

# Evaluation of Indigenous Entrepreneurship and Business Development

**Overview:** The program is designed to support business and economic development efforts of Indigenous entrepreneurs and communities. Three program areas were evaluated: Aboriginal Entrepreneurship Program – Access to Capital; Aboriginal Entrepreneurship Program – Access to Business Opportunities; and Procurement Strategy for Indigenous Businesses.

**Temporal:** The evaluation examined 2015-16 to 2020-21.

**Financial:** \$234.6 Million (not included 2020-21).

**Evaluation Domains:** Relevance, effectiveness, and efficiency, with a special focus on the transfer of the Access to Capital stream to Indigenous Partners.

**Key Findings – Effectiveness:** The programs help remove barriers to Indigenous Peoples seeking business capital and supports and are meeting the intended outcomes. The program is having additional impacts at the individual-, family-, and community-levels. Anticipated growth in the Indigenous population is expected to increase demand.

Additional barriers hinder Indigenous entrepreneurship and business growth beyond the current program scope. There is an ongoing need for investments in pre- and post-care to support entrepreneurs in advancing across the stages of business development and expansion. More work is needed to reach and monitor equitable access to the program across distinctions, gender, and age groups. The current logic model and program data do not reflect outcomes relevant to Indigenous entrepreneurs, nor do they allow for a fulsome assessment of impacts of the program. Significant data limitations were observed, including inconsistent reporting and delays in the assessment of procurement data.

**Key Findings – Service Transfer:** The transfer of the Access to Capital stream from ISC to the National Aboriginal Capital Corporations Association and Métis Capital Corporations went well and is widely supported by Indigenous partners. Indigenous entrepreneurs feel a stronger and more personal relationship with Indigenous Financial Institutions and Métis Capital Corporations. Additional efforts are required to advance program transfer to Inuit Peoples and ensuring that any challenges with access and eligibility are addressed as per the *Inuit Nunangat Policy*.

Transfer of the program was limited to the provision of grants and contributions and does not include foundational aspects such as program design, eligibility requirements, expected outcomes, and reporting frameworks. Short-term funding agreements create challenges in administering funds and achieving impacts; ISC is urged to develop 10-year funding agreements to enhance impacts and support the commitment to self-determination.

**Key Findings – Efficiency:** The Indigenous lending system does not have sufficient funding under the program to meet the current and future levels of demand. Program funding has not been adjusted to reflect inflation, nor the evolving needs and size of Indigenous businesses.

The system moved quickly to respond to the needs of Indigenous entrepreneurs and business through COVID-19; however, the large funding envelope allotted to support business through the pandemic had a significant impact on the reach of the program, which has further increased demand for the program.

**Key Findings – Relevance:** The programs are aligned with federal priorities, including the commitment to economic reconciliation and the *United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan 2023-2028*. The transfer of services is in direct alignment with the *United Nations Declaration on the Rights of Indigenous Peoples Act* and is advancing Indigenous Peoples' right to self-determination of economic development.



# Management Response and Action Plan (MRAP)\*

## Service Transfer

**Recommendation 1:** ISC is recommended to engage First Nation, Inuit and Métis Partners to explore options to transfer the full IEBD program, including the Indigenous Business Directory and the ABO stream of funding.

a) It is recommended that ISC work with First Nation, Inuit, and Métis Partners to fully transfer the Access to Capital program, including the design, delivery, eligibility, and reporting of results on a distinctions-basis.

**Action (AEP-ATC):** Continue to work with Métis Capital Corporations to build their capacity so that they can deliver and we can transfer the remaining ATC sub-components. Continue to work together with Inuit partners to explore an Inuit-specific portion of the program.

**Action (AEP-ABO):** In collaboration with other program areas, AEP-ABO will engage with national Indigenous organizations and national Indigenous economic development organizations to co-develop a recommended approach to service transfer.

**Action (PSIB):** Continue engagements with national and regional Indigenous economic development organizations, modern treaty land claim agreement holders, and Indigenous businesses to help inform how the Indigenous Business Directory could be transferred to Indigenous partners and the level of funding required to enable service transfer.

## Achieving and Measuring Program Outcomes

**Recommendation 2:** ISC is recommended to engage First Nation, Inuit, and Métis Partners of all program streams to develop an approach to further reduce barriers to entrepreneurship, including by broadening program access for Indigenous Peoples who are harder to reach, and/or face exacerbated barriers to the pursuit of entrepreneurship.

a) ISC is recommended to engage First Nation, Inuit, and Métis partners of all program streams to consistently support pre- and post-care for Indigenous entrepreneurs.

b) ISC is recommended to explore and employ distinctions-based strategies to procurement modernization to ensure that the federal procurement process is equally accessible to First Nation, Inuit, and Métis businesses.

c) ISC is recommended to perform ongoing monitoring of the adjustments resulting program the Procurement Modernization initiative to ensure that adjustments prove to be effective.

**Action (AEP-ATC):** Continue to work with partners to explore approaches to broaden access to capital for Indigenous entrepreneurs, such as by updating the ATC funding sub-components to better-serve Indigenous women and youth as part of the program's modernization. Work with partners on ways of supporting businesses across all stages of development, such as by exploring ways to include a dedicated pre- and post-care stream as part of the ATC program modernization.

**Action (AEP-ABO):** In collaboration with other program areas and national Indigenous organizations, determine programs enhancements to: a) broaden access to AEP-ABO, b) support pre- and post-care. and c) further address barriers to entrepreneurship.

**Action (PSIB):** Conduct engagement sessions with national and regional economic development organizations, modern treaty holders, Indigenous businesses and other federal organizations to determine what is effective and useful information that will not only assist Indigenous businesses, but easily monitor Departmental performance against established initiatives. Work collaboratively with PSPC and TBS to reduce barriers for Indigenous entrepreneurs accessing federal procurement opportunities.



# Management Response and Action Plan (MRAP)\*

## Achieving and Measuring Program Outcomes

**Recommendation 3:** It is recommended that ISC co-develop with First Nation, Inuit, and Métis Peoples a new program logic model and performance measurement framework that contains broader outcome measurements supported by Indigenous Partners.

a) It is recommended that ISC collaborate with internal and external partners to expand and employ Gender-Based Analysis Plus to their data collection, analysis, and sustainable targeted approaches meeting the needs of diverse groups.

**Action (AEP-ATC):** Work with Indigenous partners to co-develop an updated logic model, expand intersectional data collection, and support an approach for Inuit entrepreneurs.

**Action (AEP-ABO):** In collaboration with other program areas and national Indigenous organizations, co-develop short-, medium-, and long-term outcomes that align with First Nations, Inuit, and Métis economic development priorities and incorporate these into a program logic model.

**Action (PSIB):** Conduct engagement sessions with national and regional Indigenous economic development organizations, modern treaty rights-holders, Indigenous businesses, and other federal organizations.

## Financial and Human Resources

**Recommendation 4:** It is recommended that ISC explore options to increase the funding envelope under IEBD, allowing greater reach, impact, and transparency.

a) It is recommended that ISC work with Access to Capital partners to explore long-term funding mechanisms that will better support the sustainability of Indigenous Financial Institutions and their ability to deliver developmental lending.

b) ISC is recommended to work with First Nation, Inuit, and Métis Partners to explore targeted approaches and better leverage existing approaches to support Indigenous Financial Institutions and Métis Capital Corporations in retaining skilled employees.

**Action (AEP-ATC):** ISC can work through the fiscal framework on behalf of partners to identify funding opportunities. ISC will work with partners to explore approaches for sufficient and predictable funding to ensure efficient administration of the program and human resources over time.

**Action (AEP-ABO):** Take immediate steps to increase transparency of the program. In collaboration with other program streams and Indigenous organizations, determine the additional funding required for the AEP-ABO stream that would enable greater reach and increase transparency.

**Recommendation 5:** It is recommended that ISC standardize the Procurement Strategy for Indigenous Business Coordinator role and provide ongoing centralized support to the Coordinator Network. This support may include ensuring Coordinators have sufficient onboarding, training, and capacity to perform the functions of this role, and there is a consistent and transparent line of communication between ISC and the Network of Coordinators.

**Action (PSIB):** The PSIB has been developing a Gcpedia site since September 2022 to share information, is updating the Terms of Reference for the Network, and is delivering a learning series to better equip PSIB Coordinators in performing their role.



\* This is a condensed version of the MRAP. For a complete copy, please refer to the Indigenous Entrepreneurs and Business Development final report.

