employment Dev't†  | 4,898.0   | 4,816.6        | 4,400.0        | 4,368.8        | 4,428.7        | 4,262.8        | 5,674.9        |
| Employability Dev't                                      | 1,286.4   | 1,251.5        | 1,412.8        | 1,412.7        | 1,408.2        | 1,235.2        | 0.0            |
| Resource Dev't Impacts#                                  | Pre 1986/87 not carried out by Ontario Economic Development |                |                |                |                | 718.0          | 0.0            |
| <b>Total "A" Base</b>                                    | <b>8,304.3</b>  | <b>8,320.3</b> | <b>7,658.5</b> | <b>7,774.8</b> | <b>8,069.6</b> | <b>8,988.7</b> | <b>8,639.7</b> |
| <b>Supplementary Funding</b>                             |   |                |                |                |                |                |                |
| NEED, Employment Initiative, Indian Summer Canada, ICHRS | N/A   | N/A            | 5,013.3        | 4,524.4        | 4,768.1        | 5,092.0        | 3,126.3        |
| <b>Total</b>   | <b>8,304</b>  | <b>8,320</b>   | <b>12,672</b>  | <b>12,299</b>  | <b>12,838</b>  | <b>14,081</b>  | <b>11,766</b>  |

- \* Includes Financial Institutions and Resources Development.  
 † Includes Resources Development to 1984/85.  
 # Prior to 1986/87 this was not carried out by Ontario Economic Development.

As the following table shows, total "A" Base staff utilization of Ontario INAC has decreased by around 12.5% over the past three fiscal years. This decrease has been absorbed generally equally among the Regional and District Offices.

Person Year Utilization ("A" Base), 1982-1988

|                  | 1982/83   | 1983/84   | 1984/85   | 1985/86     | 1986/87   | 1987/88   |
|------------------|-----------|-----------|-----------|-------------|-----------|-----------|
| Regional Office  | 14.3      | 16        | 13.5      | 18          | 17.5      | 14.5      |
| District Offices |           |           |           |             |           |           |
| - Sudbury        | 5         | 4         | 4         | 3.5         | 3         | 3         |
| - London         | 4         | 4.3       | 4         | 2.2         | 1         | 1.5       |
| - Peterborough   | 3.8       | 4         | 3         | 3.3         | 3         | 3         |
| - Brantford/Brce | 2         | 3         | 2.7       | 2           | 2         | 2         |
| - Fort Frances   | 3.2       | 2         | 2         | 1.3         | 1         | 1         |
| - James Bay      | 2.8       | 2         | 1.4       | 2           | 1.5       | 2         |
| - Kenora         | 3.8       | 3         | 2.2       | 2           | 2         | 2         |
| - Nakina         | 1.2       | 1         | 1         | 1           | 1         | 1         |
| - Lakehead       | 2.9       | 3         | 3.2       | 2.5         | 2         | 2         |
| - Sioux Lookou   | 4         | 3.7       | 3         | 3           | 3         | 3         |
| - Subtotal       | 32.7      | 30        | 26.5      | 22.8        | 19.5      | 21.5      |
| <b>Total</b>     | <b>47</b> | <b>46</b> | <b>40</b> | <b>40.8</b> | <b>37</b> | <b>35</b> |



## 1. INAC Business Development Program

Funding and services under this budget category are allocated to the Departmentally administered Indian Economic Development Fund and two Indian controlled business financing institutions: the Association of Reserves for Improving Social Economics and the Nishnawbe-Aski Development Fund.

The Indian Economic Development Fund (IEDF) is a national program capitalized at \$70 million. IEDF is a client, project-proposal driven program intended to:

1. provide equity financing including joint (governmental and nongovernmental) funding for the development of viable Indian businesses on and off reserves; and to
2. stabilize Indian businesses.

The IEDF administration is largely a regional office function. Business proposals are initially assessed for completeness and quality by district business development staff and are then forwarded to the regional office. Regional office staff thoroughly assess the proposal and determine the appropriate financing. A contribution agreement is used to flow financing. Loan monitoring is largely the responsibility of district business development staff.

IEDF output per year per function is shown below. On a per year and per function basis, IEDF output was highest in 1984/85, fell drastically in 1985/86, and then increased to a level half way between the 1984/85 and 1985/86 fiscal years.

IEDF Output Per Year Per Function

| Function        | 1984/85         |            | 1985/86         |            | 1986/87         |            |
|-----------------|-----------------|------------|-----------------|------------|-----------------|------------|
|                 | No. of Projects | \$ (000's) | No. of Projects | \$ (000's) | No. of Projects | \$ (000's) |
| Contributions   | 52              | 911.7      | 30              | 479.7      | 49              | 978.8      |
| Direct Loans    | 6               | 116.3      | 5               | 237.4      | 6               | 304.4      |
| Loan Guarantees | 58              | 989.8      | 17              | 751.6      | 17              | 624.3      |
| Totals          | 116             | 2,017.8    | 52              | 1,468.7    | 72              | 1,907.5    |

In the current fiscal year from 64 - 77% of the loans are outstanding per month, and loan guarantees are generally in the order of 60 - 80% of loan capital provided.

The Association of Reserves for Improving Social Economics receives \$125.0 annually from INAC through a contribution agreement for administration and business counselling.

The Nishnawbe-Aski Development Fund receives \$200.0 annually from INAC through a contribution agreement for

administration.

## 2. INAC Human Resources Development Program

(a) The Band Economic Development Officer (BEDO) program funds economic development officers for 92 Bands. The BEDO's are to be capable of developing strategies, inventories, coordination of government and private sectors, developing business plans, and economic and employment project implementation. The Basic Objective for the BEDO program is:

"To identify business and employment opportunities develop economic strategies, provide advisory and referral services, coordinate and access all available and desirable training and employment programs, funding sources, and provide ongoing advice to entrepreneurs and overall management for Band owned and on-Reserve businesses."

BEDO funds are allocated to bands by INAC district offices according to band population as follows:

| Band Population | No. of Officers |
|-----------------|-----------------|
| 0 - 50          | 0.0             |
| 51 - 200        | 0.5             |
| 201 - 1200      | 1.0             |
| 1201 - 3000     | 1.5             |
| 3001 & over     | 2.0             |

The average salary was \$23,000, but varied greatly among Bands.

(b) Occupational Skills Training (OST) funds are allocated to each District Office according to share of the on-reserve working age population.

### (c) INAC Human Resources Development (ICHRS) Program

Funding and services under this budget category support a variety of services including economic development, community economic enterprise, training on the job, strategy development, and institutional training. There are six main subcomponents of HRD: Human Resource Development and Management, Career Counselling & Labour Market Adjustment, Employment Development and Employment Entry, Community Economic Enterprises, and Employability Training. Two new subcomponents were added in fiscal 1987/88: the Youth Entrepreneurship Program, and Business Training and Support Services; however, parameters for these services have yet to be developed. The budget of \$1,644.1 million is allocated to INAC districts based on the on-reserve working age population in each district although adjustments are made to increase the allocation to areas of chronically high unemployment. This budget category and the programs included will be eliminated as of 1988/89.

Human Resource Development & Management programming

supports long term employment strategy development and implementation including human resource inventories and job opportunity inventories. Implementation includes identification and placement in employment and training, affirmative action plans with employers, and other access services. A maximum of \$10.0 thousand is available per Band for strategy development.

Career Counselling & Labour Market Adjustment programming funds bands, Indian organizations, and individuals for individual career counselling respecting the implementation of employment strategies. Programming also provides adjustment support for Indians entering employment or training.

Employment Development and Employment Entry programming provides funds to support community based projects. These projects must provide for:

- work experience and skill development for long term employment, or
- support to communities working with employers to remove barriers to employment.

Projects must maximize use of social assistance funds.

Community Economic Enterprises programming provides capital or wage subsidies to enable community based enterprises to become viable while providing jobs and work experience. Funding is responsive to proposals presented by community organizations.

Employability Training funds provide for occupational skill or academic training in a short period for designated employment or academic prerequisites. Funding is responsive to organizations or individuals.

### 3. INAC Resources Development Program

The Resources Development budget supports three different types of resource initiatives. \$950.0 thousand is allocated to core administrative support and development of sectoral institutions. \$350 thousand to the Canada/Ontario Resource Development Agreement and \$150.0 supports Indian-Canada-Ontario Tripartite negotiations concerning economic development.

### 4. INAC Program Administration, Support, & Travel

Funds from this budget category support general Regional Office corporate and administrative, and District administrative activities.

### 5. INAC Supplementary Funding (ICHRS)

The \$1,019.4 thousand allocated to Supplementary Funding (Indian Community Human Resource Study - ICHRS) will not recur.

### Allocation of Project Funding and Financial Support Among Districts

Past distribution of project funding and financial support is an indicator of the future distribution of demand and staff worktime. To assess the past distribution of project support the consultant has collected the following data:

#### 1986/87 Human Resource Development Project Support

| District        | Number of<br>Projects | Percent<br>of Projects | Dollars<br>Spent (000's | Percent of<br>Dollars Spent |
|-----------------|-----------------------|------------------------|-------------------------|-----------------------------|
| Central         |                       |                        |                         |                             |
| - James Bay     | 80                    | 9                      | 847.3                   | 8                           |
| - Sudbury       | 133                   | 15                     | 1,208.2                 | 12                          |
| - Subtotal      | 213                   | 25                     | 2,047.5                 | 20                          |
| Northwest       |                       |                        |                         |                             |
| - Fort Francis  | 69                    | 8                      | 578.5                   | 6                           |
| - Kenora        | 62                    | 7                      | 989.2                   | 10                          |
| - Lakehead      | 81                    | 9                      | 618.6                   | 6                           |
| - Nakina        | 23                    | 3                      | 282.8                   | 3                           |
| - Sioux Lookout | 131                   | 15                     | 1,350.8                 | 13                          |
| - Subtotal      | 366                   | 42                     | 3,819.9                 | 38                          |
| Southern        |                       |                        |                         |                             |
| - Brantford     | 42                    | 5                      | \$414.9                 | 4                           |
| - Bruce         | 23                    | 3                      | 283.3                   | 3                           |
| - London        | 59                    | 7                      | 1,077.3                 | 11                          |
| - Peterborough  | 88                    | 10                     | 825.4                   | 8                           |
| - Subtotal      | 212                   | 25                     | 2,600.9                 | 26                          |
| Regional Office | 74                    | 9                      | 1,688.0                 | 17                          |
| Total           | 865                   | 100                    | 10,164.2                | 100                         |

#### 1986/87 Indian Economic Development Fund Output\*

| District       | Number of<br>Projects | Percent<br>of Projects | Output<br>Dollars | Percent of<br>Dollars Spent |
|----------------|-----------------------|------------------------|-------------------|-----------------------------|
| Central        |                       |                        |                   |                             |
| - James Bay    | 2                     | 3                      | 22,500            | 1                           |
| - Sudbury      | 16                    | 22                     | 231,400           | 12                          |
| - Subtotal     | 18                    | 25                     | 253,900           | 13                          |
| Northwestern   |                       |                        |                   |                             |
| - Fort Frances | 1                     | 1                      | 25,000            | 1                           |

|                 |    |     |           |    |
|-----------------|----|-----|-----------|----|
| - Kenora        | 3  | 4   | 13,345    | 1  |
| - Lakehead      | 2  | 3   | 205,000   | 11 |
| - Nakina        | 1  | 1   | 20,000    | 1  |
| - Sioux Lookout | 4  | 6   | 100,300   | 5  |
| - Subtotal      | 11 | 15  | 363,645   | 19 |
| Southern        |    |     |           |    |
| - Brantford     | 7  | 10  | 295,300   | 15 |
| - Bruce         | 5  | 7   | 242,130   | 12 |
| - London        | 9  | 12  | 297,971   | 15 |
| - Peterborough  | 22 | 31  | 494,531   | 25 |
| - Subtotal      | 43 | 60  | 1,229,932 | 67 |
| Total           | 72 | 100 | 1,947,477 | 99 |

\* Includes contributions, loans, and loan guarantees.

The two tables above indicate that while the Bands of the Northwest area utilized the greatest share of Human Resources project funds, the Bands of the Southern area utilized the greatest share of the IEDF project resources.

### 3.3 Histories and Strategies of Indian Economic Development Institutions in Ontario

#### 3.3.1 The Ontario Indian Economic Development Board

The Ontario Indian Economic Development Board is a group of Indians chosen by INAC to represent Indian business, economic development, and political organizations. The role of the Board is to advise INAC, and through INAC to advise the federal government, on policies and programs concerning business and economic development. INAC budgeted \$50,000 in 1987/88 for Board activities.

#### 3.3.2 Financial Institutions

##### Association of Reserves for Improving Social Economics (ARISE)

This corporation, located in the London District, has been in existence for 12 years. It was originally created by two Chiefs and one Councillor from the London District Council Bands as a source of small loans. It was initially funded by the Province of Ontario. The limited funding provided by the Province, however, sharply limited loan activity.

The corporation is incorporated without share capital. It has been managed by an Indian Board initially comprised of five self-appointed directors from 3 Bands. Later the Board was expanded to 10 directors, one director from each of the 10 area Bands. Day to day administration has been handled by



three full time and one part time staff located in the head office at Lambeth, Ontario. Staff include a manager, a financial administrator, a loans officer, and an assistant trainee. A loan committee of two members from each Band handle most loan decisions. A policy and procedures manual covers day to day work procedures and staffing issues. INAC has assisted ARISE with contributions to cover administrative costs for the past five years.

During the past 12 years ARISE has gained valuable experience. The corporation has developed a sound business-like approach. During 1981 and 1982 the operations of ARISE were extensively reviewed. ARISE Task Force consultations took place with members of the 10 Bands concerning the future of ARISE. As a result the Board decided to develop and implement plans for the expansion of ARISE.

ARISE initially operated on a \$50,000 per year grant later increased to \$100,000 per year from the Ontario Native Communities Branch. The maximum loan was initially \$2,000, later increased to \$4,000, then \$6,000. In April, 1986 ARISE expanded its operations with funding from the Native Economic Development Program (NEDP). The NEDP has provided capitalization in the amount of \$1.2 million on the understanding that INAC would continue to assist ARISE by covering administrative costs in the amount of \$125,000 per year for the next five years. After the five year period terminating in September 1990 the conditions of the agreement with the NEDP allows ARISE to apply its loan interest to cover administrative costs. During the five year period ARISE is to accumulate loan interest in order to increase its capitalization. The additional capitalization is intended to put ARISE on a viable business foundation through revenues generated from loan interest.

ARISE now provides the following services:

- loans,
- loan guarantees to a maximum of 50%,
- business advisory services,
- pre/post loan counselling, and
- training.

The corporation does not want a grants administration role, but may consider getting into equity financing. Services are limited to on or off reserve members of the 10 area Bands.

ARISE now has a loan limit of \$25,000 which is likely to be increased to \$75,000 this year. The current status of the loan portfolio as of June 1, 1987 is as follows:

- Number of loans: 48
- Total amount loaned: \$414,000
- Employment created: 44 full time  
38 part time
- Default rate: approx. 12%

ARISE expects to be fully loaned-out by the end of this year unless additional capitalization is forthcoming. ARISE had requested \$2.9 million from the NEDP.

Given further analysis of similar lending institutions NEDP now believes that a minimum capitalization to ensure the long term viability of ARISE is about \$4 million. ARISE's operation is being reviewed in light of this finding, and INAC and NEDP are working with ARISE to develop a program that will ensure long term viability. This may entail servicing additional sectors, an increase in the size of loans, or an expansion of the client geographic area. ARISE management expects to be able to handle the larger capitalization with four permanent staff, one more than the present staff complement.

ARISE is likely to receive \$200,000 from the Ontario Native Communities Branch to purchase an office building. The corporation will rent part of the building in order to increase annual revenues.

#### The Nishnawbe-Aski Development Fund (NADF)

##### a. History

The Nishnawbe-Aski Nation is the Treaty No. 9 area covering a large area east and west of James Bay and Hudson's Bay. The earlier political organization of the Grand Council Treaty No. 9 has been replaced by the Nishnawbe-Aski Nation.

##### b. Mandate and goals

The idea of establishing a development fund evolved over a period of time. The basic goal of the Nation is economic independence. The funding agency was conceived and developed as a means to the goal of independence. More specifically, the mandate given to the Fund is:

- to give Nation members access to financing at reasonable cost,
- to foster the development and use of Indian owned resources,
- to enable Indians to develop other identified resources,
- to stimulate Indian economic welfare,
- to generate Indian employment, and
- to attract financial investment.

c. Organizational structure

The NADF was incorporated in October 1984. It is a nonprofit corporation without share capital.

The new bylaws enable each of the 46 Bands to nominate Board members. From this list of nominees the present six directors will select six more directors creating a 12 member Board. The six additional directors are to be selected according to the following criteria:

- a member of NAN,
- equitable regional representation, and
- at least one director from each geo-political area identified as a tribal council.

The 12 member Board will then contain seven representatives of the NAN Bands and two non-Natives from the private sector.

d. Client base

The target clientele of the NADF are Indian organizations and individuals in the NAN region.

e. Staging of development

In the period 1984-1986 the NEDP provided \$221,050 in developmental assistance to NADF. This assistance was used to prepare the capitalization submission to NEDP and plan the Fund.

The NEDP has just recently provided \$7 million in capitalization to the NADF through a three year agreement terminating in 1990. \$5 million of this money is to be used as a loan guarantee fund to be instituted with chartered banks. The loan guarantees will initially be 100% with leverage increasing to 50% in later years depending on portfolio performance. \$2 million will be used for a direct fixed and working capital loan fund. The term of working capital loans is to average one year and the term of fixed capital loans is to average seven years. The 10 year financial plan is as follows:

- Direct loans: \$ 4.2 million
- Loan guarantees 14.9 million
- Leveraged investment: 12.2 million

The effective bad debt rate over the term of direct loans is estimated at 14%. The effective bad debt rate over the term of loan guarantees is estimated at 9%. The NADF is also applying to the Province for a \$3 million fund for equity investments.

Although the NADF believes that separate agencies should handle business development functions and financing it is



willing to provide a management advisory service to assist its clientele in loan application preparation and post-loan business counselling. This service will involve additional costs of \$200,000 per year to be funded by INAC for the first three years. The planned 10 year output is:

- Estimated clients: 1,000
- Estimated post-loan clients: 500
- Estimated job creation: 500

f. Financing and resources

Loan administration is expected to cost \$200,000 per year over 10 years and management advisory services are expected to cost \$200,000 per year over 3 years.

Nishnawbe-Aski Development Fund Source and Application of Funds  
1987-1990

|   | 1987/88      | 1988/89     | 1989/90     |
|---|--------------|-------------|-------------|
| Source of Funds                             |              |             |             |
| NEDP capitalization                         | \$ 3,000,000 | \$2,500,000 | \$1,500,000 |
| Province of Ontario                         | 100,000      | 100,000     | 0           |
| Loan administration<br>subsidy              |              |             |             |
| INAC management advisory<br>service subsidy | 200,000      | 200,000     | 200,000     |
| Total                                       | 3,300,000    | 2,800,000   | 1,700,000   |
| Expenditures                                |              |             |             |
| Loan guarantees                             | 3,000,000    | 500,000     | 1,500,000   |
| Loans                                       | 0            | 2,000,000   | 0           |
| Other                                       | 300,000      | 300,000     | 200,000     |
| Total                                       | 3,300,000    | 2,800,000   | 1,700,000   |

A net profit on both the loan guarantee and direct loans fund is expected in all of years 1 through 10. The expected net profit in later years (as developmental subsidies disappear) could, however, disappear if both the loan guarantee effective bad debt rate increases from 14% to around 17% and if the direct loan bad debt rate increases from 9% to around 15%.

Loan administration will be handled by seven full time and one part time staff. This includes the President, general manager, assistant general manager/secretary treasurer, two loans officers, and three accounting/clerical clerks. Operating costs are estimated at around 6.8% of Fund capitalization.

Staffing for the management advisory service will consist of a Director of Management Services and a field officer. Funds will also be used to hire consultants, to present management training seminars, and for staff training.

In year one there will be one office, thereafter there will be two offices.

g. Activities and services provided

It is estimated that the annual demand for loans is about \$2 million with an average loan size of \$40,000. Thus, it is estimated that there will be some 50 loans and loan guarantees per year with a roughly equal number of rejections.

h. Linkages with other programs

The NADF intention is to access other existing programs for equity contributions, advice, and other developmental services.

1. Training provided

The General Manager has been recruited from the Canadian banking system. He will utilize CEIC funds for training staff.

j. Type and extent of INAC control

The INAC contribution agreement stipulates that the contribution should be used for administration of the Fund. The NADF must provide quarterly financial statements and statistical reports.

### 3.3.3 The Sectoral Institutions

During the 1970's several resource based Indian sectoral programs were successfully established in western Canada. These successes caused the Ontario INAC Region to pursue similar opportunities in Ontario. There are three sectoral Indian economic development institutions that are operational in Ontario: the Indian Agricultural Program of Ontario, the Indian Forestry Development Program, and the Ontario Indian Wild Rice Development Agency Inc. A tourism sectoral institution is currently under discussion.

#### The Ontario Indian Wild Rice Agency

a. History

The Ontario INAC Region suggested a sectoral institution approach to Indians in the rice producing Districts in Northwestern Ontario. As a result of the interest shown the first organizational meeting was held in 1981 in Dryden, a development committee was formed and preliminary program objectives were established. The development committee was then enlarged to include representatives from the four treaty associations in Ontario.

The committee completed a five year Program Proposal, endorsed by the four treaty associations, in 1982. The proposal subsequently received approval-in-principle from the federal and provincial governments. The expected funding, however, was not available. It is believed that this money was instead diverted to the newly formed Native Economic Development Program (NEDP). Efforts by the committee over the next two years to find funding were unsuccessful. The NEDP was unable to fund natural resource development projects. Finally the Ontario INAC Region agreed to provide core administrative funding over a five year period.

The Ontario Indian Wild Rice Development Agency was incorporated in 1984. The members of the development committee became the first board of directors. The head office was established in Fort Frances, and a manager and secretary/bookkeeper were hired.

#### b. Mandate and objectives

The Agency was initiated as a province wide institution to address or participate in all aspects of the wild rice industry: research, promotion, production, harvesting, processing, and marketing. The initial and still current objectives of the Agency are:

- To assess the potential for wild rice production.
- To create and administer a fund for the benefit and development of Indian wild rice businesses.
- To provide grants and loans to Indian businesses for the development of viable wild rice businesses.
- To provide needed management and extension services.
- To assist the development of business skills among the Indian entrepreneurs.
- To identify other assistance programs and to encourage Indian wild rice entrepreneurs to use these resources.
- To fund and coordinate a research program concerning production, processing, and marketing.
- To promote wild rice as a food product and to promote Indian businesses within the industry.

#### c. Geographic area and client base

The Agency mandate covers all of Ontario and any Indian in the province may request assistance. The Agency has, however, focussed most of its effort in the Treaty No. 3 area of Northwestern Ontario. Other areas of current or future activity include the north central, North Channel Georgian Bay, and southeastern parts of the province.

#### d. Staging of development

To date the Agency has not been able to comprehensively address the industry. The limited "core" funding has severely limited the activities to promotion, an assessment of production sites, and inter-agency coordination. One priority is the establishment of new rice production in lakes where water fluctuation is not a problem or where water levels can be easily controlled. The Agency is assisting existing and potential producers to identify and develop such areas. A lower priority is the establishment of a Canadian Wild Rice Council in conjunction with similar Indian corporations in other provinces. This Council would be capable of addressing issues more appropriately worked on at the national level such as research, generic promotion, grading standards, and grain pools.

e. Organizational structure

The Agency is directed by an eight member board of producer-directors appointed from the four Indian associations of Ontario. Because the primary growing area is Northwestern Ontario, five of the eight directors are appointed by the Grand Council of Treaty No. 3.

Agency staff consists of a full time general manager, a secretary/bookkeeper, and seasonal workers and summer students.

f. Activities and services provided

Because of the limited funding of the Agency it has been able to provide very limited financial assistance to Indian wild rice businesses. It has focussed its efforts on:

- increasing Indian awareness of the economic possibilities of wild rice;
- wild rice promotions at food and trade shows;
- acting as negotiator for, and representative of, Indian producers to governments and non-Indian producers;
- assessing potential production sites;
- establishing a seed bank;
- assisting individuals to access provincial funding; and
- providing or arranging for the provision of technical assistance.

g. Financing and resources

Ontario Indian Wild Rice Development Agency  
Source and Application of Funds, 1983 - 1988

| Source and<br>Application of Funds | 1983/84 | 1984/85 | (\$ 000's)<br>1985/86 | 1986/87 | 1987/88 |
|------------------------------------|---------|---------|-----------------------|---------|---------|
| From INAC Region                   |         |         |                       |         |         |
| - Board of directors               | -       | 29.9    | 29.4                  | 26.5    | 19.5    |
| - Salaries and benefits            | -       | 55.1    | 81.6                  | 84.0    | 77.4    |
| - Office expenses                  | 1.8     | 22.7    | 15.0                  | 16.5    | 30.0    |
| - Committee expenses               | 20.9    | 7.0     | -                     | -       | -       |
| - Professional services            | 8.2     | 11.3    | 8.5                   | 7.5     | 5.5     |
| - Promotion                        | -       | 29.5    | 8.0                   | 27.0    | -       |
| - Travel                           | -       | -       | 14.4                  | 18.0    | 14.4    |
| - Project equity                   | -       | 44.5    | 51.1                  | 47.5    | 53.2    |
| - Student extension program        | -       | -       | -                     | 43.8    | -       |
|                                    | 30.9    | 200.0   | 208.0                 | 270.8   | 200.0   |
| From INAC Headquarters             |         |         |                       |         |         |



|                      |      |       |       |       |       |
|----------------------|------|-------|-------|-------|-------|
| - Promotion          | -    | 15.0  | 12.0  | -     | -     |
| From NEDP            |      |       |       |       |       |
| - Promotion          | -    | -     | 50.0  | -     | -     |
| From Ontario Nor-Dev |      |       |       |       |       |
| - Promotion          | -    | 25.0  | -     | -     | -     |
| Total Funding        | 30.9 | 240.0 | 270.0 | 270.8 | 200.0 |

#### h. Linkages with other programs

Since inception, the Agency has had a close relationship with the wild rice research program at Lakehead University. The Agency also has maintained close liaison with the Provincial Government to ensure that Indian needs and expectations are taken into account in the development of the Province's wild rice policy. Continuing efforts are being made to convert Ontario's political commitment to assist Indian wild rice development into practical applications.

#### i. Training provided

The Agency has not sponsored any formal training. As producers the board members and manager understand the wild rice sector as well as anyone. Technical advice to growers is provided through the Agency-University extension service.

#### j. Nature and extent of INAC control

The terms and conditions of INAC's funding are negotiated and monitored by the Regional Office. A staff member of the Regional Office performs a liaison and monitoring function as an ex officio member of the Board. The Agency operates as an independent institution.

#### k. Strengths and weaknesses

Undoubtedly all parties would express disappointment that the Agency has not progressed further in its three years of existence, but many of the factors limiting its performance have been beyond the Agency's control.

Although the Agency addresses only the economic aspects of wild rice, the crop has strong religious and cultural significance to many Indian people. Some Indians object to mechanical harvesters or to the commercial exploitation of the resource. As well, unresolved issues concerning domestic use and Treaty rights over the resource inhibit economic (i.e. business) initiatives.

Many potential producers are slow to recognize the extent of planning required. Therefore, much of the Agency's promotional activity has been to convince clients that they should view wild rice as a year-round occupation not just a late summer occupation when the crop is ready.

Progress has been limited by the newness of commercial wild rice production. There is no overall Canadian marketing strategy to guide the product into the general or gourmet markets. Yet it is difficult to develop such a strategy without knowing the likely minimum volume of production. Production levels are, in turn, partly dependent on the level of support from the federal and provincial governments.

In retrospect, it was probably unfortunate that the Agency was initiated before all necessary financial and technical support was confirmed. The resultant inability of the Agency to foster larger developmental activities has produced the impression in the minds of many Indian people, governments, and non-Indian rice interests that the Agency has done little or nothing. This impression, however, is far from the truth. Unfortunately many of its activities have not been documented and as a result, the Agency has had a low profile. While this low profile has not been deliberate, it has nevertheless reinforced the impression of limited activity.

On the positive side the Agency is generally recognized as the voice and focal point of Indian wild rice interests in Ontario. It has developed strong linkages with university, public, and private sector components of the industry network.

A pragmatic assessment of the Agency and its environment is recommended during the final 18 months of its INAC support period.

#### Indian Agricultural Program of Ontario (IAPO)

##### a. History

For a number of years efforts had been made by Indian Bands to establish an agricultural development program. Traditionally provincial and federal services devoted to agricultural development had not been readily available to Indian farmers, especially on reserve farmers, because of the special circumstances concerning ownership and the ability of obtaining security for loans. Furthermore, INAC was unable to provide adequate services because of budget limitations. The combination of these limitations and the positive experience of the Indian agricultural programs in Manitoba and Saskatchewan resulted in the pursuit of a sectoral program.

The Ontario INAC Regional Office approached representatives from agricultural oriented reserves in six Districts to see if there was sufficient interest to proceed. As a result an organizational meeting was held in 1981 to formalize a committee and to begin preliminary work on planning the program. The committee was an expansion of the London District Agricultural Committee formed in 1975 and funded by Ontario INAC to identify the need for agricultural development in the District. Ontario INAC continued to fund

the organizational work of the expanded committee. During this period IAPO had two staff and no money for loans.

The IAPO was incorporated as a nonprofit corporation in 1984. From incorporation to the present, IAPO has developed an organizational structure, policies and procedures for operating a loan program, and a delivery system from its two offices in Lambeth and Stirling.

b. Mandate and objectives

IAPO has the following mandate:

- To evaluate the agricultural potential of Ontario reserves, and to develop programs to assist Indian people to effectively utilize these resources.
- To create, enlarge, and administer a fund for the benefit and promotion of Indian farmers.
- To provide loans and loan guarantees to Indian farmers.
- To provide agricultural management and extension services to Indian farmers. This will encourage Indian farmers to take advantage of assistance programs offered by other agencies, particularly the Ontario Ministry of Agriculture and Food.

c. Geographic area and client base

The IAPO is to serve the entire province although the primary areas of agricultural potential are the Bruce, Fort Frances, London, Peterborough, and Sudbury Districts.

A person may apply for assistance if s/he is:

- a registered Status Indian;
- at least 18 years of age; and
- a farmer in that s/he earns in excess of \$6,000 gross income per year from farming, or s/he is a beginning farmer.

Generally, those activities that are oriented to markets for recreational, decorative, and aesthetic purposes are not considered to be farming.

d. Staging of development

The intent of the organizing committee was to gather local support and then to proceed to implementation as soon as possible. The committee anticipated that funding would be available from INAC as it had been in Manitoba and Saskatchewan. However, this was not the case as it is



believed that funds were diverted to the newly created NEDP. NEDP in turn could not make funds available for primarily natural resource based projects. Finally the Ontario INAC Regional Office committed itself to the provision of core funds for five years beginning in 1984. The IAPO appreciated the funding, but too much money was available for administration and not enough money was available for capitalization.

The Board continued to negotiate with NEDP through a long and expensive process. As a result of these negotiations in 1987 IAPO received approval for NEDP capitalization of \$2.75 million to establish a loan guarantee program although IAPO preferred a direct loan program. In fact IAPO had asked for \$18 million and an independent consultant, hired by the NEDP, recommended capitalization of \$10 million for three years.

#### e. Organizational structure

The IAPO is a nonprofit, non-share capital corporation. The Board is composed of five Indian farmers who represent Indian farmers in the Districts with the greatest agricultural potential, one non-Indian farmer, and one agricultural loans officer (at the insistence of NEDP). Board membership has been very stable. In addition, the IAPO Board is advised by Farmer District Advisory Boards.

The IAPO is staffed by a program manager and two other staff allocated among five organizational components: loans, training, field, accounting, and clerical. A fourth staff person will be added shortly. There are two field offices, one in Southwestern Ontario (Lambeth) and one in Southeastern Ontario (Stirling).

#### f. Activities and services provided

The IAPO undertakes the following activities and services:

- Advisory services in farm financial management, livestock production, field and horticultural crop production, and general agricultural development. Farmers are also encouraged to utilize the agricultural advisory services offered through the Ontario Ministry of Agriculture and Food.
- Normal commercial and public funding programs do not readily allow for the provision of financing on reserves. Through its Loan Guarantee program IAPO will provide guarantees to commercial lenders for both operating and term loans.
- Depending on the interest and support of local farm groups and the availability of funds IAPO will undertake Special Projects. These Special Projects have been: Garden Competitions, an Indian Corn Competition, Machinery User Groups, and a Lowbush Blueberry Project.

- The IAPO continues to explore sources of alternative farm income including crop and livestock use, processing, and marketing.

#### g. Financing and resources

##### Indian Agricultural Program of Ontario Source and Application of Funds, 1983 - 1988

| Source and<br>Application of Funds | 1983/84 | 1984/85 | (\$ 000's)<br>1985/86 | 1986/87 | 1987/88  |
|------------------------------------|---------|---------|-----------------------|---------|----------|
| INAC                               |         |         |                       |         |          |
| - Administration                   | 30.0    | 50.0    | 150.0                 | 200.0   | 200.0    |
| NEDP                               |         |         |                       |         |          |
| - Loan guarantees                  | -       | -       | -                     | -       | 1,500.0* |
| - Administration                   | -       | -       | -                     | -       | 50.0**   |
| - Computers                        | -       | -       | -                     | -       | 35.0     |
| - Agricultural study               | -       | -       | -                     | -       | 35.0     |
| Total                              | 30.0    | 50.0    | 150.0                 | 200.0   | 1,820.0  |

\* an additional \$1.25 million is forthcoming in 1988/89.

\*\* an additional \$50.0 is forthcoming in each of 1988/89 and 1989/90.

The IAPO budget supports three full time and one part time staff.

#### h. Linkages with other programs

In addition to INAC and the NEDP the Program maintains working relationships with:

- the Ontario Ministry of Agriculture and Food (the Program's manager is a former employee of OMAF),
- the University of Guelph,
- the Farm Credit Corporation, and
- the Canadian Bankers' Association.

#### i. Training provided

Board members are all active farmers who understand the needs of their clients. The manager is fully qualified.

The IAPO management reports that there are sufficient training funds available through the Province and CEIC for their needs.

The intent of the Program is not so much to provide training as it is to provide technical and advisory extension services.

#### j. Nature and extent of INAC control

The terms and conditions of INAC funding are negotiated and monitored by the Regional Office. A member of the Regional staff sits as an ex officio member of the Program Board. The Program operates as an independent institution. The IAPO management reports no problems with reporting to INAC unlike the NEDP which requires large amounts of information.

k. Strengths and weaknesses

One of the undisputed strengths of the IAPO is the knowledge, commitment, and businesslike approach of the Board. Much hard work and perseverance has brought the Program to its present stage of development. The Board has devoted much effort to making the Program known to, and understood by, Indian farmers.

In order to assess the strengths and weaknesses of IAPO to date, one might compare the present Program with that outlined in its 1982 proposal. That proposal envisaged a program comprised of six components requiring \$16,911,000 as follows.

- Program management: \$453,000 for an Ontario Indian farmer owned institution with a representative nine member Board, six District advisory boards, and a technical advisory board of potential public and private assistance agencies.
- Program administration: \$415,000 to provide day to day management.
- Program delivery: \$2,200,000 to provide special extension and advisory services.
- Training: \$1,543,000 to provide a comprehensive training program tailored to the varying needs of clients.
- Contributions: \$8,300,000 to provide equity to clients to achieve acceptable debt/equity ratios in the early development stages.
- Loans: \$4,000,000 for direct capital and operating loans.

The current funding from INAC and NEDP for five years will total \$3,170,000. This is only 19% of that contained in the Program proposal. The most obvious shortfall is the entire lack of capitalization for the project equity component. On the surface, IAPO's basic problem may be perceived as inadequate funding resulting in insufficient technical staff and its inability to sponsor in the field development.

A more realistic view, however, would present a more positive picture. It is doubtful that the IAPO could have actually utilized \$17 million in its first five years. By necessity the IAPO has evolved slowly, developing a much

sounder base in the process. The IAPO has accomplished a commendable level of progress in three years.

## Indian Forestry Development Program

### a. History

The origins of the Indian Forestry Development Program (IFDP) date back to 1962. At that time, Indian Bands around Lake-of-the-Woods expressed an interest in establishing logging operations. A small assistance unit, the "Indian Logging Program (ILP)", was set up as a component of the Canada-Ontario Resources Development Agreement between INAC and the Ontario Department of Lands and Forests (now the Ontario Ministry of Natural Resources, OMNR). The ILP's original intention was to assist Bands or Indian logging corporations to negotiate Crown Timber Licenses with the local pulp company and the OMNR to prepare woods management, operating plans, forestry experience, monitoring services, and other assistance to Indian operations on reserve or Crown lands.

In the mid-1970's the program emphasis shifted from logging assistance to the provision of forest management and silviculture plans, and assistance to Bands in securing approval for, and the supervision of, silviculture projects to restore reserve forest resources.

The Resources Development Agreement provided administrative funding for the ILP on a 50-50 cost sharing basis between INAC and the Ontario Ministry of Natural Resources. The ILP also accessed developmental funding from a variety of sources including INAC, ARDA, NORDA, UIC Job Creation, Environment 2000, and Job Development.

ILP staffing consisted of one full time supervisor and up to three forest technicians engaged as casual (i.e. nine month) OMNR employees. Additional summer staff was hired to undertake field activities such as forest inventories and regeneration surveys. Between 1980 and 1985, in order to maintain continuity of operations, two technicians were hired in their "off" months by various Bands or Indian corporations.

On April 1, 1985, consistent with the policy of devolution, ILP was transferred to an existing Fort Frances based Indian development corporation jointly owned by the Seine River, Rainy River, and Nicickousemenecaning Bands. The institution was renamed the Indian Forestry Development Program to reflect its wider range of activities. Core funding is provided by INAC, and infrastructural and technical support is provided by the OMNR in Kenora. Although the administrative umbrella of the Indian development corporation was intended to be an interim arrangement to full independence, that parent - subsidiary arrangement continues. The IFDP continues to access development funding through the Canada-Ontario Forest Resource Development Agreement

(COFRDA).

b. Mandate and goals

The IFDP is mandated to provide a full range of forestry services to the 25 Treaty No. 3 Bands. In effect, the IFDP performs functions similar to those of a woodlands department of a large woods industry corporation. The goals and objectives of the Program are as follows:

- To establish and maintain an optimal level of information, including a forest management plan, concerning the forest resources of each reserve.
- To maintain and increase the quantity and quality of growing stock on the reserves through data assessment and storage, sophisticated silviculture and cutting techniques, and increasing Band knowledge of such techniques. Reserve services are prioritized according to accessibility.
- To provide a liaison and advisory service to Bands and Band members wishing to pursue forestry operations on reserve, Crown, or Company lands.
- To promote forest management training for a select number of Band members.
- To coordinate the forest operations by preparing funding proposals for such activities as cutting, tree plants, and plantation tending.

c. Geographic area and client base

The IFDP operates only in the Treaty No. 3 area of Northwestern Ontario where it serves 25 Bands. The land base of 60 reserves contains 93,100 hectares of productive forest land. Any Band, Indian corporation, or Band member is eligible for assistance.

d. Staging of development

The IFDP is currently concentrating on long term silviculture goals. The Program management intends to gradually shift emphasis toward more forestry business development, a function that it is receiving pressure from existing forestry operations to provide.

Future development, presently in the initial concept stage, envisions a series of similar forestry programs throughout Ontario. These programs would probably operate under some coordinating umbrella. Currently a professional forester (a previous employee of IFDP) is providing advisory services to Bands in the Sudbury District while Bands in other areas of Ontario obtain technical assistance from a variety of sources on an "as required" basis.



INAC sees the need for four additional sub-Regional forestry programs. They would have a similar purpose, but activities would vary because of resource and geographic conditions. The present Program could not serve other areas unless additional funding is forthcoming.

e. Organizational structure

The IFDP operates as a subsidiary of 502133 Ontario Ltd., an Indian owned development corporation based in Fort Frances. The operational base is in the OMNR's offices in Kenora.

The Board of Directors consists of six directors, two directors representing the Bands in each of the Dryden, Fort Frances, and Kenora areas. Directors are a mix of persons experienced in forestry and economic development, some who are Chiefs. The President of 502133 Ontario Ltd. serves as a nonvoting Chairman of the Board. The Program also has a technical advisory committee comprised of representatives from INAC, the OMNR, and the Canadian Forestry Service (CFS).

Clerical, Bookkeeping, and accounting functions are provided by a private firm under a contractual arrangement with 502133 Ontario Ltd.

IFDP has a staff of six. The forester and operations supervisor report to the general manager. The senior technician and the field technician report to the operations supervisor. The former is responsible for the training technician who provides field instruction to trainees, casual employees, and summer students.

Additional ad hoc technical and logistics support is provided by the CFS, INAC and the OMNR which sit as a technical advisory group to the Board.

The IFDP intends to incorporate as an independent institution this fall. Once incorporated the IFDP will handle its own administration.

f. Activities and services provided

The IFDP provides the following services:

- Silviculture planning, site preparation, and tree planting.
- Long range planning including the preparation and updating of plans, silviculture program and proposal development, activity planning, and special studies.
- Harvest monitoring.
- Other activities such as plantation assessments, reserve forestry overviews, inventory compilation, and miscellaneous liaison and



administrative functions.

Project priorities are set by the Board. Funded programs, such as the COFRDA planting and plant tending, usually take precedence. The management plan preparation is driven by requests from Bands. Preparation for silviculture is an ongoing activity.

Although records for some of the early years are incomplete, a summary of ILP/IFDP activities to 1986 includes the following:

|                                   |  |
|-----------------------------------|--|
| No. of forest inventory reports:  | 17                                     |
| No. of forest management plans:   | 12                                     |
| No. of forest silviculture plans: | 16                                     |
| No. of forest operating plans:    | 11                                     |
| No. of other forestry reports:    | 6                                      |
| Site preparation:                 | 5,100 acres                            |
| Tree planting:                    | 6,800 acres and<br>5 million seedlings |
| Plantation tending:               | 3,600 acres                            |

g. Financing and resources

#### Indian Forestry Development Program Source and Application of Funds, 1983 - 1988

| Source and<br>Application of Funds | 1983/84 | 1984/85 | 1985/86    | 1986/87 | 1987/88 |
|------------------------------------|---------|---------|------------|---------|---------|
|                                    |         |         | (\$ 000's) |         |         |
| Core Function                      |         |         |            |         |         |
| - Directors' expense               | -       | -       | -          | -       | 18.0    |
| - Salaries and benefit             | 78.8    | 85.6    | 138.9      | 223.2   | 234.4   |
| - Operating costs                  | 28.8    | 21.6    | 51.0       | 74.6    | 78.4    |
| - Administration                   | -       | -       | 28.5       | 44.7    | 28.9    |
| - Program delivery                 | -       | -       | -          | -       | 40.0    |
| - Subtotal                         | 107.6   | 107.2   | 218.4      | 342.5   | 399.7   |
| Developmental                      |         |         |            |         |         |
| - NORDA program                    | 124.1   | 212.7   | 144.4      | -       | -       |
| - NORDA (INAC)                     | 35.5    | 45.4    | 23.9       | -       | -       |
| - Environment 2000                 | -       | 92.6    | -          | -       | -       |
| - Job development                  | -       | -       | -          | 229.7   | -       |
| - UIC-JC (forestry)                | 1,222.0 | -       | -          | -       | -       |
| - COFRDA                           | -       | -       | 48.6       | 213.2   | 200.0   |
| - Subtotal                         | 1,381.6 | 350.7   | 216.9      | 442.9   | 200.0   |
| Total funding                      | 1,489.2 | 457.9   | 435.3      | 785.4   | 599.7   |

h. Linkages with other programs

At the District and Regional levels the IFDP has a close working relationship with the INAC Economic Development Program and OMNR's timber management branch. Since 1982 the IFDP has

worked very closely with the CFS. This relationship has progressed to the point where the IFDP in effect acts as the CFS agent for the supervision of Indian projects funded by CFS.

In addition, the IFDP maintains liaison with all federal departments and provincial ministries whose mandate includes either or both of forestry development and service to Indians. The IFDP also maintains day to day contact with forest industry companies in the Treaty No. 3 area.

#### i. Training provided

The staff of the IFDP are all qualified foresters or forest technicians, some of whom have been with the Program for 10 years. One of the objectives of the Program is to provide as much involvement of Band members as possible in field operations, thereby including field instruction in the principles and practice of forestry. Selected individuals are trained to eventually fill staff positions. A program to incorporate field and classroom instruction over a two or three year period has been developed. One individual is currently in his second year as a technical trainee.

#### j. Nature and extent of INAC control

The terms and conditions of INAC funding are negotiated and monitored by the Regional Office. Members of INAC's Regional and District Offices meet with IFDP directors and management through the Technical Advisory Committee. The IFDP, however, is an independent institution.

#### k. Strengths and weaknesses

Undoubtedly the IFDP's greatest strength has been the quality and commitment of its staff and their ability to maintain good working relationships with the clients. Considering that the Program has operated on strictly a year to year basis and, until recently, staff benefits were few or nonexistent, the commitment of staff has been truly commendable. The Program sprung from a distinct need recognized by all the parties and its contribution to the economy of Northwestern Ontario is also recognized, resulting in the continued support that it receives.

A weakness of the IFDP is that, because of financial restraints, it is unable to adequately respond to all requests from its constituents. The necessity of prioritizing causes some Bands to believe that "favouratism" exists, especially in the years before a representative Board was established. For the same reason, the IFDP has not been able to assist Bands to fully develop and access forestry opportunities off reserve.

Financial constraint has prevented servicing other areas of Ontario either through an extension of the existing Program or through the establishment of similar programs.

#### 3.3.4 Chiefs' and Tribal Councils

Chiefs' or Tribal Councils are not a common institution in Ontario. There are presently only two which have received any operational funding to date. These are the Windigo Tribal Council and the United Chiefs Council of Manitoulin. In addition, seven Chiefs' or Tribal Councils have been recently established to participate in the pre-planning and planning stages of the devolution process. These seven Chiefs' or Tribal Councils are: Fort Frances, Kenora, Muskegog, Nakina, North Shore, Pehtabun, and Shibogama. No organized groups have been formed in the London, Northwest of Sudbury, Peterborough, and Sudbury areas.

The one Chiefs' Council/Tribal Council studied has not had staff capability to regularly engage in business and economic development activities. For a short period of time a staff person and consultant were hired to prepare an economic development strategy and framework for

an economic development corporation. This work was funded by a CEIC program. Funds could not be found to continue this work or fund the development corporation.

#### 3.3.5 Band Councils - the Band Economic Development Officers Program

##### a. History

In the early 1970's the INAC Economic Development Program experienced tremendous growth and much emphasis was given to business development in addition to the modest resource based activities to which it had been previously confined. Within a year or two of this growth there was an acknowledgment that some Band Councils did not have the skills or experience to plan for economic development.

Authority was obtained for the formation and limited funding of Band Economic Development Committees. Applying Bands had to go through a number of pre-entry and entry requirements such as demographic studies, work force analysis, cataloguing of opportunities to receive \$20,000 per year with a sunset clause. This amount was to cover a per diem to committee members, travel, overhead, consultants and/or the retention of a full time Band Economic Development Officer (BEDO).

The program did not take hold in most of Ontario for unknown reasons.

In 1976 after mercury was discovered in the English and Wabigoon Rivers, the Band Work Process was offered by INAC to

the two communities affected. Eventually the program was offered nationally. In addition, the emphasis on Indian business development was not producing the desired results. Treasury Board was dissatisfied with the failing projects and the poor state of the IEDF loan portfolio. The Band Work Process projects, an attempt at planning and coordinating to achieving maximum job creation from all opportunities, did not need to demonstrate long term viability.

In 1978 Frank Bradley became Regional Employment Coordinator. He established the Socio-Economic Development Fund (SEDF) funded through 2% of the non-capital budget allocated to the Districts. He argued that the remote and rural Bands would not develop under the rigid guidelines of IEDF. The SEDF was used to fund BEDO's and small projects.

SEDF budgets were decentralized to Districts on a formula of employables on welfare. The Districts were not, however, bound to allocate funds by the employables on welfare formula. Districts were free to negotiate Band Economic Development Committees, BEDO's, or work projects with their client Band Councils. The guidelines for SEDF implementation were very flexible, but projects had to meet three performance objectives:

1. enhanced quality of Band planning,
2. creation of permanent jobs, and
3. a reduction in welfare.

Since there were many alternate work programs available, few Bands used the SEDF for work projects. As well, the idea of Band Economic Development Committees did not take hold. The result was that the bulk of SEDF funds were used to retain full time BEDO's.

The BEDO program evolved through negotiations between each District Office and the Bands in the District. Until this year there did not exist documented parameters for the program. As a consequence performance expectations and activities have varied greatly among the Districts. In 1986/87 the SEDF was eliminated and the BEDO's have since been funded through an "A" Base BEDO entry.

b. Mandate and goals

The original mandate was to plan and coordinate all available opportunities to maximize employment creation. The current mandate varies among Districts.

c. Organizational structure

At this time the program is strictly run by BEDO's at the direction of their Band Council employers. An alliance has been

formed, however, of BEDO's in the Peterborough District with the full support of the Chiefs. The alliance spokesman has also had discussions with BEDO's from the London and Sudbury Districts with a view to the possible establishment of a province-wide BEDO alliance.

d. Client base

There are now 92 BEDO's in all parts of Ontario. BEDO service clients are Band Councils and individual Indians who want information, development assistance, employment off reserve, or training.

e. Staging of development: see "History"

f. Activities and services provided

The activities and performance of 80 BEDO's from 78 Bands have been reported. These BEDO's claim to have coordinated:

- the formation of 95 new businesses,
- the expansion of 32 existing businesses,
- the creation of 744 new jobs,
- the maintaining of 37 jobs,
- the arranging of 319 training positions,
- the preparation of 23 development strategies; and
- the access of \$22.6 million: \$2.8 million from INAC; \$7.4 million from NEDP, IAPO, and ARISE; \$8.6 million from CEIC; \$3.1 million from the Province of Ontario; and \$0.7 million from the Canadian Forestry Service.

In some of the above items, however, the BEDO's should not be given full or even partial credit. This especially pertains to access to INAC and NEDP funds. The BEDO's only get involved in the administration of Canadian Forestry Service funds, they are not involved in accessing these funds. The BEDO's can, however, claim credit for much of the CEIC funding as CEIC in Ontario did not have the staff to "dump" large amounts of money in the absence of BEDO's.

Of the 63 BEDO's assessed for overall performance by the District Offices, the following ratings were obtained:

- inadequate: 20
- adequate: 33
- very good: 10

In terms of business creation and business expansion results the



London and Peterborough BEDO's have the best overall district performance record.

g. Financing and resources

District reporting does not allow for an accurate calculation of program expenditures. \$2.1 million was allocated to the program in 1986/87, but Districts were allowed to add a further allocation from other budget categories. In 1986/87 reported expenditures per District were as follows:

1986/87 Reported Expenditures for the BEDO Program

| District        | Expended<br>\$ (000's) |
|-----------------|------------------------|
| - James Bay     | 279,601                |
| - Sudbury       | 367,300                |
| - Fort Frances  | 110,000                |
| - Kenora        | 239,242                |
| - Lakehead      | 159,000                |
| - Nakina        | 131,274                |
| - Sioux Lookout | 476,945                |
| - Brantford     | 98,850                 |
| - Bruce         | 74,700                 |
| - London        | 323,500                |
| - Peterborough  | 330,000                |
| Total           | 2,590,412              |

It is believed that actual expenditures are closer to \$3 million. The balance above the allocated \$2.1 million would come from the ICHRS supplementary budget. From 1979 to 1983 the BEDO budget was around \$1 million, and from 1983 to 1986/87 the budget was around \$2 million. The budget increases have occurred largely because of increasing numbers of Bands with BEDO's. From 1978 to 1986/87 funding came from the SEDF allocation, in 1987/88 the program is being budgeted as an "A" Base item.

Typically the allocation to a Band Council covers the BEDO salary, fringe benefits, and a travel allocation.

h. Linkages with other programs

At the community level there are extensive linkages with other programs. BEDO's are, for example, often directed to run the housing program, a fund raising, or the community newsletter.

1. Training provided



The extent and type of training provided to the BEDO's depended on the District orientation of the program - for example, business planning in one District and community development in another District.

At one time the Districts had sufficient funds for BEDO training. Now the Regional Office holds \$200,000 for BEDO training and Districts must coordinate submissions.

j. Type and extent of INAC control

In theory the District Office has the authority to approve or withhold funding, or terminate the program for a specific Band. In practice compromises are made and new goals are developed. Apparently the program has never been withdrawn because of inadequate performance.

k. Strengths and weaknesses

The great strength of the program is local knowledge of opportunities, the political environment, contacts, and neighboring communities. It is the knowledge of programs available locally and the ability to coordinate them for maximum local benefit. It is also a candid knowledge of the Band clients, something District staff often do not possess.

The BEDO program has also accessed large amounts of funds from CEIC and other sources.

The weakness of the program is its lack of institutional orientation. It is an INAC responsibility devolved to Bands under strictly local conditions. The program lacks or lacked:

- until this fiscal year a clear, uniform mandate;
- a generic job description, a salary scale, and minimum qualifications for the incumbents;
- a critically needed identification of the untrainable incumbents;
- a training strategy for the trainable incumbents;
- a charter to businessmen to effect objectivity in services and confidentiality of information;
- a capacity to deal with Indian businessmen and women off the reserves;
- a way of sharing information among BEDO's;
- a stable, adequately funded, multi-year resourcing program; and

- adequate support from Band Councils whose interest and time is often diverted by other priorities.

An alarming number of Indian businessmen will not deal with the BEDO's because they see the BEDO's as unqualified and an employee of a political body where business objectivity and confidentiality cannot be guaranteed.

## 4.0 ASSESSMENT OF CRITICAL FACTORS CONTRIBUTING TO SUCCESS OF INSTITUTIONS

### 4.1 Introduction

The study has resulted in a considerable amount of data and information which can be utilized to assess the factors which can and do contribute to the success of various Indian controlled economic development institutions. It should be observed that the findings and conclusions are relatively specific to Ontario, in that the economic development environment in Ontario is quite unique, as are the institutions that have developed at least partially in response to that environment. The reader should also be cautioned that, while the consultant maintains a high degree of confidence in the findings of the study, these findings should not be interpreted as constituting an overall evaluation of the institutions operating within Ontario, either taken individually or as a group. A complete evaluation of each institution would necessarily entail a more extensive process of data gathering and interpretation than was possible; and than was necessary for the purposes of this study.

This section of the report will begin with an assessment of critical factors contributing to the success, and in some cases lack of success, of the various types of institutions. It will then proceed to an examination of factors critical to the success of an overall economic programs delivery and development system in Ontario.

It should be noted that all conclusions respecting factors critical to the success of various institutions, and indeed programs of the department, must implicitly or explicitly be based on certain objectives. In general, these are the objectives associated with successful economic development. However, in addition, some particular concerns of INAC, as the national Indian agency and trustee, necessarily enter into the assessments, particularly given the focus of this study on the devolution process. These concerns fall generally into the category of assuring fair and uniform access, for individual Indian people and Bands, to essential economic development services falling within the mandate of the Department.

### 4.2 INDIAN FINANCIAL INSTITUTIONS

The benefits of Indian controlled financial institutions are clear, and are widely recognized in Ontario. The most fundamental role of such institutions is to assist in the capitalization of Indian business enterprises. The need for such assistance has been well documented in other studies. It relates generally to the special legal, social and economic conditions within which Indian businesses operate; and the failure of mainstream financial institutions to perform an effective mediation and capitalization role under such circumstances.

Indian controlled financial institutions provide very specific benefits in terms of:

- self control and accountability
- Indian jobs and experience
- superior knowledge and understanding of client conditions and needs
- greater and more appropriate flexibility in terms and conditions of assistance

The experience with Indian controlled financial institutions in Ontario is quite limited, and is relatively recent. However, the interviews and other observations garnered during the course of the study suggest the following:

\* financial institutions function most effectively when their mandate is relatively precisely defined, and restricted largely to the capitalization of business developments. An expectation that such institutions provide a wide array of developmental services can often complicate the successful fulfillment of their primary function. This is revealed in the reservations evident in Ontario, on the part of the institutions themselves, regarding the assumption of responsibility for providing advisory and other services.

\* competent business advisory services, and sound business planning, are fundamental to the success of financial institutions. The financial institutions that have developed in Ontario expect, and indeed have the right to expect, that the department will accept its responsibility to ensure that such services are available. The institutions will not always plan to provide these services, even with financial assistance, and may not want to, and feel competent to do so. An attempt to induce these institutions to deliver advisory services against their own best judgement, has the potential to compromise the institutions, and the quality of the services provided.

\* financial institutions are exceedingly complex business organizations. It is very difficult to predict success without a considerable track record extending over an extended period of time. The two financial institutions have not been in existence long enough to assess their long term viability and stability. Further, INAC possesses very limited information about these institutions and their performance; information which would be essential if these institutions were to play any significant role in future INAC plans. It is thus difficult to premise any approach to long term service delivery on the continued existence of these institutions, or on their capacity to successfully manage programs.

\* the success of financial institutions is highly dependant upon adequate capitalization. Both of the existing institutions appear to be seriously under-capitalized. Given this situation, it is problematic to expect these institutions to undertake further devolved responsibilities, at least until the anticipated

capitalization problems are resolved.

\* many Indian leaders and economic development officials in Ontario believe that the complex and specific management imperatives of financial institutions make their success highly dependent upon separation of political considerations from business considerations. Given that Indian financial institutions will almost always be part of a "public" ownership system involving Bands and Chiefs, as is the case with the two institutions in Ontario, it is not at all clear how this separation can be effectively implemented. It is too early to tell whether it has been achieved with the institutions now in existence in Ontario.

\* the time required to develop even a small financial institution is very considerable, based on the Ontario experience. It is highly unlikely that a significant number of such institutions could develop in Ontario in the short period over which devolution is expected to proceed.

\* in order for financial institutions to be effective as instruments for the delivery of INAC economic development services which are to be universally and relatively uniformly accessible, it would be necessary to have a comprehensive system of such institutions throughout the region. However, such institutions successfully develop when the potential clients want them in order to meet business financing requirements. The limited number currently in existence in Ontario clearly illustrates the kind of special desire and initiative required. There is no evidence that this is either widespread or universal.

\* ARISE and NADF could be effective instruments for the administration of IEDF loans and contributions. However, no policy currently exists for the devolution of these INAC financing programs to financial institutions. Given the general thrust of devolution to Tribal Councils, it is not clear that these financial institutions are the appropriate vehicles for the administration of these departmental programs. Indeed, in the view of the consultant, these programs should be considered for devolution to Tribal Councils at an appropriate time (excepting the outstanding IEDF loan portfolio, which might be considered for sale to financial institutions in appropriate geographical areas.

The consultant was asked, in keeping with the issues identified earlier, to comment on whether the financial institutions might be considered as alternative vehicles to carry out the activities to be provided for under devolution. It is the consultants opinion that the advisory services functions provided for under devolution would not be well provided through the financial institutions in the Ontario environment. The institutions do not perceive the provision of such services by them as a priority, or even as part to their legitimate mandate. Their stage of development is not such as to make them a reliable



vehicle for the administration of such services. They are small in number, with a limited reach in terms of the overall Indian clientele. Utilizing them to provide general advisory services would fragment services, with no gain in effectiveness. Lastly, the future of these institutions is by no means secure. The two now in existence are severely under-capitalized, and have virtually no track record in their primary business. For all of these reasons, it is considered inadvisable to look to these institutions as workable vehicles for the development of advisory services.

The consultant is of the view that the financial institutions could be appropriate vehicles for devolved administration of certain financial assistance programs. In particular, the IEDF loan portfolio within the geographic region of the institution might be transferred. However, even this possibility should likely be held in abeyance until the management capacity and sustainability of the institutions is more clearly established.

#### 4.3 SECTORAL INSTITUTIONS

The three sectoral institutions have generally performed well under what have often been difficult circumstances. The factors critical to their success have included:

- \* strong links to the client producers and/or businesses
- \* experienced, capable management and staff
- \* relatively stable administrative funding
- \* successful avoidance of conspicuous political activities
- \* a well defined mandate, focussed on specific sectors and activities
- \* effective links with government technical advisors and advisory services
- \* good linkages with the relevant parts of the business community, and with research organizations
- \* effective planning

The sectoral institutions have nevertheless been impeded from realizing their full potential due to problems in accessing capital funds to support development, constraints on operational funds, and uncertainty with respect to the commitment of governments. These factors have contributed to the institutions being limited in terms of their accessibility and geographic reach.

In general, the sectoral institutions have reached a stage of development and maturity where they could be considered as viable candidates to take on additional administrative responsibilities. However, their very specific focus on particular sectors, and in some cases geographic areas, makes it questionable whether they could be successfully utilized for purposes of the current devolution thrust of INAC, within current resources. The sectoral institutions have many critical unmet needs for additional resources, but these would best be provided for through a careful examination of their requirements, and through specific agreements directed at meeting these needs. The sectoral institutions are essentially sectoral specific development institutions, with a carefully nurtured focus on what is needed. Their success should not be compromised by asking them to expand or alter their focus at this time, something which could clearly happen if they are asked to take on more general responsibilities as part of the devolution process.

#### 4.4 BAND COUNCILS: THE BAND ECONOMIC DEVELOPMENT OFFICERS PROGRAM

The Band Economic Development Officers program is in certain ways a unique program to the Ontario region. While it has its origins in a national program, it would not have taken root as extensively as it did without a firm commitment from the INAC Region. It has been widely adopted, with virtually all bands now participating in the program. As such, it manifests a major commitment by the Bands themselves to economic development. And it attempts to address one of the major constraints to economic development identified, namely the lack of effective business planning and business management skills at the local and community level.

The BEDO's have a number of characteristics which contribute to their effective functioning, including:

- understanding of local communities
- understanding of local economic conditions
- close relationship with Bands and Band members

However, during the course of this study, the consultant has determined that there are a large number of factors which contribute to the success of a locally based economic development advisory service such as the BEDO program. Indeed, this program provides an excellent case study with respect to the development and management of such a service. Factors identified as critical to the success of such a program include:

\*the establishment of a clear mandate for the program, and of clear terms of reference for the personnel engaged by the program. The BEDO program has never had mandate and terms of reference clearly established. As a consequence, its ability to

perform as part of an INAC system delivering INAC mandated services has been severely limited.

- \* the establishment of a simple, acknowledged, and adequate financing system for the program. The system for financing the BEDO program has, almost since its inception been tentative, unclear, and uncertain in terms of authority. In addition, the funds have not been adequate to recruit and retain competent professionals with the training and experience required for the program. This uncertainty and lack of clarity around funding has pervaded the whole program, affecting motivation, morale, willingness to commit effort to long term undertakings, and relationships with INAC. No program can effectively do its job in such a climate of uncertainty.

- \* the provision of adequate remuneration for employees of the program. As has been indicated, salary and fringe benefits packages for BEDO's are seriously deficient. This has made it extremely difficult to attract and retain people with appropriate training and experience. This in turn has adversely affected the credibility of the program with its clientele.

It must be made clear that this is not as blanket or general condemnation of the BEDO's currently employed within the program. Indeed, it is a credit to those very personnel that so many have contributed a great deal under very difficult circumstances. Nor is it an argument for employing trained non-Indian professionals who do not have the community experience that many of the current incumbents have. Nevertheless, it is obvious that it will be impossible to attract the best candidates, and to induce them to invest in the necessary on-going training, unless remuneration is fair and competitive.

- \* the provision of opportunities and support for necessary on-going training. Business advisors must necessarily operate in a highly complex and sophisticated environment if they are to be of help in advancing certain kinds of projects. In other circumstances, they must have the knowledge and understanding of people, process, and community to help access opportunities which an entrepreneur from an urban, non-Indian community would be unable to do. The skills needed are not only incredibly complex, but they are not likely to be acquired through the usual professional training and experience. The experience with the BEDO program makes it unequivocally clear that a successful program for Indian business advisory services must have encompassed within it an effective training and professional development component.

- \* the establishment of effective management and accountability systems. The BEDO's generally report directly to Chiefs, or to Councillors designated by Chiefs. Not surprisingly, they often tend to be called upon to act more as executive assistants to Band administrations, or as political assistants to Chiefs. These may be needed and even necessary functions from the point of view of the Chief or Band. However, the effect on the program

as an economic development advisory service is close to devastating in these cases. The time available to work on economic development is severely diluted. The officer's recognition as a professional is often undermined. And the confidence which business people have in the program is severely compromised. There often develops a sense that the officer cannot be trusted with confidential information, because of his/her political role; and that the priorities of the officer are geared more to a political agenda than an economic and business one. Fair or not (and in a number of cases it appears to be), this undermines the effectiveness of the whole program.

The consultant was asked, following on the issues identified earlier, to comment on whether alternate institutions might be candidates to be included in the devolution policy of the department in the future, with particular attention paid to the finances available for advisory services. The consultant has concluded that, given with experience with the BEDO program, Bands should not be considered as an alternative institutional vehicle for the administration of advisory services funds under the devolution policy. Indeed, given the small scale of operations and the inherent management problems, it is doubtful whether Bands could be considered as appropriate vehicles for administering any economic development programs of INAC. This is not to suggest that Bands should not develop and operate economic development projects and business enterprises, with government support. It is merely to suggest that program administration, as opposed to project and enterprise management, can likely best be undertaken by other types of Indian controlled institutions in the economic development area.

#### 4.5 CHIEFS' AND TRIBAL COUNCILS

As has been indicated in the report, the Tribal Councils are in a very preliminary stage of development in Ontario. It is thus difficult to comment on factors contributing to the success of such institutions, based on historical evidence. Nevertheless, Tribal Council development is now well underway, and there has been a considerable amount of thinking take place with respect to the kinds of things that will likely contribute to success.

The following are some select observations regarding the likely success, or lack of success, of Tribal Councils, as vehicles for Indian control and administration of economic development activities:

\* Tribal Councils are relatively complex organizations, requiring effective political accords and management arrangements. These take time to develop. The current pressures created by the timetable for downsizing is placing extreme pressure on the development of Tribal Councils, which may very well be detrimental to their success. The experience with



other institutions in Ontario points to the need to provide adequate time to plan, implement programs, and train personnel. While INAC Regional Office has done a commendable job in supporting the development of Tribal Councils, the pressure created by the downsizing timetable is a real threat to success in this regard.

\* Tribal Councils nevertheless appear to be the most appropriate vehicles for the provision of advisory services in the area of economic development. They will be capable of mobilizing the necessary management capacity to ensure effectiveness and accountability. They will be large enough to generate the needed critical mass of expertise and training. And they should, if developed carefully and well, have the necessary credibility with Indian people, business, and other agencies.

\* It is highly unlikely that a comprehensive system of Tribal Councils will develop in the Ontario Region in the foreseeable future. The result will be that certain large areas will not be served by Tribal Councils.

\* There are no workable alternative institutions that could take the place of Tribal Councils in providing devolved services, where it is anticipated that Tribal Councils will not be formed.

\* The INAC Region has developed what appears to be a workable plan to provide services where Tribal Councils are not formed, or where Bands chose not to participate. And while Regional Office claims this will not involve any overall decline in quality of service, the consultant questions whether this has clearly been established. Access to service and quality of service must be carefully monitored as the downsizing/devolution process proceeds. Further, INAC should be prepared to alter the pace of downsizing should serious problems develop.

\* Experience with other institutions suggests that Indian controlled economic development institutions work best when services are provided on the basis of rigorous developmental criteria, administered on a professional basis. There is a legitimate concern, expressed by both Indian spokesmen and INAC officials, that the Tribal Council structures currently envisaged will not provide for sufficient separation of activities from political pressures and interference. INAC Regional Officials have developed a proposal that would involve Tribal Councils forming Development Corporations to carry out economic development activities. This is a worthy proposal that appears to have some support in the Indian community. However, in order to be adopted, it is anticipated that there would need to be a considerable period of Indian review and deliberation. Again, the timetable for downsizing and for the creation of Tribal Councils may very well negate a positive consideration of this approach.

\* Tribal Councils, if developed effectively, could very well become the most appropriate vehicles for the delivery of the BEDO



program. Many of the problems identified with that program could be ameliorated if the personnel were brought under Tribal Council administration. The question of whether this should be pursued through departmental fiat, or through encouraging Bands to do so contractually with Tribal Councils requires further examination, and can best be done if Indian representatives are made part of such deliberations. The bringing of the BEDO's into the Tribal Council structure would significantly increase the possibility of developing the critical mass necessary to have a really effective advisory services system, and which has been identified as clearly needed to make the system work. Indeed, the amount of funds available for Tribal Councils under the devolution policy, for economic development, is considered by the consultant to be seriously deficient.

- \* Tribal Councils will not likely work as effective vehicles for the delivery of economic development services unless provisions are made for needed and effective on-going training of management and technical personnel.

#### 4.6 THE OVERALL SYSTEM

Indian controlled institutions in Ontario, beyond the Band level, are a relatively new innovation. And while they are generally supported as a concept, the thinking among Indian people around most of the critical questions is not well developed. And the institutions that have developed have been formed to meet very specific needs, without much consideration to how the other elements should be provided. The general assumption has been that INAC will be the system as a whole.

In this regard, the following observations are advanced:

- \* the recent initiatives around devolution/downsizing has generated useful tensions which are generating creative thinking on the whole question of Indian institutions and economic development.

- \* the pace of these initiatives is not, however, conducive to effective planning

- \* the importance of other aspects of the current initiatives is not permitting a careful examination of the important questions about economic development, involving Indian representatives

- \* effective use of what are clearly very scarce resources demands that careful attention be paid to the maximum degree of co-ordination and co-operation among existing and evolving institutions

- \* the impacts of the devolution/downsizing initiatives on access to and quality of services in Ontario is uncertain

\* the degree of Indian involvement in the current initiatives has been limited, because of time pressures, despite the commendable and disciplined initiatives of Regional officials

In view of these considerations, it is deemed advisable that the Ontario Region initiate a participatory economic development strategic planning exercise, to proceed simultaneously with the Tribal Council Development process. The purpose would be to attempt to explore strategic options, and reach a consensus on roles, functions, relationships, and organization of various Indian controlled and departmental institutions and programs in the future.

## 5.0 SOME SPECIFIC RECOMMENDATIONS TO IMPROVE OPERATIONAL EFFECTIVENESS

### 5.1 Summary of Findings

Part 2 of this report, entitled Background and Issues identified five central issues that need to be addressed in the context of devolution and downsizing. In the following, these will be addressed in the order presented, accompanied by the findings of this study with respect to each of the issues.

Issue 1.) Does the devolution of advisory services to Tribal Councils involve the appropriate institutional structures to make the system effective?

A fundamental finding of this study is that Tribal Councils are the appropriate institutions for the assumption of advisory services, as provided for under the devolution fund specifically established to fund advisory services. The objective of this funding policy, as it applies to economic development, is to make available to Bands and Indians, universally accessible, high quality business advisory services. Tribal Councils, while very much in the planning and early developmental stages in Ontario, represent the most suitable Indian controlled vehicles, given the objectives of providing quality advisory services on a universally accessible basis, under the general management and control of representative Indian institutions. Any dilution of the Tribal Council funding for advisory services by making other institutions eligible would not only compromise the meeting of these objectives, but would also reduce the already limited amount of funds available to Tribal Councils for advisory services to a level that would make it impossible for Councils to provide adequate service. This in turn would threaten to undermine the whole initiative of the Department in terms of Tribal Council Development.

It is further suggested that Tribal Councils be provided the opportunity, at some appropriate time in the future, to administer IDEP contributions, for the purposes of supporting business and employment development. This is in keeping with the overall devolution policy of the department, which encourages Tribal Councils to assume responsibility for the administration of program dollars. Conversely, it is not suggested that financial and sectoral institutions be provided such an opportunity. The essential reason for this is that, while these latter institutions clearly require increased capitalization, the value of contribution dollars available is inadequate to address these needs, and needed in total to even begin to provide the Tribal Councils with the resources needed to fulfill the responsibilities they will be assuming with respect to economic development.

A further question that arises is whether Tribal Councils

should be provided the opportunity to administer IEDF loans in some capacity or other, at some time in the future. Our basic conclusion is that consideration should be given to empowering Tribal Councils to act as agents of the Minister for this program, but that further examination of this question should be deferred until the internal departmental study of this matter is completed. In addition, this possibility should only be considered when Tribal Councils have developed the administrative experience and capacity to carry out this function; and if the department develops a program to compensate for administrative costs which recognizes that loans administration requires different administrative funding than other programs. On this latter point, it should be noted that loans create an annual administrative burden until retired, while the current funding for administration will only recognize the cash outflow in the year that the loan is issued. Further, the current arrangement does not recognize activity undertaken as an agent of the Minister as an administrative activity qualifying for administrative funding.

These findings with respect to Tribal Councils are quite fundamental with respect to devolution in Ontario. However, they must also be accompanied by some important provisos and caveats, including:

(a) Tribal Councils should be provided the time to plan and develop the capacity to take on the responsibilities referred to. As has been pointed out, Tribal Councils are very much in their infancy in Ontario. The consultant has been very impressed with the planning and development process that INAC has adopted in Ontario with respect to Tribal Councils. Nevertheless, there is a serious danger that the new Tribal Councils will feel pressured into accepting responsibilities prematurely, because of the rapid loss of services due to downsizing. It is strongly suggested that the schedule for reductions in economic development advisory services be altered and made more flexible, in order to facilitate a more orderly and effective assumption of responsibilities by Tribal Councils.

(b) Tribal Councils will not, in all probability, be formed in all areas of the province, and in other cases Bands will opt not to participate. The department will have to continue to provide services in these cases. The Ontario Region of INAC has developed a plan to provide these services. While the adequacy of these arrangements will be discussed under Issue No.2, to follow, it should be noted that there are good reasons to question whether historic standards of services will be maintained in all cases.

(c) There is not a consensus in Ontario among the Indian leadership regarding the appropriateness of Tribal Councils as the delivery institutions for services formerly provided by the Department. There is an important need to include this leadership in the planning process as it proceeds to ensure maximum acceptance of and commitment to the evolution of Tribal



Councils as legitimate vehicles for the delivery of economic development services.

(d) There is much support for the idea of Tribal Council owned Economic Development Corporations being used by Tribal Councils to deliver economic development services. However, Chiefs' Councils have not had the opportunity to pursue this level of strategic thinking to date, again pointing to the possibility that the current pace of development, dictated largely by the downsizing schedule for advisory services, may be too rapid. Furthermore, departmental policies may deter Chiefs from establishing such Corporations, and need to be examined in order to ensure that this option can be pursued without penalty or hindrance.

(e) Questions exist as to whether the level of advisory services provided for under the Tribal Council policy will be adequate to fulfill needs. Not only will the total number of advisors funded be relatively small, but the relative number of economic development advisors is small when compared to other band development functions. This problem could be alleviated in part by permitting Councils to dedicate some of the other advisory services funds to economic development, and also by improving the management and functioning of the BEDO program. The question of the BEDO program will be addressed later. The possibility of allocating some of the other advisory services funding under the Tribal Council policy to economic development services is beyond the scope of this study, but it nevertheless does appear that other band development and support activities are treated much more generously than economic development, when the number of Tribal Council positions funded is compared to the number of positions lost in the region through downsizing, by function.

Issue 2.) Will the residual responsibilities of INAC, plus the need to provide services where Bands opt out of the Tribal Council arrangement, be adequately provided for?

The Ontario region of INAC has devoted a large amount of effort to developing a plan for providing services as downsizing progresses, and as devolution takes place. The Region deserves a great deal of credit for the effort and time that has gone into this effort.

It is the official view of Region management that the level and quality of services will be maintained at historic levels. Whether or not this will be the case is somewhat problematic, however, for the following reasons:

(i) The reduction of staff under the downsizing plans is fixed at a certain level each year through to 1990-91. At the current time, there is no flexibility in this. If Tribal Councils develop and accept responsibilities at the pace envisaged, the number of Council employed advisors will exactly equal the loss to the region due to downsizing. However, this does not take into account the possibilities



that:

-the pace of development of Councils will be slower than that anticipated at the present time.

-the responsibilities of advisors employed by the Councils will be different than those employed by the department. If this is the case, the Council advisors will not necessarily provide full replacement for the advisors lost by the department.

(ii) There has been a significant reduction in the number of economic development advisory positions in the Region in previous years. Given this fact, it would seem almost impossible to provide service at levels that prevailed five years ago. This is worrisome given the importance which the Federal and Indian Governments give to economic development, and given the importance which most people interviewed during the course of this study placed on quality advisory services.

The consultant considers it significant that virtually all departmental officials interviewed and most Indian leaders interviewed expressed great scepticism about the likelihood that all gaps and residual responsibilities will be fulfilled when the downsizing/devolution process reaches 1990-91. Virtually all suggested this be addressed by slowing the pace of downsizing, and by reducing the extent of downsizing. Many also suggested that there be an increased provision for economic development advisors under the Tribal Council funding policy.

Issue 3.) Should institutions other than Tribal Councils be eligible for dollars provided through the devolution policy?

The place that Tribal Councils should play in devolution has already been addressed. These findings mean that only Tribal Councils should be eligible for funds to administer general economic development advisory services provided for under the devolution policy, and for the administration of IEDP contributions. However, it has also been found that the existing sectoral and financial institutions play an important role in Ontario, and that support should continue for such institutions. It is suggested that these institutions continue to be funded through "A Base" funds, as opportunity oriented contributions.

Two problems arise in this respect, however. One is that these institutions are seriously undercapitalized at the present time. The department policy is that they should become self-sufficient over a reasonable period of time. This will not be possible given their existing capital base. The need for increased capital must be addressed if these institutions are to be effective within their established mandates, and indeed, if they are to survive.

The second problem is somewhat related. Virtually all of these institutions are being supported by the department on the understanding that funding will cease after a fixed period. This would be workable if the institutions could become self-sufficient. This raises the obvious question of how long these institutions should be funded from the A base, and whether at some time other opportunities should be given a higher priority. But it also raises the question of how some of the services currently provided should be financed. These questions must be addressed at some point as part of a planning process. The only thing that seems certain at the present time is that it would be counter-productive to divert funding now available under the devolution policy to these institutions. Their needs do not arise from devolution. They arise from the specific and targetted needs that have given rise to these institutions, and from the current serious undercapitalization of these institutions.

One possibility that should be considered respecting these institutions is that the supplementary funding in economic development that is to be terminated might be recouped for a specific number of years, and used to put these institutions on firm financial footings. While this a matter beyond the scope of this study, it is clear that the existing institutions will be in trouble in the not too distant future if nothing changes. Losing these institutions would clearly be detrimental to Indian economic development in Ontario.

Issue 4.) What role should other institutions, including Bands, play in the administration of departmental resources under the new structure, and what can be done to strengthen such institutions?

The sectoral institutions should continue to fulfill their targetted sectoral mandates. Similarly, the financial institutions should continue to function as sub-regional business financing agencies within their mandated areas. While these institutions provide specialized advisory services needed to aid them in meeting their objectives, it would clearly be preferable if these could be funded from revenues of the institutions, rather than from departmental contributions. This will require a plan directed at ensuring adequate capitalization, and long term self sufficiency. In the meantime, these are best supported under present arrangements.

Bands are not envisaged playing a major role in the delivery of economic development programs and services. The one exception to this is in the case of BEDO's. It has been determined that this program should continue to be supported. However, the following actions should be considered:

- the mandates and responsibilities should be more clearly determined and specified in contribution agreements.

-management and accountability need to be greatly strengthened.

-basic qualifications of employees need to be established and enforced.

-continuing professional development programs need to be instituted.

-a basic code of professional conduct and behavior should be established, in order to increase the confidence of business people around such matters as confidentiality and equitable treatment of all.

-ways and means to have the BEDO's more closely tied to the developing Tribal Council administrations should be pursued, with encouragement provided to Bands to make Tribal Councils the agents for the administration of Band BEDO funds.

Issue 5.) What changes should be made in the way the department relates to Indian insitutions, including Bands?

Many of the recommendations and suggestions contained in the foregoing have important implications for the way the Department functions in the future. In addition to these, the following are suggested as important actions by the Department in the future:

(a) The Department should participate jointly with Indian representatives in a collaborative strategic planning exercise to clarify and establish roles of the Department, Indian institutions, and Indian Bands in the new configuration of responsibilities now evolving.

(b) The pace of downsizing should be slowed and made more flexible to facilitate continuity in the delivery of services as Tribal Councils develop.

(c) Where the department is making the delivery of services a condition of receiving funding, the objectives and standards of services expected should be clearly specified in contribution agreements.

(d) The department should work with sectoral and financial institutions to resolve long-term capitalization and financing problems.

(e) The department should undertake a study to determine whether gaps in advisory services, and the provision of residual services, can be adequately provided with projected staff resources, under a "most likely" scenario for the development and functioning of Tribal Councils; and take steps to resolve problems identified as a result of the study.

## 5.2 Summary of Specific Recommendations for Immediate Action

On the basis of this study, and the findings contained in the above, the following recommendations are made:

- (a) That general business and economic development advisory services, funded under the devolution policy, be provided through Tribal Councils.
- (b) That the department undertake to maintain adequate services to Indians and Indian Bands wherever Tribal Councils are not created, or where Bands chose not to become members of Tribal Councils.
- (c) That Tribal Councils be provided with incentives and leadership to form Development Corporations to administer economic development services, and to carry out economic development functions, and that impediments to the formation of such corporations be removed.
- (d) That Tribal Councils be given the exclusive opportunity to administer IEDP contribution dollars, and that they be encouraged to undertake this responsibility when they have acquired the requisite experience and capacity.
- (e) That consideration be given to permitting Tribal Councils to be agents of the Minister for the administration of IEDF loans, provided that they have the administrative capacity, and provided the interests of both the Minister and the Tribal Councils can be adequately protected, and provided an adequate system can be found to compensate Tribal Councils for the cost of providing such service.
- (f) That the pace of downsizing with respect to economic development staffing in the Ontario region be made more flexible, and slowed if it is found that Tribal Councils do not develop and assume responsibility for advisory services as quickly as now anticipated by the Department.
- (g) That the absolute size of the downsizing requirement be reviewed in order to give the Department increased flexibility and capacity to maintain residual and specialized services and services in areas where Tribal Councils do not develop, or where Bands choose not to participate in Tribal Councils. The department should undertake a study of the need for, and provision of advisory services under a "most likely" scenario for the development of Tribal Council services, and take steps to maintain services if quality is found to be threatened, and to fill any gaps identified.
- (h) That the existing sectoral and financial institutions be maintained and continued with their existing mandates.
- (i) That the existing sectoral and financial institutions not be eligible for funding under the current devolution policy to



provide general business and economic development services, and they not be eligible to administer IEDP contributions (since these activities should be "devolved" to Tribal Councils). However, the potentially serious future financial problems of these institutions should be examined on a priority basis, with first priority given to finding a means to adequately capitalize these institutions, in order to give them the capacity to finance their own operations and to become self sufficient. Failing that, some long-term means must be found to permit these institutions, and especially the sectoral ones, to continue to provide the specialized services needed to carry out their mandates.

(j) That a greater effort be made by the Department to maintain an information base with respect to Indian controlled institutions supported by the Department, with an emphasis on information pertaining to activities, output, and performance. All institutions should be required to file an annual report with the Department, containing such information in addition to financial statements.

(k) That the BEDO program be continued, but that improvements and alterations be made in order to achieve the following:

- a clear determination of mandate, roles and responsibilities, clearly agreed upon by Bands and the Department, with business and economic development advice and support clearly specified as the primary objective.

- the establishment of basic required qualifications for all employees.

- the instituting of continuing professional development programs.

- the establishment of a basic code of professional conduct and behavior to increase confidence of clients in the program.

- the establishment of ways and means that the BEDO program can be integrated into the management of Tribal Council advisory services, including the provision of incentives for Bands to make Tribal Councils the agents for the administration of the BEDO program.

(k) That contribution agreements providing for the delivery of programs on behalf of the department be much more precise with respect to mandates, objectives, activities to be undertaken, and expected outputs and outcomes.

(l) That the Ontario Region of INAC initiate an economic development strategic planning exercise, in co-operation with Indian leaders, to clarify and establish roles of the Department, Indian institutions, and Indian Bands in the new configuration of responsibilities now evolving.



APPENDIX A  
STUDY OF ONTARIO INDIAN ECONOMIC DEVELOPMENT INSTITUTIONS  
TERMS OF REFERENCE AS AGREED TO ON 8 JULY, 1987

A. TERMS OF REFERENCE

1.0 ONTARIO PROFILE (describes the institutional complex)

1. What is the general pattern of institutional development in Ontario?
2. For each institutional category in economic development (financial, sectoral, training, tribal, band, department):
  - a. What are they and how many are there of each type?
  - b. What have they, and are they, doing?
  - c. How have they, and how are they, evolving in Ontario?
  - d. How do they link with other program activities?
3. Do they fit into a system?
4. Where does the INAC region see devolved services evolving to?
5. How does the Indian community see services evolving?
6. What are the consistencies and inconsistencies between #4 and #5?

2.0 ANALYSIS OF EFFECTIVENESS (by institutional category)

How effective have they been in the past? And, what are the implications for the future?

1. Concerning the achievement of objectives?
2. Concerning "reach"?
  - a. geographic
  - b. rural versus urban
  - c. accessibility
  - d. variation in level of service
3. Scope (and quality) of service
4. What are the critical factors that have affected success?
  - a. staging of development
  - b. available resources
  - c. quality and training of staff
  - d. INAC control systems
5. How effective has the system as a whole been in achieving objectives (economic development and INAC service delivery)?

3.0 DEVELOPING AND SUPPORTING INSTITUTIONS TO MEET FUTURE NEEDS

1. What roles should be played by what institutional categories?
2. What institutional categories should be the focus of specific INAC devolution initiatives? What should these initiatives be?
3. What should be the phasing of institutional development and support?
4. What control and management systems will be required by INAC?
5. What direct services will have to be maintained by INAC or the government?

## APPENDIX A

### B. OUTLINE OF CHAPTER 1

1. Overview of institutional development in Ontario (general)
  - a. scope and variety
  - b. geographic pattern
  - c. governing principles
  - d. resourcing
2. Strategies and general history of economic development institutions in Ontario
  - a. INAC approach to Indian economic development and economic development institutions over the past five years
  - b. institutional profile
    - history (how and conditions at startup)
    - mandate and goals
    - organization and structure
    - staging of development
    - activities and services provided
    - measures of output and performance
    - five year financing (management, staff, investment) and other resources provided
    - linkages to other programs
    - control exercised by INAC
    - strengths and weaknesses
    - why/how they succeeded or failed

### C. BUSINESS SERVICES

Advisory services: management, professional, technical, financial  
Brokerage services  
Financial services  
Resource management services  
Entrepreneurial and business management training  
Communications and marketing  
Access to training and employment programs

APPENDIX B  
STUDY OF ONTARIO INDIAN ECONOMIC DEVELOPMENT INSTITUTIONS  
INTERVIEW DATA SOURCES

Mr. R. J. Bibeau - Ontario INAC Peterborough District Superintendent of Economic Development  
Mr. William J. Brant - Chairman, Indian Agricultural Program of Ontario  
Mr. Ben Cheecho - President of Nishnawbe-Aski Development Fund, Director of the Ontario Indian Wild Rice Agency Inc.  
Mr. Thomas Dockstader - Director of Economic Development, Union of Ontario Indians  
Mr. Charles Fox - Executive Director of the Windigo Tribal Council  
Mr. Basil Green - Program Officer, Ontario Indian Wild Rice Agency Inc.  
Mr. Errold Grey - Chairperson, Association of Reserves for Improving Social Economics (ARISE)  
Mr. Jules Hebert - Director, Economic Development Program (Ontario), Ontario INAC  
Mr. Zeb J. Kenequanash - Band Economic Development Officer, North Caribou Lake Band  
Mr. Donny C. Maracle - Economic Development Officer, Tyendinaga Indian Reserve  
Mr. T. Wayne Martin - Program Manager, Indian Agricultural Program of Ontario  
Mr. Joe Miskokomon - Grand Council Chief/President, Union of Ontario Indians  
Ms. Janet Mitchell - Acting Program Manager, Association of Reserves for Improving Social Economics (ARISE)  
Mr. Alfred Redsky - Director, Indian Wild Rice Agency, Inc.  
Mr. Herb Redsky - Chairman, Indian Wild Rice Agency Inc.  
Mr. Wellington Stats - Chairman, Indian Economic Development Board  
Mr. Willie Wilson - Chairman, Indian Forestry Development Program  
Mr. Don Wellstead - Program Development Officer, Ontario INAC  
Mr. Garry Wouters - Regional Director-General, Ontario INAC

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STUDY OF ONTARIO INDIAN ECONOMIC DEVELOPMENT INSTITUTIONS  
LITERATURE UTILIZED

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