

A close-up photograph of a person's hands holding a large, wet, yellowish-brown seaweed frond. The person is wearing a dark long-sleeved shirt. The background is a deep blue ocean with sunlight reflecting off the water's surface. The overall mood is serene and focused on sustainable harvesting.

# Harvesting Wealth

Using Impact Investing to Grow the  
Indigenous Agriculture and Agri-Food Economy

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Rally Assets’ office is located on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples.

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**About the cover photo:** Photo used with permission from Keltsmaht Kelp and Naas Foods, First Nations-led companies based in the heart of The Nuu-Chah-Nulth Hahoulthee (Territory). Keltsmaht Kelp specializes in a kelp plant probiotic and Naas Foods produces delicious, premium, organic, hand-harvested kelp products. The companies are committed to creating innovative products made from regenerative aquatic resources that are good for the planet. <https://www.keltsmahtkelp.ca/>, <https://naasfoods.com>

## Executive Summary

For much of the history of Indigenous peoples in Canada, agriculture and fishing was of critical economic and cultural significance. With an intimate knowledge of the land and sea and deep respect for environmental stewardship, many Indigenous communities excelled in agricultural production, before and during colonization. While Canadian colonial policy suppressed Indigenous agriculture for much of the last 150 years, Indigenous Canadians today stand poised to reclaim their stake in the agriculture sector. Indigenous participation in agriculture has risen dramatically over the last 30 years, buoyed by a growing population, extraordinary rates of entrepreneurship and renewed interest in re-establishing Indigenous food security. These promising trends, however, are tempered by the reality that Indigenous agriculture and agri-food producers and entrepreneurs face a disproportionate number of obstacles as they break into and compete within the agriculture sector. In exploring the opportunities for growth in the Indigenous agriculture and agri-food economy, this report has four key findings, as follows.

### Indigenous Participation in Agriculture is Modest but Growing Rapidly

Indigenous participation in the agriculture and agri-food economy has lagged non-Indigenous participation but there are promising signs of growth. A few statistics illustrate these participation trends:

- In 2016, the Indigenous agricultural population represented only 2.7% of the general agricultural population despite Indigenous peoples comprising 4.9% of Canada's general population
- The median revenue and operational land area of Indigenous agricultural operations remains significantly lower than those of non-Indigenous operators
- The Indigenous agricultural population is younger and features greater women representation than the general agricultural population
- Between 1996 and 2016 the Indigenous agricultural population increased by 21.4%, while the total agricultural population shrank by 39.3%

### Disruptions between the Supply Side and Demand Side of Capital Remain the Greatest Impediment to the Indigenous Agriculture and Agri-Food Economy

Access to capital is a critical component to growing Indigenous participation in the agriculture and agri-food economy. A wide range of capital providers can use different tools and policies to help unlock capital and meet the range of needs of Indigenous agriculture and agri-food entrepreneurs:

- **Traditional financial institutions**  
Indigenous banking has become a competitive market segment but antiquated legislation and a lack of customized support for Indigenous clients impairs the flow of capital from the commercial sector. Banks and credit unions can work with Indigenous stakeholders to improve the product-market fit of service offerings.
- **Indigenous and agriculture-focused financial institutions**  
Quasi-governmental lenders like Aboriginal Finance Institutions (AFIs) and agri-focused Crown corporations remain effective in providing funding to stimulate agricultural entrepreneurship in Indigenous communities. However, they often lack the funding or structure to support Indigenous businesses looking for more sophisticated financing, particularly equity financing.
- **Governments and related entities**  
Government capital continues to comprise a massive share of capital accessed by Indigenous entrepreneurs with most of it taking the form of grants, contributions and transfers. The Government of Canada has begun to explore impact investing as a more effective way of stimulating growth and can use the Social Finance Fund as a model for further stimulating the participation of private investment capital.



- **Impact investors and foundations**

Among institutional investors and foundations practicing impact investing, Indigenous reconciliation is becoming seen as a critical issue. Indigenous agriculture holds significant appeal as the nexus of Indigenous empowerment, food sovereignty and environmental sustainability. As awareness grows, these actors can play a larger role in providing investment capital to Indigenous agriculture and agri-food entrepreneurs.

### **Non-Capital Barriers Continue to Hinder the Growth of the Indigenous Agriculture and Agri-Food Economy**

While capital barriers remain the most critical, reducing other key barriers will contribute significantly to growing the sector and facilitating the participation of private capital. These key barriers include:

- **Access to land and infrastructure**

The high cost and complexity of acquiring land and the inadequacy of public infrastructure in Indigenous communities compound the overhead incurred by Indigenous producers, making agriculture financially prohibitive for many.

- **Policy and regulatory challenges**

The complex and bureaucratic processes surrounding securing of grants and enrolment in government programs prevents many Indigenous agricultural entrepreneurs from accessing the support that they need and lack of clear coordination between multiple branches of governments leads to a lack of accountability.

- **Skill and knowledge gaps**

For decades, colonial policy restricted Indigenous participation in business and agricultural production, leading to an erosion of technical and business capacity within Indigenous communities.

### **Impact Investing Can be a Powerful Lever to Unlock Capital for the Indigenous Agricultural Economy**

The use of impact investing, which brings in private capital that is explicitly seeking a social or environmental return from their investment, could be a powerful tool for stimulating additional capital into the sector and for helping to address the wide range of capital needs. Different actors can support each of these capital needs:

- **Early-stage equity**

Greater partnership is needed between Indigenous and non-Indigenous investors and can result in things like Indigenous-focused angel investor networks and partnerships and Indigenous impact investment funds to increase the Indigenous agriculture and agri-food pipeline.

- **Commercial financing**

Large values-aligned lenders, such as Indigenous and agriculture lenders can expand on dedicated programs for Indigenous entrepreneurs and work to broaden pipeline for investment opportunities. Banks and credit unions can also expand their programs and seek to address more than just small business lending needs.

- **Concessionary capital**

Governments can play a major role in acting as guarantors in the financing of Indigenous agriculture and agri-food business. Foundations and governments can catalyse investment in Indigenous impact funds by taking first-loss reserve positions or a lower return investment series to help bring in traditional investors.

- **Grant and follow-on investment**

Governments and foundations can improve integration between granting and investing to provide a synergetic approach to stimulating Indigenous agricultural entrepreneurship.

We hope this report helps catalyze further discussions and research and serves as a direct call to action for mission-aligned investors, researchers, governments and Indigenous entrepreneurs to work together and mobilize capital and resources towards growing this economy.

## Introduction

Indigenous Works and Rally Assets partnered on this research in recognition of the significant untapped potential of the Indigenous agriculture and agri-food economy and the role that private capital can play to catalyze this potential. Agriculture and agri-food are major drivers of the Canadian economy, while Indigenous peoples have a deep connection to the land and have long been stewards of it and are poised to play a growing role in this economy.

Until now, there has been very little research of the various roles that private mission-aligned capital and other relevant stakeholders can play in helping to identify, catalyze and grow Indigenous participation in agriculture and agri-food businesses in Canada. It is our hope that this report helps catalyze further discussions and research and serves as a direct call to action for mission-aligned investors, researchers, government and Indigenous entrepreneurs in Canada to work together and mobilize capital and resources towards growing this economy.

This report is intended for a range of stakeholders in the Indigenous agriculture and agri-food economy: impact investors and grantors, Indigenous agriculture and agri-food entrepreneurs, academia and government.

This work is part of Luminary, Indigenous Works' six-year initiative to design and implement an Indigenous innovation strategy and plan leading to economic transformation, employment and wellbeing. This strategy builds on the work of organizations like ITK and the research funding agencies that share a common vision to increase Indigenous-led research and to change the ways that this research is undertaken. Luminary takes this a step further by also looking at the ways that Indigenous research knowledge can be mobilized and enlisted into Indigenous business and community planning.

### About Indigenous Works

Indigenous Works is a national nonprofit social enterprise that helps companies and organizations strengthen their performance and results in Indigenous employment, workplace engagement and inclusion. It was founded in 1998, following a recommendation from the 1996 Report on the Royal Commission on Aboriginal Peoples. It has a mandate to improve the inclusion and engagement of Indigenous people in the Canadian economy. Indigenous Works is governed by a board of directors (with more than 51% directors as Indigenous), with private sector, Indigenous economic development corporations and independent directors.

### About Rally Assets

Rally Assets is an impact investment management and advisory firm. The firm helps investors generate positive social and environmental impact alongside a financial return. Rally creates specialized solutions for corporate and institutional investors, foundations, family offices and individual accredited investors. Rally is a Portfolio Manager and Exempt Market Dealer registered in Alberta, British Columbia, Ontario and Quebec with the respective provincial securities commissions. Rally is a certified B Corporation.

## Overview of the Indigenous Agriculture and Agri-Food Economy

The agriculture and agri-food economy refers to economic activity that supports the primary agriculture (farming) and food and beverage processing industries in Canada. The broader food retailers and wholesalers and foodservice providers comprise the entire agri-food system<sup>1</sup>. In this report, we focus on the primary agriculture and food and beverage processing sector, while also occasionally exploring aspects of the food retailers and wholesalers and food service providers where interesting opportunities have been identified. The term Indigenous agriculture and agri-food economy is used to describe the participation and diverse roles of First Nations, Métis and Inuit peoples in Canada's agriculture and agri-food economy; this includes rural and urban Indigenous peoples, Indigenous agriculture and agri-food workers and entrepreneurs, and the participation of Indigenous communities and Indigenous-controlled businesses.

The relationship between Indigenous peoples and agriculture is, and always has been, one of deep cultural, historical and economic significance. Contrary to some popular representations of Indigenous peoples as strictly hunters and gatherers, many pre-contact Indigenous peoples grew and harvested crops and exhibited a sophisticated understanding of plant biochemistry<sup>2</sup>. While colonization disrupted the historical tradition of Indigenous farming in Canada, today many Indigenous communities have sought to re-establish this practice, motivated by the prospect of cultural reconnection, economic empowerment and food sovereignty. Propelled by a rapidly expanding population, headline-grabbing stories of success, such as the \$1B sale of Clearwater Seafoods to a Mi'kmaq-led coalition<sup>3</sup>, and a series of landmark legal victories, **Indigenous peoples stand poised to secure an outsized role within Canada's agriculture sector.**

### LEARNING MORE

For more information visit Indigenous Works' [Luminary Project](#) website, which provides additional details about the organization's work to advance an Innovation Strategy for the Indigenous Agriculture and Agri-Food Sector.

### Economic Significance

In 2020, the agri-food system as a whole contributed \$139.3B to the Canadian economy, accounting for 7.4% of GDP<sup>4</sup> and 1 in 9 jobs (2.1M) in Canada. Primary agriculture accounted for \$39.8B or 2.1% of the GDP and 269,300 jobs, while food and beverage processors accounted for \$32.4B or 2.1% and 288,800 jobs. This continues a long trend of agriculture and agri-food as important economic drivers of the Canadian economy.

### Indigenous Participation in the Sector

At the time of the 2016 Census of Agriculture, there were 15,765 members of the farming agriculture population who identified as Indigenous, a 21.4% increase from what was reported in 1996.<sup>5</sup> This climb can be attributed to agriculture's re-emergence as a sector of interest for Indigenous peoples, as well as high natural growth in the Indigenous population and a climbing rate of Indigenous self-identification. The rise of Indigenous participation in agriculture, however, contradicts the broader trends within the sector. Between 1996 and 2016 the total agricultural population shrank 39.3%, largely the result of increasing consolidation and automation of farms<sup>6</sup>. The Indigenous agricultural population is also, on average, slightly younger and features greater women representation than the

<sup>1</sup> <https://agriculture.canada.ca/en/canadas-agriculture-sectors/overview-canadas-agriculture-and-agri-food-sector>

<sup>2</sup> <https://www.ccab.com/wp-content/uploads/2018/11/CCAB-Success-and-Sustainability-2018.pdf>

<sup>3</sup> <https://www.cbc.ca/news/canada/nova-scotia/mi-kmaq-purchase-clearwater-seafoods-1.5796028>

<sup>4</sup> <https://agriculture.canada.ca/en/canadas-agriculture-sectors/overview-canadas-agriculture-and-agri-food-sector>

<sup>5</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

<sup>6</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

general agricultural population. These two factors mean there is potential for a larger relative Indigenous agriculture workforce compared to non-Indigenous workforce, which are positive indicators for long-term growth.<sup>7</sup>

Despite these encouraging demographic recent trends, Indigenous agricultural operators continue to be significantly underrepresented in agriculture. In 2016 the Indigenous agricultural population comprised only 2.7% of Canada's total agriculture population, despite Indigenous peoples representing 4.9% of Canada's population.<sup>8</sup> Additionally, the median area of Indigenous farming agricultural operations remains much smaller than those of their non-Indigenous counterparts. The median size of farming agricultural operations of First Nations and Métis span 151 and 210 acres, respectively, while the median size of non-Indigenous operations stands at 250 acres.<sup>9</sup> This discrepancy is even more apparent in 2016's median gross farm revenue statistics, with the farm agricultural operations of First Nations generating \$18,000 of revenue, those owned by Métis generating \$26,528, and those of non-Indigenous agricultural operations generating \$69,000 of farm revenue.<sup>10</sup>

Even within the Indigenous economy, the prevalence and scope of farming agricultural operations vary significantly along the lines of Indigenous identity, geographical location and farm type. Of the total Indigenous farming agricultural population, approximately 70% identify as Métis, 26% as a First Nations person and less than 1% as Inuit.<sup>11</sup> Although Inuit also have an established tradition of agriculture, they are not represented in the following Census of Agriculture data due to their comparatively small size.

|                | Number of Farm Operators | Farm Operator Average Total Income | Cumulative Average Total Income | Share of Combined Total Income |
|----------------|--------------------------|------------------------------------|---------------------------------|--------------------------------|
| Non-Indigenous | 265,720                  | \$58,670                           | \$15.6B                         | 98.1%                          |
| Indigenous     | 5,000                    | \$56,200                           | \$0.3B                          | 1.9%                           |
| All Operators  | 270,720                  | \$58,229                           | \$15.9B                         | 100%                           |

Estimated Average Total Farm Operator Income (2016)<sup>12</sup>

### Indigenous Farming Location and Type

Indigenous farming is heavily concentrated in Western Canada with the four Western provinces hosting 70% of Indigenous farm operators, as shown on the map on the following page.<sup>13</sup> Indigenous farming is also clustered around a few select farm types. In the case of both First Nations and Métis farmers, approximately two-thirds of all farms are dedicated to three product categories: beef cattle (21% of First Nations farms and 24% of Métis farms), oilseed and grains (15% of First Nations farms and 18% of Métis farms) and what Statistics Canada refers to as "other crop farming," encompassing hay, sugar beets, ginseng, tobacco, herbs and spices, hemp, hops and maple sap (23% of both First Nations and Métis farms).<sup>14</sup> As the chart on the following page shows, there are large differences in farm type with dairy farming, oilseed and grain and other animal farming.

<sup>7</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

<sup>8</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

<sup>9</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

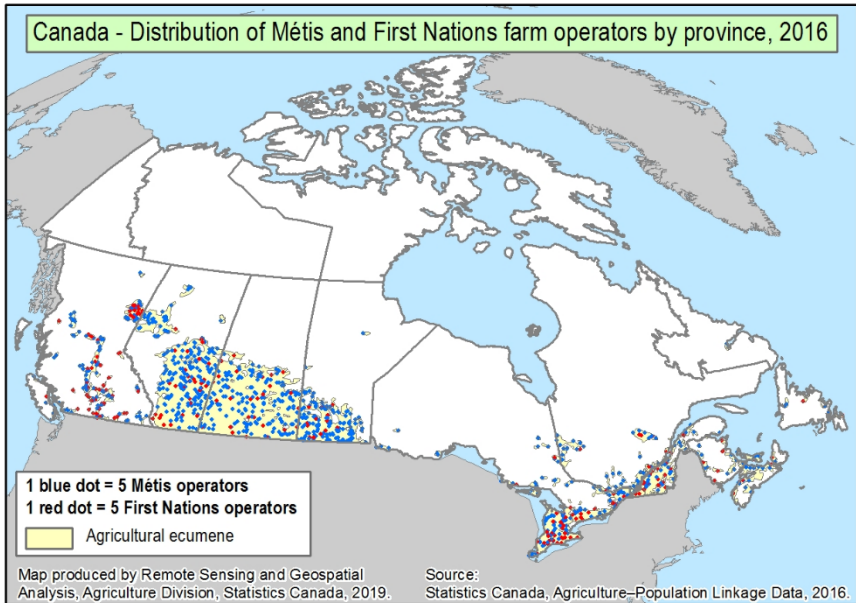
<sup>10</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

<sup>11</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

<sup>12</sup> Calculated from "StatsCan: Aboriginal peoples and agriculture in 2016" and "OMAFRA: Income of Farm Operators from Farming Operations, Canada and the Provinces"

<sup>13</sup> <https://www.ourcommons.ca/Content/Committee/421/AGRI/Reports/RP10510119/agri17/agri17-e.pdf>

<sup>14</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>



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|                       | Farm Types Managed by First Nations and Métis Operators | Farm Types Managed by non-Indigenous operators |
|-----------------------|---|--|
| Oilseed and grain     | 16.9  | 33.2   |
| Beef cattle           | 22.5  | 18.5   |
| Other crop            | 22.9  | 16.6   |
| Other animal          | 17.1  | 10.0   |
| Dairy cattle and milk | 1.6   | 5.6  |
| Fruit and tree nut    | 5.5   | 4.1  |
|                       | <b>86.5%</b>  | <b>88%</b>                                     |

Percentages of Select Farm Types<sup>16</sup>

### Fisheries

One important sector not captured in the Census of Agriculture data is fisheries. While fisheries do not align with Statistics Canada’s technical definition of agriculture, fisheries are a major component of the Indigenous agri-food landscape coast to coast to coast and are particularly prominent in Atlantic Canada, British Columbia and Quebec. As of 2017, Indigenous fisheries accounted for over \$260M in annual revenue and employed more than 5,000 people.<sup>17</sup> This number is likely to have increased significantly given recent major commercial transactions, such as the \$1B sale of Clearwater Seafoods to a Mi’kmaq-led coalition, as well as government funding and capacity-building programs funded through the Atlantic, Pacific, and Northern Integrated Commercial Fisheries Initiatives.<sup>18</sup>

<sup>15</sup> Map copied from <https://www.ourcommons.ca/Content/Committee/421/AGRI/Reports/RP10510119/agrip17/agrip17-e.pdf>

<sup>16</sup> Chart derived from Statistics Canada, Agriculture–Population Linkage Data, 2016. <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

<sup>17</sup> [https://indigenousfisheries.ca/en/wp-content/uploads/2019/11/Institute\\_Access-to-Capital-1.pdf](https://indigenousfisheries.ca/en/wp-content/uploads/2019/11/Institute_Access-to-Capital-1.pdf)

<sup>18</sup> <https://www.canada.ca/en/fisheries-oceans/news/2022/02/government-of-canada-invests-in-Indigenous-fisheries-opportunities-across-bc.html>



## Colonial Policies on Indigenous Agriculture

There is a common misconception that historically Canada's Indigenous peoples were never a major participant in agriculture, and those that were only engaged in "traditional" farming practices. Not only did Indigenous peoples participate in agriculture before colonization, but they also excelled at it after. By using resources collectively and combining "Western" agricultural practice with deep traditional knowledge of the land, Indigenous farms often outperformed those of settlers.<sup>19</sup> Deeply concerned that settlers would soon be outcompeted in the commercial market, the Crown introduced a series of restrictive policies aimed at undermining the productivity of Indigenous farmers. In the 1880s, the Pass and Permit and Peasant Farm policies, respectively, forbade Indigenous farmers from farming without a permit and limited their operations to small farms with the most basic equipment.<sup>20</sup>

In 1918, the Crown amended the Indian Act to allow the federal government to lease any uncultivated reserve land to non-Indigenous farmers without needing Band consent. This allowed the Crown to appropriate and lease out vast swathes of Indigenous land which were left uncultivated because of the previously imposed restrictions. This was followed by an intensive campaign by the Crown to secure surrenders of the best quality reserve land to make them available to settlers.<sup>21</sup> Many surrenders were secured under dubious circumstances, with many lawyers and historians arguing that they happened without the informed consent of Indigenous landholders. Many Indigenous communities whose land base diminished because of surrenders have won specific legal claims against the Crown, successfully proving in court that the surrender represented a technical breach of the terms of the Indian Act or was a violation of the federal government's fiduciary obligation to the community.<sup>22</sup> The historical consequences of these acts were exacerbated by the devastating effect of the residential school system, which forcibly suppressed the teaching, transfer and practice of Indigenous students' traditional agricultural knowledge. The combined effect of these policies was a significant contraction in Indigenous farmland, the erosion of Indigenous capacity and skill in utilising "Western" farming technology, and the disruption of generational Indigenous agricultural knowledge.

A major turning point in Indigenous agriculture came in the 1990s, with the introduction of the Treaty Land Entitlement agreements. Acknowledging its failure to provide the quantity of land guaranteed in the Numbered Treaties, the Government of Canada signed a series of agreements between 1992 and 2008 to provide First Nations with the full amount of land originally promised.<sup>23</sup> Under the terms of these agreements, 52 First Nations across Saskatchewan and Manitoba were to be provided with 3.8 million acres of Crown land to add to their reserves, or a commensurate sum of money so that additional land could be purchased privately.<sup>24</sup> This and other agreements reached with the federal and provincial governments has dramatically expanded the arable land held by Indigenous communities across Canada and has opened the door to new opportunities for economic development within the agriculture and agri-food sector.<sup>25</sup>

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<sup>19</sup> <https://treaty6education.lskysd.ca/firstnationsfarming.html>

<sup>20</sup> <https://treaty6education.lskysd.ca/firstnationsfarming.html>

<sup>21</sup> <https://www.facetsjournal.com/doi/10.1139/facets-2020-0004#tab4>

<sup>22</sup> <https://www.facetsjournal.com/doi/10.1139/facets-2020-0004#tab4>

<sup>23</sup> <https://www.sac-isc.gc.ca/eng/1100100034822/1612127247664>

<sup>24</sup> <https://www.sac-isc.gc.ca/eng/1305306991615/1611939771671> and <https://www.sac-isc.gc.ca/eng/1100100034825/1611943779434>

<sup>25</sup> <https://www.facetsjournal.com/doi/10.1139/facets-2020-0004#tab4>

## Overview of Indigenous Impact Investing in Canada

The term impact investing was formally coined in 2007. The core concept of impact investing is the notion of making financial investments with the intention of generating positive social and environmental impact alongside a financial return. The term impact investing is relatively new, but it builds on a long history of global communities pooling and sharing financial resources to improve outcomes for people and planet. For additional background information on impact investing, please see Appendix I - Impact Investing Overview.

The Indigenous impact investment landscape has been slowly growing in Canada. According to the 2018 report *Impact Investing in the Indigenous Context*,<sup>26</sup> there was at least \$1.2B in Indigenous impact investment made by financial institutions, institutional investors and governments across a range of sectors including agriculture and fisheries, energy, housing and natural resources. Since that report, Indigenous reconciliation has been rightly recognized as an increasingly important area of focus for impact investors. Major initiatives in Canada include:

- Launch of the first Indigenous-focused venture capital firm in North America, **Raven Indigenous Capital Partners**, to support seed and growth stage Indigenous businesses
- The **Indigenous Growth Fund**, a \$150M fund managed by National Aboriginal Capital Corporations Association (NACCA) to support small and medium-sized enterprise (SMEs) lending to Indigenous businesses through the network of AFIs
- The **Reconciliation and Responsible Investment Initiative** (RRII), a joint project of The Shareholder Association for Research and Education (SHARE) and Indigenous charity National Aboriginal Trust Officers Association (NATOA), to advocate for the inclusion of reconciliation goals by public companies and the adoption of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) as a reconciliation framework, as per the Truth and Reconciliation Commission's Recommendation 92.<sup>27</sup>

Data on impact investing in Canada, as a whole, remains somewhat limited, although the Responsible Investment Association (RIA) and the Global Impact Investing Network (the GIIN) produce some data, as noted in Appendix I. Where consistent yearly data does exist, it is typically shown as an aggregate of all activity and is not broken down into different areas of focus, such as Indigenous reconciliation or agriculture and agri-food. Additionally, reports such as *Impact Investing in the Indigenous Context*, listed above, have been produced on an hoc basis instead of consistently. We discuss the need for greater data in the sections below on growing the Indigenous agriculture economy and growing the role of impact investing.

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<sup>26</sup> <https://rallyassets.com/wp-content/uploads/2019/09/Impact-Investing-in-the-Indigenous-Context-Report-FINAL.pdf>

<sup>27</sup> <https://www.rcaanc-cirnac.gc.ca/eng/1524506030545/1557513309443>

## Key Sector Stakeholders

There are many stakeholders within the Indigenous agriculture and agri-food economy. Given the focus of this report on capital, and particularly impact investing, we have focused our stakeholder analysis on capital providers of all forms, repayable and non-repayable (supply-side stakeholders), and Indigenous agriculture and agri-food businesses (demand-side stakeholders).

### Capital Providers (Supply-Side Stakeholders)

Supply-side stakeholders are organizations and institutions that support the Indigenous agriculture and agri-food economy by providing different forms of capital to Indigenous businesses in this sector. They include:

- Traditional financial institutions
- AFI
- Agriculture and agri-food-focused lenders
- Institutional impact investors
- Governments, Crown corporations, and Government-related entities
- Grant-making organizations
- Impact investment funds and products
- Research organizations

## TRADITIONAL FINANCIAL INSTITUTIONS

**Type of Capital:** Commercial loans, banking services, grants

The 'Big Six' Canadian banks (National Bank of Canada, RBC, BMO, CIBC, Scotiabank and TD) all have Indigenous-banking business lines that are aimed at lending to Indigenous individuals, businesses and communities. Additionally, there are smaller local credit unions that also have programs dedicated to Indigenous lending, including some with on-reserve branches. Financial institutions also provide some support to Indigenous individuals through their corporate foundations, including providing grants, scholarships and career advancement opportunities.

As First Nations continue to settle outstanding land claims with the Crown, and enter profitable revenue-sharing agreements, Indigenous banking has become a competitive segment of business for Canadian financial institutions. Indigenous communities are in growing need of loans to fund infrastructure projects and to participate in resource development and other investment opportunities.

Canadian financial institutions continue to partner with and lend to Indigenous communities but are faced with several legal and administrative barriers when lending to First Nations. The Indian Act creates a unique legislative framework that governs security interests and the personal property of First Nations peoples on reserves. As a result of these antiquated and patriarchal provisions, First Nation communities have had to grapple with a lack of access to capital.

RBC, TD and Scotiabank have been explicit in providing resources to aid financial literacy for Indigenous peoples, which was created in response to calls from residential school survivors and First Nations youth who recommended

financial training as a means to maximizing the benefits of financial compensation, but no specific Indigenous-lending platform is in place.<sup>28</sup>

As of 2017, three of the Big Six banks recognize between \$1.8 and \$2.4B in Indigenous banking activity; extrapolating to the Big Six would translate into approximately \$10B in Indigenous banking activity.<sup>29</sup> A large part of the assets under management come from managing Aboriginal trusts, such as TD Aboriginal Trust's \$1.8B in assets under administration, and from mainstream banking activity, including commercial and small business banking.<sup>30</sup>

Aside from on-reserve housing loan programs, it is difficult to extrapolate the kind of capital being deployed to Indigenous initiatives as banks seldom report on internal lending statistics such as this.

## PROFILE

### BMO Indigenous Business Banking

BMO supports Indigenous businesses through its Indigenous business banking division which provides business banking services and financing for Indigenous communities, Indigenous-led organizations and Indigenous-owned businesses. BMO has been recognized for six years by the Canadian Council for Aboriginal Businesses with gold level Progressive Aboriginal Relations certifications, which is awarded to businesses that offer good business partnerships, are great places to work and are committed to prosperity for Indigenous communities. BMO also has 13 dedicated Indigenous branches across Canada.<sup>31</sup>

## ABORIGINAL FINANCE INSTITUTIONS

**Type of Capital:** Small and medium-sized business loans

AFIs are lending institutions that were set up by the Government of Canada to meet the financing needs of Indigenous communities. There are 58 AFIs across the country providing financial services and products tailored to the Indigenous peoples, businesses and communities they serve.<sup>32</sup>

Developmental lending programs offered by AFIs have supported Indigenous communities and their members by creating opportunities for the community from within. Where a lack of capital has long been the most significant barrier to Indigenous people seeking to start up or expand their businesses, the loan programs that the AFI network provides, through financial support from NACCA, stimulate the emergence of Indigenous-led SMEs.

AFIs were created in the mid-1980s to early 1990s by Aboriginal Business Canada (ABC), Human Resources Development Canada (HRDC) and Indian and Northern Affairs Canada (INAC). It was thought, at the time, that AFIs might, because of Indigenous ownership, overcome previously encountered loan-collection challenges and other access to capital barriers such as Indian Act restrictions, limited business skills, limited management experience,

<sup>28</sup> <https://www.rbc.com/Indigenous/financial-literacy-for-Indigenous-peoples.html> , <https://www.scotiabank.com/ca/en/personal/programs-services/Indigenous-peoples.html> and [https://www.td.com/document/PDF/corporateresponsibility/td\\_cr\\_aboriginal\\_report\\_en.pdf](https://www.td.com/document/PDF/corporateresponsibility/td_cr_aboriginal_report_en.pdf)

<sup>29</sup> <https://rallyassets.com/wp-content/uploads/2019/09/Impact-Investing-in-the-Indigenous-Context-Report-FINAL.pdf>

<sup>30</sup> [https://www.td.com/document/PDF/corporateresponsibility/td\\_cr\\_aboriginal\\_report\\_en.pdf](https://www.td.com/document/PDF/corporateresponsibility/td_cr_aboriginal_report_en.pdf)

<sup>31</sup> <https://www.bmo.com/main/business/indigenous-banking/>

<sup>32</sup> <https://nacca.ca/aboriginal-financial-institutions/>



remoteness from mainstream Financial Institutions (FIs), and prohibitive heavily regulated FI risk tolerance levels.<sup>33</sup> The intended purpose of AFIs was to have them engage in the provision of repayable interest-bearing loans to Indigenous SMEs which were unable to secure loans from highly regulated conventional lenders considering interrelated risk tolerance levels.<sup>34</sup>

Although AFIs traditionally take on more risk than conventional commercial lenders, annual loan losses averaged only 2.1% in 2019-20.<sup>35</sup> With nearly 50,000 loans worth close to \$3B made over the past three decades, the AFI network continues to play a critical role, filling the financing gaps and unmet needs of Indigenous entrepreneurs.<sup>36</sup> Beyond loans, clients can access additional supports such as non-repayable contributions, consulting and business start-up/aftercare services. Annually the AFI network makes about \$125M in new loans but there is potential to lend out much more. In 2020, the network again showed its ability to move capital quickly to where it is most needed, as part of the federal government's response to the COVID-19 crisis.<sup>37</sup>

The most significant benefits to AFI individual clients from business loans and support services – such as the achievement of self-reliance, improved self-worth and improved standards of living for entrepreneurs and families – are difficult to measure in quantifiable terms.

AFIs are experts in small and medium enterprise lending but are often not structured to address the needs of more complex business with varying financial requirements. AFIs' approach of supporting the viability of a business, taking a flexible stance on security requirements, and managing risk by building capacity has positioned them as risk management innovators.

## PROFILE

### Settlement Investment Corporation

Settlement Investment Corporation (SIC), incorporated in 1985, is owned by Settlement Sooniya Corporation, which in turn is owned by the Métis Settlements General Council on behalf of the members of eight Métis settlements.<sup>38</sup> SIC serves the business community of the Métis settlements by providing the following products/services:

- Promoting developmental, business-driven economic development in these settlements
- Enabling access to capital by providing diverse, tailored, developmental debt financing
- Building the management capacity and business skills of its clients by providing necessary business planning, mentoring and management support services
- Establishing partnerships and relationships with other Aboriginal, public, and private sector partners to enhance the developmental financing and support services available to its clients
- Managing and delivering related public and private sector programs and services.

<sup>33</sup> <https://nacca.ca/wp-content/uploads/2017/03/2010-afi-job-cost-efficiency-analysis-195-kb-1.pdf>

<sup>34</sup> <https://fmc-gac.com/wp-content/uploads/2021/09/The-Path-Forward-Supporting-Indigenous-Ag.pdf>

<sup>35</sup> <https://nacca.ca/aboriginal-financial-institutions/>

<sup>36</sup> *ibid*

<sup>37</sup> <https://www.bdc.ca/en/about/mediaroom/news-releases/Indigenous-growth-fund-raises-150m-first-round-support-Indigenous-entrepreneurs-canada>

<sup>38</sup> <https://www.settlementinvestcorp.com/about>

## AGRICULTURE AND AGRI-FOOD-FOCUSED LENDERS

**Type of Capital:** Small and medium-sized business loans

These institutions focus exclusively on servicing the needs of businesses and entrepreneurs involved in farming or small and medium-sized businesses closely involved in the food and farming economy. They range from large government-controlled lenders, such as Farm Credit Canada, to smaller regional community loan funds that provide place-based lending based upon the needs of their local community. There are no agriculture and agri-food lenders focused exclusively on supporting Indigenous lenders; however, many lenders do seek to intentionally support Indigenous agriculture and agri-food entrepreneurs.

### PROFILES

**Farm Credit Canada (FCC)** is Canada's largest agricultural term lender. It offers specific and personalized financial services to farming operations, including family farms. Originally solely a farm lender, FCC now also provides funding to enterprises that are closely related to or dependent on farming.<sup>39</sup> FCC funds and delivers joint programs and services with federal agencies, provincial governments and other term lenders.<sup>40</sup> Its operations are funded primarily through FCC bond offerings, structured notes, institutional short-term notes, long-term programs and institutional debt. The product portfolio includes a variety of intermediate and long-term loans, with amortization periods as long as 29 years.<sup>41</sup> According to its annual report 2019-20, the total value of the corporation's loan portfolio is \$38.6B.<sup>42</sup>

**Fair Finance Fund** is an Ontario-based non-profit social finance fund dedicated to providing loans and mentorship services to local food and farm enterprises that value strong local food systems, local economies and a healthy planet.<sup>43</sup> Fair Finance Fund raises its investment capital by issuing community bonds, an impact investment tool, which provides an ongoing investment opportunity for investors who want their capital to help build local food systems in Ontario to support food that is grown, raised and processed in their backyards. Fair Finance Fund is increasingly focused on supporting underrepresented groups such as women, Indigenous, and Black farmers and entrepreneurs.<sup>44</sup>

**FarmWorks Investment Co-operative Limited** was incorporated as a for-profit Co-operative in 2011, using Nova Scotia's Community Economic Development Investment Cooperation legislation, by an association of community leaders concerned about social, economic and cultural needs.<sup>45</sup> FarmWorks promotes and provides strategic and responsible community investment in food production and distribution in order to increase access to a sustainable local food supply for all Nova Scotians. There is significant potential for agriculture and food production to benefit health, employment and the provincial economy. FarmWorks enables Nova Scotians annually to purchase common shares in a diversified portfolio of businesses that yield meaningful financial returns on investments. These investments provide subordinated debt financing for farms, food processors and value-added food producers, helping to increase the viability and sustainability of agriculture and the security of a healthy food supply.

<sup>39</sup> <https://www.fcc-fac.ca/en/about-fcc.html>

<sup>40</sup> <https://www.thecanadianencyclopedia.ca/en/article/farm-credit-corporation>

<sup>41</sup> *ibid*

<sup>42</sup> <https://www.fcc-fac.ca/fcc/about-fcc/reports/ar-ra-2019-20-e.pdf>

<sup>43</sup> <https://www.fairfinancefund.org/about-us>

<sup>44</sup> <https://www.fairfinancefund.org/about-us>

<sup>45</sup> <https://farmworks.ca/about/>

## Institutional Impact Investors

**Type of Capital:** Private debt, private equity, public debt, public equity, guarantees, concessionary capital, non-repayable capital

Impact investors place capital in funds, products and businesses seeking a financial return as well as social and/or environmental return. In Canada, the impact investing sector has been led by mission-aligned investors such as foundations. Other actors include pension funds, university endowments, family offices, Indigenous trusts and institutional portfolio managers. While still in its early stages, Indigenous reconciliation is being increasingly recognized as an important area of investment for impact investors. Agriculture and agri-food, particularly as it relates to food sovereignty, sustainable food production and protection of family and small-scale farms, are also areas of interest for Canadian impact investors. Institutional impact investors seek impact investment opportunities across all asset classes. As investors with significant capital assets, they can play an important role in bringing Indigenous reconciliation to the forefront of investing, particularly in areas like public market investing.

### PROFILE

#### Reconciliation and Responsible Investment Initiative

The RRII <sup>46</sup>, a partnership between SHARE and NATOA, is supporting Indigenous trustees and decision-makers to align the governance of their collective financial assets with their community values. The two partners are working with Indigenous decision-makers to ensure their rights, values and aspirations are reflected and upheld in their investment policies and practices including in their relationships with advisors and asset managers.

They are also mobilizing Canadian institutional investors – guided by Indigenous investors and together with Indigenous-led organizations – to use their capital to promote positive economic outcomes for Indigenous peoples including through employment, support for Indigenous entrepreneurs, increased partnerships with Indigenous communities and respect for Indigenous rights and title.

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<sup>46</sup> <https://reconciliationandinvestment.ca/about-us/>

## GOVERNMENTS, CROWN CORPORATIONS AND GOVERNMENT-RELATED ENTITIES

**Type of Capital:** Grants, forgivable loans, concessionary financing, loans, loan guarantees, equity investments

Canada's local, provincial and federal governments provide capital to Indigenous peoples and the Indigenous economy in a variety of different ways, including through grants, contributions and transfers. The federal government has begun to explore ways to participate in and catalyze impact investing, which they see as an effective way of deploying capital to tackle social issues. However, this area remains quite new, and the amount of capital allocated to investment, as opposed to grants, contributions and transfers, is currently minimal.

In addition to impact investing, the federal government provides non-repayable capital (grants and contributions) to Indigenous peoples and communities. In 2016, the Federal Budget committed a landmark \$8.4B, followed by \$3.4B in 2017, to Indigenous communities to help address critical needs in on-reserve infrastructure, housing and healthcare, among other areas.<sup>47</sup> The key areas of spending are infrastructure, economic development, education and reconciliation initiatives.

### PROFILES

#### The Social Finance Fund

The Social Finance Fund (SFF) is a \$755M initiative launched by the Government of Canada that seeks to accelerate the growth of Canada's social finance market. Greater access to social finance through the SFF is intended to help catalyze the impact investment sector in Canada. The SFF will provide repayable funds to a small number of investment managers known as wholesalers. Wholesalers will invest in existing or emerging social finance intermediaries, such as credit unions, community loan funds and private equity firms. Wholesalers will invest in social finance intermediaries alongside other investors. Indigenous reconciliation is anticipated to be an important area of focus for the firms chosen to implement the SFF.<sup>48</sup>

#### Pacific Integrated Commercial Fisheries Initiative

In February 2022 the Federal Minister of Fisheries, Oceans, and the Canadian Coast Guard, announced investments of \$11.8M to support First Nations commercial fisheries enterprises for the benefit of Indigenous communities under the Pacific Integrated Commercial Fisheries Initiative (PICFI). These PICFI investments support new business and training opportunities and increase fisheries access for 31 Indigenous commercial fisheries companies representing 117 First Nations across British Columbia. PICFI is co-developed, co-designed and co-delivered in collaboration with Indigenous partners. In addition to PICFI, the Government of Canada has created the Atlantic Integrated Commercial Fisheries Initiative and Northern Integrated Commercial Fisheries Initiative to similarly support fisheries and aquaculture on the East Coast and in Northern Canada.

<sup>47</sup> <https://www.rcaanc-cirnac.gc.ca/eng/1458682313288/1620824687328>

<sup>48</sup> <https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/social-finance-fund.html>



## GRANTMAKING ORGANIZATIONS

**Type of Capital:** Program grants, discretionary grants, loan financing, guarantees, blended capital, concessionary capital

Canadian foundations have been a driving force in mainstreaming impact investing in Canada, with the size of their impact assets under management jumping from \$287M in 2013 to \$1.19B in 2016.<sup>49</sup> According to the RIA, foundations are responsible for 13% of all impact investments in Canada.<sup>50</sup>

As foundations increase their deployment of impact capital, it is expected that there will be a greater flow of capital to Indigenous communities. It is common for many foundations that partake in impact investing to align investing with their granting programs, which suggests impact investing could be a natural fit for those that already have Indigenous peoples and communities as a granting focus. For others, events such as the ongoing discoveries of unmarked Indigenous grave sites at former residential schools, has catalysed efforts to prioritize Indigenous reconciliation into granting, operations and investing,

Foundations also make significant private fixed-income impact investments. These tend to be more flexible in structure and size, ranging from revolving loan funds to real estate-backed community bonds to custom direct loan agreements.<sup>51</sup> Debt investments in particular are a high-potential opportunity for Indigenous impact investments, given the need for debt financing for housing, land acquisition and small business loans.<sup>52</sup>

### PROFILE

#### McConnell Foundation

The McConnell Foundation is a Montreal-based private foundation granting in three focus areas: climate, communities and reconciliation.<sup>53</sup> In line with its granting, McConnell's impact investing has a focus on Indigenous reconciliation. The foundation's work on reconciliation puts a high value on good engagement with existing and potential partners. The foundation aims to co-create a respectful path to build relationships, whether the outcome is funding or not. It knows that this journey is as much an internal as an external one, and that the work is personal, organizational and systemic.

The work is guided by the principles of:

- Recognizing the knowledge base and experience to support new ideas and problem-solve, including Western and Indigenous knowledge
- Recognizing that trauma underlines and informs many Indigenous communities and ensuring that projects are rooted in healing and reconciliation
- Ensuring that Indigenous cultures and values inform all aspects of an initiative or project
- Providing the necessary resources and capacity to enable and support Indigenous innovators

<sup>49</sup> <https://www.riacanada.ca/research/2016-canadian-impact-investment-trends-report/>

<sup>50</sup> *ibid*

<sup>51</sup> <https://rallyassets.com/wp-content/uploads/2019/09/Impact-Investing-in-the-Indigenous-Context-Report-FINAL.pdf>

<sup>52</sup> <http://www.naedb-cndea.com/en/recommendations-report-on-improving-access-to-capital-for-Indigenous-peoples-in-canada/>

<sup>53</sup> <https://mcconnellfoundation.ca/focus-area/reconciliation/>

## IMPACT INVESTMENT FUNDS AND PRODUCTS

**Type of Capital:** Equity, venture capital, loans, bonds

Impact investment funds and products pool together capital from a range of institutional and individual investors. They are distinguished from their non-impact counterparts by intentionally seeking and reporting on social and/or environmental impact and financial performance. They can be structured in different ways depending on the type of investment, for example small loans or large equity investments, and thematic area, such as affordable housing or agriculture. Examples of impact fund and product structures include venture capital funds, community loan funds and outcomes contracts.

At present, there are very few impact investment funds and products focused exclusively on supporting Indigenous peoples and none that focus exclusively on the Indigenous agriculture and agri-food economy. It is more common to find impact funds and products that more broadly target diversity, inclusion, and/or investing in Black, Indigenous, People of Colour (BIPOC) entrepreneurs without an explicit focus on Indigenous reconciliation. There is a growing recognition that Indigenous reconciliation is a distinct area of impact and that it should not be combined with other BIPOC or diversity and inclusion initiatives.

### PROFILES

**Raven Indigenous Capital Partners** aims to empower Indigenous entrepreneurs and revitalize the Indigenous economy with credibility, accountability and transparency. Raven is an Indigenous-led venture capital firm, investing in Indigenous social enterprises. It facilitates the flow of capital through impact investing in Canada and the United States. It helps Indigenous entrepreneurs achieve their goals, strengthen the Indigenous economy and have a positive and lasting impact on the ecosystem. The Raven Indigenous Impact Fund invests in early and growth stage Indigenous companies, providing equity investments that are helping to build a renewed and sustainable Indigenous economy. At the heart of the investing practice is bringing Indigenous integrity into all aspects of the work.<sup>54</sup> Raven brings Indigenous-led patient equity capital to invest with innovative, scalable, purpose-driven Indigenous social enterprises. They take an active, hands-on approach with the enterprises in their portfolio to leverage their extensive operational knowledge, build capacity and secure market access.

**Indigena Capital, LP** is a Calgary-based firm that has launched an Indigenous Equity Partnership Fund dedicated to partnering with First Nation, Inuit and Métis communities in Canada and Tribal Nations in the US to provide equity capital to enable Nations to actively participate in commercial-scale enterprises. Nations have substantial rights and resources that, when empowered with fit for purpose capital, can deliver a meaningful economic engine for the socio-economic well-being of their communities, while delivering appropriate sector returns to investors. Indigena aims to raise up to \$250M from institutional investors across Canada, the United States and Europe for deployment into the agriculture, renewable energy and carbon offset, infrastructure and real estate sectors.<sup>55</sup>

<sup>54</sup> <https://ravencapitalpartners.ca/investments/raven-indigenous-impact-fund>

<sup>55</sup> <https://www.newswire.ca/news-releases/indigena-capital-to-launch-250-million-indigenous-equity-partnership-fund-to-bridge-private-investment-with-indigenous-communities-in-canada-and-the-united-states-815969311.html>

## RESEARCH ORGANIZATIONS

**Type of Capital:** Grant funding, research support, human capital, partnerships

As agriculture has emerged as a high-potential market opportunity for the Indigenous community, many Indigenous community organizations, nonprofits, postsecondary institutions and research councils have mobilized to fill the knowledge gap around Indigenous agriculture. To date, there has been little academic or published research on the topic of Indigenous agriculture and much of what we know is the product of piecemeal research carried out by Indigenous organizations, communities and individual researchers. In recent years, these actors have been successful in facilitating the participation of the public and nonprofit sector in supporting the development of linkages between knowledge holders at the community, academic and governmental levels and the creation of an integrated strategy for Indigenous agricultural knowledge development.<sup>56</sup> However, a number of barriers still exist in collecting quality research that can inform Indigenous agricultural policy and strategy. First, the information on Indigenous agriculture collected by Statistics Canada through the Census of Agriculture and Census of Population remains limited, and only provides the most basic snapshot of the Indigenous agricultural economy.<sup>57</sup> Secondly, agricultural knowledge development at the university level suffers from Indigenous underrepresentation in the STEM fields, and by extension agricultural sciences.<sup>58</sup> The lack of Indigenous representation at the faculty and student level puts a cap on the amount of academic attention, and funding, directed towards the topic of Indigenous agriculture.

### PROFILE

#### Social Sciences and Humanities Research Council

In 2015, the Truth and Reconciliation Commission of Canada's (TRC) Calls to Action mentioned the Social Sciences and Humanities Research Council (SSHRC) when calling for the establishment of a national research program to advance the understanding of reconciliation. In 2017, the Canada Research Coordinating Committee (CRCC), which coordinates the efforts of the SSHRC, identified as a priority "a national dialogue to co-develop, with First Nations, Métis and Inuit communities, an interdisciplinary Indigenous research and research training model that contributes to reconciliation between Indigenous and non-Indigenous peoples"<sup>59</sup> The following year, the federal government made a commitment of \$3.8M to facilitate this objective, most of which would be dispensed in the form of grants to support knowledge-building activities and the development of position papers. One of the major successes to come out of this program was the Forum on Indigenous Agriculture in Saskatchewan, an event that brought together researchers from the University of Saskatchewan, Indigenous community organizations, Indigenous agricultural producers and provincial and federal policymakers.<sup>60</sup> The forum culminated in the production of a position paper on the state of Indigenous agriculture in Saskatchewan. This position paper provided a depth of analysis absent from existing Indigenous agriculture research, identifying the opportunities and challenges within Indigenous knowledge development, capacity building, collaborative relationships, access to financing and reform of policy and legislation.<sup>61</sup>

<sup>56</sup> <https://research-groups.usask.ca/Indigenousag/documents/arcand-Indigenous-research-connection-grant-position-paper-612-2018-0036.pdf>

<sup>57</sup> <https://www.facetsjournal.com/doi/10.1139/facets-2020-0004#tab4>

<sup>58</sup> <https://www.facetsjournal.com/doi/10.1139/facets-2020-0004#tab4>

<sup>59</sup> [https://www.sshrc-crsh.gc.ca/funding-financement/programs-programmes/Indigenous\\_research-recherche\\_autochtone-eng.aspx#:~:text=Indigenous%20Research%20Capacity%20and%20Reconciliation%E2%80%9494Connection%20Grants%20are%20valued%20at,of%20a%20six%2Dmonth%20extension.](https://www.sshrc-crsh.gc.ca/funding-financement/programs-programmes/Indigenous_research-recherche_autochtone-eng.aspx#:~:text=Indigenous%20Research%20Capacity%20and%20Reconciliation%E2%80%9494Connection%20Grants%20are%20valued%20at,of%20a%20six%2Dmonth%20extension.)

<sup>60</sup> <https://research-groups.usask.ca/Indigenousag/documents/arcand-Indigenous-research-connection-grant-position-paper-612-2018-0036.pdf>

<sup>61</sup> <https://www.facetsjournal.com/doi/10.1139/facets-2020-0004#tab4>

## Indigenous Agriculture and Agri-Food Businesses (Demand-side Stakeholders)

The Indigenous agriculture and agri-food economy encompasses a broad range of business types, from part-time, one-person local businesses to large global exporters. It operates in remote and urban communities from coast to coast to coast. Naturally, the experiences of Indigenous businesses in this sector vary significantly by scale, type, geography and specific circumstances of each business. We recognize that Indigenous peoples and businesses are not a monolith and that this research will not capture the breadth and depth of all Indigenous agriculture and agri-food businesses. However, through our research, we identified Indigenous agriculture and agri-food businesses with certain similarities. Using that research, we have attempted to group archetypes of certain businesses together to help identify some common elements among them.

Demand-side stakeholders include:

- Artisan, traditional craft, small and micro businesses
- Innovation and R&D intensive business
- Growth-oriented and early-stage start-up businesses
- Stable or established loan-seeking businesses

## ARTISAN, TRADITIONAL CRAFT, SMALL AND MICRO BUSINESSES

**Capital Needs:** Social enterprise lending, small business loans, start-up and small business grants, commercial banking services

Small businesses make up the backbone of the Canadian economy and are typically defined by employee size. Micro businesses are those with fewer than five employees, while small business have 5-50 employees for services companies and 5-100 employees for goods companies<sup>62</sup>. Artisan businesses are generally defined as businesses where goods are made by hand and not mass manufactured. Artisan entrepreneurs are typically viewed as preserving traditional practices or arts.

In the context of the Indigenous agriculture and agri-food economy, small and artisan business include small-scale crop production, growing of traditional crops such as a sweetgrass and tobacco, or small-scale value-added production, such as maple products, honeys and craft brewing.

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<sup>62</sup> <https://www.bdc.ca/en/articles-tools/business-strategy-planning/manage-business/10-things-didnt-know-canadian-sme>



## PROFILES

### Tsawwassen First Nation Farm School

The Tsawwassen First Nation Farm School is a social enterprise based in Surrey, BC. It is a partnership between Kwantlen Polytechnic University and the Tsawwassen First Nation. The school offers a seven-month training program to teach participants about integrated vegetable and livestock farming. The focus of the program is to provide students with a strong base in Indigenous food systems and regenerative agriculture. Outside of farmer training, the farm serves as a working certified farm with its produce sold to restaurants, through Community Supported Agriculture (CSA) boxes, and at various farmers markets in Vancouver.<sup>63</sup>

### Ungava Gourmet

Ungava Gourmet is a small Indigenous-run family business located in Waswanipi, Quebec. Ungava produces condiments and 100% natural teas that are made from regionally sourced plants. The company was created in 2005 and uses practices to ensure true sustainability, particularly when it comes to harvesting materials for their teas. The company is a family business where daughter Jocelyn manages production and her mother Ella ensures that sustainable harvesting practices are followed. Irene, who purchased the business in 2018, manages branding and sales. Ungava Gourmet serves the local community and hopes to be seen as an inspiration for Ungava's young population and bring sustainable economic opportunities to the community.<sup>64</sup>

## INNOVATION AND R&D-INTENSIVE BUSINESSES

**Capital Needs:** Research grants and other forms of non-repayable capital to support research and development, early-stage equity

R&D and innovation-focused businesses are typically defined as enterprises that are developing a new and innovative method for delivering a product or service. These businesses have often not yet generated any revenue (pre-revenue) or may not have determined how to monetize or commercialize their innovations. Innovation and R&D intensive businesses spend their time and resources on developing and testing new technology, processes, etc. before developing a commercial product or service.

In the Indigenous agriculture and agri-food economy, this may include R&D on new crop development, commercialization of traditional crops, new methodologies for mass-producing food products, or exploring new products from existing crops.

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<sup>63</sup> <https://www.kpu.ca/tfnfarm>

<sup>64</sup> <https://www.ungavagourmet.com/#about>

## GROWTH-ORIENTED AND EARLY-STAGE START-UP BUSINESSES

**Capital Needs:** Equity investments, 'friends and family' round, venture capital

Businesses in this category are typically seeking external equity financing, either from individual investors or from venture capitalists and others capital providers that invest in early-stage and growing businesses. These businesses may be seeking equity for the first time or looking to raise additional equity. These businesses typically have a commercial product or service, already have some revenue, and are growing significantly each year. Generally, they are seeking equity investments to grow their businesses and have not become profitable yet.

In the Indigenous agriculture and agri-food economy, this could include businesses that are beginning to mass produce a food product, developing a new ag-tech innovation or building a consumer brand.

### PROFILES

#### Four Horse Developments

Four Horse Developments is a limited partnership mandated to create economic opportunities for the Zagime Anishinabek through the development and acquisition of businesses. It is also the economic development arm of the First Nation based in Regina, Saskatchewan. Its vision is to create sustainable opportunities for the seven generations through economic development while identifying, developing and promoting opportunities that advance economic prosperity for Zagime First Nations.

Its core responsibilities to the Zagime Anishinabek Nations' Regina West Lands are:

- Existing business enterprises (business renewal, growth and development)
- Opportunities identification (targeting, seeking, assessing and selecting suitable new ventures)
- New venture developments (assessing, planning, financing, developing and implementing viable ventures)<sup>65</sup>

#### Cheekbone Beauty Cosmetics

Cheekbone Beauty Cosmetics is an Indigenous-owned and led socially and environmentally conscious Indigenous colour cosmetics brand. It exists to enhance the lives of Indigenous people with a focus on youth. Cheekbone aims to create a space in the beauty industry where Indigenous youth feel represented and seen. To date, its streams of giving include product donations, monetary donations and project-focused donations that have amounted to more than \$150,000 across a variety of causes.<sup>66</sup>

Cheekbone's high-quality products are cruelty-free and developed with eco-conscious less-waste packaging. The brand has partnered with Sephora to sell its products through Sephora Canada's online and brick-and-mortar stores with ongoing plans to expand into Sephora US.

<sup>65</sup> <http://fourhorse.ca/about-four-horse/>

<sup>66</sup> <https://www.cheekbonebeauty.com/pages/about>

### **AgriTech North** <sup>67</sup>

AgriTech North is a farming social enterprise B Corp that hydroponically grows fresh produce year-round to contribute to the resolution of food insecurity throughout northwestern Ontario. Its social mission is to reduce fresh produce costs in Far North Indigenous communities by 25% and increase availability to those communities year-round. Growing local means that produce has very minimal transportation requirements, resulting in a longer shelf life, lower carbon footprint and preserved nutrition.

AgriTech North's slogan "Better than Organic" reflects the environmental benefits of its vertical hydroponic operations, which uses 90% less water and 60% fewer nutrients than organic and conventional farming methods and removes the need for pesticides, herbicides and fungicides. Hydroponically grown produce also yields up to three times conventional farming methods.

AgriTech Business is a member of the Canadian council for Aboriginal Business, the Canadian Food Innovation Network, Local Food and Farm Co-op, and the Metis Nation of Ontario.

### **Seed 2 Leaf Environmental Consulting Inc.** <sup>68</sup>

S2L is a 100% Indigenous-owned and operated integrated vegetation management (IVM), environmental monitoring, and integrated pest management planning (IPMP) firm. Its mission is to use adaptive frameworks to move away from systems-based, often one-dimensional, spray-and-forget programs and towards integrated pest management in a way that recognizes traditional ecological knowledge (TEK) and uses environmental best practices as stewards of the land and of biodiversity.

S2L sponsors and assists programs related to environment management and outdoor recreation in the community. It offers training courses to those interested in learning about invasive species and citizen science programs. With the support of industry and regional land users, S2L develops youth employment opportunities to train the next generation of weed inspectors, invasive species management professionals and guardians of biodiversity.

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<sup>67</sup> <https://www.agritech-north.ca/>

<sup>68</sup> <https://seed2leaf.com/>

## STABLE OR ESTABLISHED LOAN-SEEKING BUSINESSES

**Capital Needs:** Commercial lending, inventory financing, venture debt

Businesses seeking commercial lending and other forms of large-scale debt finance are generally larger, more established businesses that typically have steady revenues and a stable customer base and are profitable. They are often seeking loans to cover specific expenses such as inventory, equipment, manufacturing, infrastructure, planting crops and expansion.

In the Indigenous agriculture and agri-food economy, this may include financing equipment to expand farming operations, investing in new processing equipment or manufacturing facilities for food products, financing to acquire another established business, or acquiring new fishing licenses.

### PROFILE

#### Clearwater Seafoods Acquisition

In January 2021, the Nova Scotia Supreme Court formally approved the sale of Clearwater Seafoods, Canada's leading seafood company and a major exporter based in Halifax, to a coalition comprised of seven Mi'kmaq First Nations communities in Atlantic Canada and BC-based Premium Brands. The deal was led by Membertou First Nation in Nova Scotia and Miawpukek First Nation in Newfoundland and Labrador and has resulted in a 50-50 equal ownership stake between the Mi'kmaq coalition and Premium Brands.<sup>69</sup> The deal is said to be the largest single investment in the seafood industry by any Indigenous group and, under the agreement, the coalition also retains all Clearwater's offshore fishing licenses. To finance the deal, the Mi'kmaq coalition secured a \$250M loan with a 30-year term from the First Nations Finance Authority.<sup>70</sup>

<sup>69</sup> <https://www.cbc.ca/news/canada/nova-scotia/mi-kmaw-clearwater-seafoods-purchase-terry-paul-john-risley-1.5917676>

<sup>70</sup> [https://membertou.ca/wp-content/uploads/2020/11/QA\\_MembertouInvestment.pdf](https://membertou.ca/wp-content/uploads/2020/11/QA_MembertouInvestment.pdf)



## Overcoming Barriers in the Indigenous Agriculture and Agri-Food Economy

As noted previously, Indigenous participation in the agriculture and agri-food economy has been proportionally lower than non-Indigenous participation, though growing strongly<sup>71</sup>. Indigenous participation has not been reflective of the growing Indigenous population and the importance of land, agriculture and food to Indigenous peoples. In this section, we identify certain barriers that have been impeding growth.

Research discussing barriers to participation in the Indigenous economy and the Indigenous agriculture and agri-food economy consistently identifies access to capital as a leading barrier. In this report, we focus on addressing that capital gap using a range of impact investment tools and providing calls to action to key stakeholders. However, it is also important to note that there are several non-capital barriers that also threaten Indigenous emergence within the agriculture and agri-food sector, and these are covered in this section of the report. These non-capital barriers strongly impact capital barriers and capital providers should be aware of them as they seek to address gaps. Non-capital barriers have been categorized into three groups: access to land and infrastructure, policy and structural challenges, and skills and knowledge gaps.

### ACCESS TO LAND AND INFRASTRUCTURE

The 2019 report *Support for Indigenous Peoples in the Agriculture and Agri-Food Industry*, by the federal government's Standing Committee on Agriculture and Agri-Food, established access to land as one of the primary challenges in the development of Indigenous agribusiness. Indigenous farmers frequently reported that the small size of their lands or quantity of good quality farmland limited the viability of operations<sup>72</sup>. This is a particularly acute issue for those living in northern areas, where the environmental conditions are less favourable for agriculture. Although some First Nations have experienced success in expanding reserve land through land settlement claims, this process is complex, lengthy and costly. Other First Nations have expanded their land base by purchasing from non-Indigenous landowners or municipal governments using fee simple agreements, which allow purchasers to use the land for any purpose permitted under local bylaws<sup>73</sup>. However, buying land commercially is financially prohibitive for many and First Nations buyers may face other barriers, such as hostilities from non-Indigenous landowners, when seeking to acquire land. First Nations-owned corporations can also secure formal lease agreements on reserve land if the reserve has gone through a formal process of designating reserve lands to the federal government, which registers the long-term lease of the land in the Indian Lands Registry System. A major benefit of the designation process is that it allows the market value of the land to be used as leverage when attempting to secure financing, similar to a non-Indigenous farmer or corporation using the value of their real assets to secure financing. However, the process to apply for designation can take multiple years and there is no guarantee it will be approved by all parties.<sup>74</sup>

Many individual First Nations agriculture operators access additional land on reserve using customary allocations. This is usually done by resolution of a First Nation council but is not considered to be legally binding, so the Indigenous operator could lose access to the land if the council decides to use it for another purpose.<sup>75</sup> First Nations can also provide allotments on reserve to individual members via a Certificate of Possession, which allows the individual to farm or lease that land to others. Parallel to the issue of limited access to land is a lack of access to infrastructure. The agricultural productivity of many Indigenous agribusiness owners is limited by the quality of infrastructure in Indigenous communities. Drinking water shortages in many regions prevent commercial use of water for agricultural

<sup>71</sup> <https://www150.statcan.gc.ca/n1/pub/96-325-x/2019001/article/00001-eng.htm>

<sup>72</sup> <https://www.ourcommons.ca/Content/Committee/421/AGRI/Reports/RP10510119/agrip17/agrip17-e.pdf>

<sup>73</sup> <https://www.fcc-fac.ca/en/knowledge/first-nations-land-ownership.html>

<sup>74</sup> <https://www.fcc-fac.ca/en/knowledge/first-nations-land-ownership.html>

<sup>75</sup> <https://www.fcc-fac.ca/en/knowledge/first-nations-land-ownership.html>

purposes. Additionally, communities do not always have the resources to develop the necessary water infrastructure for irrigation systems, such as water diversions, lines, storage and treatment. Energy systems in Indigenous communities are also found to be inadequate in many cases. Many northern and remote Indigenous communities, for example, still depend on diesel-powered electricity systems. This makes the operating costs of greenhouse-grown fruits and vegetables too high, to the point that flying in fresh produce is more cost-effective than local production.<sup>76</sup>

## Agriculture

Agriculture is a sector with high start-up costs, narrow margins and a long-term time horizon. Because many Indigenous peoples cannot use reserve land as collateral for additional loans, starting an agribusiness is only a practical option for those financially established enough to absorb multiple years of net losses. This excludes many young people and would-be entrepreneurs who don't have the savings to self-finance an agribusiness. According to Canadian Council for Aboriginal Business (CCAB)'s 2018 *Success and Sustainability* report, half of Indigenous agriculture producers reported that they were only able start their businesses after retirement or as a second career much later in life, because they couldn't afford such a long-term investment earlier on.<sup>77</sup> As a result, the primary way that First Nations currently engage in the agriculture industry is large-scale leasing of reserve lands to non-Indigenous landowners. Financial insecurity and uncertainty around the availability of social services pushes Indigenous landholders to pursue a small but guaranteed income from leasing rather than the high-yield, higher risk prospect of personally cultivating the land.

### How to Reduce the Barriers

**Governments could increase support for social services.** While some factors affecting land access, such as the price of additional farmland, cannot be easily changed, there are ways to reduce its general impact on Indigenous farming. A primary contributor to the shortage of farmland is that the chronic underfunding of social services on reserves often pushes Indigenous communities to lease their lands, often under unfavourable terms, so that they have cash on hand to pay for things like education and health services. When social services are properly resourced, Indigenous landowners will feel more secure in having their basic needs addressed and will have greater freedom to start longer term projects like land cultivation.

**Simplification of Crown policies.** The federal government can seek ways to reduce the complexity, timeline and approval process for tools such as designating reserve lands and issuing Certificates of Possession to make these tools more easily accessible by First Nations and individual members.

**Nations could improve policies.** There is a need for a coherent agricultural zoning policy on reserves, so that Indigenous farmers operating on reserve have greater certainty around use and access to land.

**Investors could support innovation.** The public and private sector can support Indigenous agricultural producers with limited access to quality farmland by investing in the development and deployment of land-maximizing technologies like vertical farming, which can boost output without needing additional land. Investors can also support in designing investment products designed for land acquisition and infrastructure investment.

**Governments could invest more in infrastructure.** Finally, the profitability of Indigenous agriculture in remote locations is dependent on greater public investment in renewable energy systems, water management systems and affordable high-speed internet so that Indigenous agricultural producers can reduce the overhead of their operations.

<sup>76</sup> <https://www.ourcommons.ca/Content/Committee/421/AGRI/Reports/RP10510119/agrip17/agrip17-e.pdf>

<sup>77</sup> <https://www.ccab.com/wp-content/uploads/2018/11/CCAB-Success-and-Sustainability-2018.pdf>

## POLICY AND STRUCTURAL CHALLENGES

Despite numerous governmental and non-governmental programs and services dedicated to providing capital and other supports to Indigenous small businesses and start-ups, the CCAB's 2016 *Promise and Prosperity Report* revealed that two-thirds of respondents had never accessed any of these loans or grants. When asked why, almost half of the Indigenous business owners surveyed stated that they were not aware of government programs or that these programs were hard to access. Many aware of the programs said they gave up trying to access them, noting that navigating the vast web of programs and their complicated and lengthy applications took too much time and effort. Those who did complete applications often had to wait years before receiving the requested funding.<sup>78</sup>

Reserve land exists at the cross-section of multiple branches and layers of legal and administrative responsibility. Reserve land is owned by the Crown, administered by Indigenous Services Canada and managed by First Nations governments. When negotiating contracts, leases or agreements, this shared oversight can obscure responsibility and accountability in decision-making and add administrative and regulatory costs that do not exist for non-Indigenous businesses. The federal regulations that govern businesses using reserve land often span multiple government departments and, in some cases, require formal approval by all departments involved. Because of these bureaucratic inefficiencies and jurisdictional overlap, it can cost significantly more and take a lot more time for a major investment project to come to fruition.<sup>79</sup>

Non-Indigenous agriculture and agri-food groups have powerful trade associations and substantial lobbying power at the provincial and federal government levels. This provides them with the means to influence agricultural policy in ways that are favourable to them. However, there is limited Indigenous representation within these groups and no Indigenous-led associations that have the same kind of lobbying influence.

Lastly, there is a significant gap in data related to Indigenous economic participation in the agriculture and agri-food economy. While Statistics Canada and the Census of Agriculture provide ample data on overall agriculture and agri-food activity, including breakdowns by business type, size, crop type, farmer demographics and industry trends, there is very little data specifically related to Indigenous participation in these activities. Where data has been published, it is typically a one-time special report vs year-over-year consistent reporting, making it extremely difficult to assess trends, progress or the success of a given policy or program. This lack of data is also a symptom of the underrepresentation of Indigenous academics in the agricultural sciences. Without this data governments can be slow to respond to demands for policy and program change in Indigenous agriculture and agri-food and are overall unable to make data-driven decisions.

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<sup>78</sup> <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>

<sup>79</sup> <https://policyoptions.irpp.org/magazines/june-2020/how-canadian-policies-can-enable-indigenous-economic-development/>

### How to Reduce the Barriers

**Governments could improve program accessibility.** One of the most apparent areas of improvement related to government regulation and support programs is the centralization of the countless government loan and grant applications for Indigenous businesses and the simplification of the grant and investment application process. Extra attention must be paid to making people in remote communities aware of these opportunities and making the programs accessible to those with limited computer literacy or internet access.

**Agricultural groups could be more representative.** There is a need for greater representation of Indigenous agricultural producers within existing agricultural producer groups or the creation of new channels that give Indigenous agricultural producers access to policymaking forums and decision-makers.

**Publication of Indigenous data.** Statistics Canada and the Census of Agriculture can be more intentional in the collection and publication of Indigenous agriculture and agri-food data. These agencies should ensure that consistent, comparable data is published for easier year-over-year comparisons.

## SKILL AND KNOWLEDGE GAPS

While the dispossession of Indigenous land and resources and the destruction of communities caused by the residential school system produced many devastating consequences, one that is often overlooked is erosion of Indigenous human capital. As highlighted before, agriculture was once a strength of the Indigenous economy. However, the residential school system caused generations of Indigenous peoples to be separated from their family, elders, community, traditions, culture and history, leading to a great loss of Indigenous traditional agricultural knowledge. The Peasant Farm Policy regressed Indigenous farming capacity by forcing Indigenous peoples to halt their adoption and adaptation of Western farming practices and discouraged the use of emerging technology<sup>80</sup>. In addition to technical skills, business management know-how is a critical determinant of an agribusiness's success. Tools imposed by the federal government and local Indian Agents, such as the Pass System, prohibited Indigenous peoples from leaving their reserve without permission and severely limited Indigenous participation in economic activity, resulting in a loss of business acumen in the community that had previously existed for generations<sup>81</sup>.

### How to Reduce the Barriers

**Stakeholders can help to build capacity.** There is a significant need within the Indigenous agricultural sector to increase formal and informal mechanisms of agricultural capacity building, both for technical skills and general business know-how. Remote communities in particular have expressed a strong desire for educational programs related to financial literacy, marketing support and networking opportunities. Indigenous agribusiness has been shown to be far more successful when they have been able to develop joint partnerships or mentoring opportunities with larger corporate and commercial operators; stakeholders should look to develop a mentor matching program that pairs new Indigenous agribusinesses with larger established agribusinesses, to help transfer knowledge and build capacity within the sector. There is also a need for local advisers who are familiar with Indigenous producers' lands to provide technical and strategic advice.

<sup>80</sup> <https://www.thecanadianencyclopedia.ca/en/article/peasant-farm-policy>

<sup>81</sup> <https://www.thecanadianencyclopedia.ca/en/article/pass-system-in-canada>

## Growing the Role of Impact Investing in the Indigenous Agriculture and Agri-Food Economy

Impact investing, the Indigenous economy and agriculture and agri-food are all growing sectors that contribute to prosperity in Canada. While these sectors are poised for significant growth, they remain relatively nascent. In analysing the current state of Indigenous impact investing and the Indigenous agriculture and agri-food economy and the current barriers to growth, we have put together the following calls to action for participants in these sectors.

We recognize the need for a range of tools to help unlock these sectors, including those related to capital, policy, land and skills development. Given the focus of this report on impact investing, this section focuses specifically on the role that capital and capital providers can play to help grow and catalyse impact investing in the Indigenous agriculture and agri-food economy using a range of tools. It explores:

- **Investment capital (repayable), which can support:**
  - Early-stage equity
  - Growth-stage equity
  - Commercial financing
- **Blended capital (repayable and non-repayable), which can support:**
  - Concessionary capital
  - Grant and investment
- **Grant capital (non-repayable), which can support:**
  - Education
  - Research and data
  - Technical assistance
- **Cross-cutting tools (non-capital roles), which can support:**
  - Collaboration
  - Pooling of Assets

### CASE STUDY

To help illustrate how each of these tools can be used, we have developed a case study on the burgeoning seaweed cultivation industry. As a new and growing sector, it can benefit greatly from a range of these tools. See Appendix II.

### INVESTMENT CAPITAL

As noted above, Indigenous entrepreneurs participate in the agriculture and agri-food economy at all levels, from part-time micro businesses to large multinational firms. Investment capital is needed in a variety of forms to help meet the different needs of these businesses. Certain stakeholders, such as the Federal government and Aboriginal Finance Institutions (AFIs), have developed programs that seek to address capital needs for small-business lending programs. While these address some gaps, program complexities and lending constraints mean there are still gaps to fill. Meanwhile, those seeking equity and large-scale financing have been largely underserved, leaving significant opportunity for capital providers to fill sophisticated gaps in the market.

## EARLY-STAGE EQUITY (SEED, SERIES A)

**Capital Providers:** Individuals, impact investment funds

There are many businesses, particularly on the agri-food side, where equity financing is the most appropriate type of capital to help launch the business. Early-stage equity allows a business to get off the ground without the burden or ability to make regular debt financing payments. It is a valuable tool for businesses that do not yet have significant revenue and that need to invest capital in other areas of their business such as customer acquisition, marketing, infrastructure, building out their team, developing a brand, etc. Early-stage equity is high risk and is often secured through personal networks, sometimes called a 'friends and family round.' It can often be difficult to secure early-stage equity without a large network and wealthy connections. There are, however, many funds that target early-stage investing and many individuals that support early-stage entrepreneurs either individually or through groups such as angel investor networks. These funds and individuals can make a more conscious effort to seek out opportunities in the Indigenous agriculture and agri-food economy.

### Actions to Grow the Indigenous Agriculture and Agri-Food Economy:

- Individual investors can collaborate with Indigenous organizations to learn more about investing in the Indigenous economy, including paying Indigenous organizations to host workshops and learning sessions
- Indigenous and non-Indigenous individual investors can collaborate to form an Indigenous-focused angel investor network, bringing together networks of capital and Indigenous communities
- Early-stage agriculture and agri-food venture funds can form partnerships with Indigenous organizations to explicitly increase the pipeline of Indigenous agriculture and agri-food investment opportunities
- Accelerator programs, where many early-stage equity investors seek investment deal flow, can partner with Indigenous organizations to increase Indigenous participation in their programs

## GROWTH-STAGE EQUITY (SERIES B+)

**Capital Providers:** Impact investment funds, institutional investors

After securing early-stage equity, high-growth businesses typically reinvest most capital into the growth of the business and typically remain unprofitable. To continue growing their businesses and achieving the economies of scale required to become profitable or an attractive acquisition target, they are required to raise subsequent, larger amounts of capital. This capital could be used to invest in equipment, digital infrastructure or market expansion. Growth-stage companies have typically already raised some early-stage capital and these early-stage investors may be able to provide additional capital, but it is likely that new networks and investors will need to be found.

### Actions to Grow the Indigenous Agriculture and Agri-Food Economy:

- Indigenous funds can launch subsequent funds that specialize in growth-stage investing, ensuring there is a pipeline of additional capital for their portfolio companies
- Growth-stage investment funds can work with early-stage Indigenous funds to build deal flow in Indigenous businesses
- Indigenous impact funds can have agriculture and agri-food as a specific focus area
- Agriculture and agri-food impact funds can formally allocate and/or intentionally seek out Indigenous-led agriculture and agri-food ventures, in partnership with Indigenous organizations and early-stage Indigenous funds



## COMMERCIAL FINANCING

**Capital Providers:** Institutional impact investors, financial institutions, impact investment funds

Commercial financing covers a range of lending products provided by financial institutions, specialized lenders and community loan funds. Commercial lending can range from smaller loans (up to \$200,000) to large collateralized multi-million-dollar loans. They are grouped here together as they have many similar characteristics and typically use a similar process to underwrite (evaluate) the loans that they offer. For businesses that do not want to give away equity or have a clear path to profitability and assets to collateralize, commercial financing is an important tool for growth and access to capital.

### **Actions to Grow the Indigenous Agriculture and Agri-Food Economy:**

- Large values-aligned lenders such as Farm Credit Canada (FCC) can expand dedicated programs for Indigenous entrepreneurs
- Large values-aligned investors such as FCC, Business Development Bank of Canada (BDC) and Export Development Canada (EDC) can work with Indigenous organizations to strengthen investment pipeline and ensure Indigenous entrepreneurs are aware of programs
- Smaller lenders, such as AFIs and community agriculture lending funds, can look for opportunities to share deal flow, work together on due diligence and build relationships with Indigenous communities

## BLENDED CAPITAL

Blended capital is an impact investment tool in which different forms of capital (repayable and non-repayable) are invested in a business, fund or product. Blended capital recognizes that capital providers have different criteria – around risk tolerance, return profile and time horizon, for example – and that matching or ‘stacking’ the requirements of different capital providers will help bring more money to the table. Blended capital can be best used to support impact investment areas where financial returns are below market, risk is high or perceived as high, and when it is a relatively new market.

Indigenous impact investing, including the Indigenous agriculture and agri-food economy, is both nascent and perceived (fairly or unfairly) as high risk.

### **Actions to Grow the Indigenous Agriculture and Agri-Food Economy:**

- Impact investors with strong impact alignment can help drive much needed capital to the table by using their capital to bring in more-risk adverse traditional investors. Capital providers can support by providing concessionary financing and grant and follow-on investment.

## CONCESSIONARY CAPITAL

**Capital Providers:** Government, foundations, impact investors

Concessionary capital is a form of impact investing where the investor intentionally seeks returns that are below market or takes outsized risks. This could include the impact investor acting as a guarantor, leveraging their balance sheet and assets and paying out investors in case of default, or intentionally taking a lower return than other investors so those investors can become more comfortable with the risk-return profile. In a nascent sector, concessionary capital supports both the development of investment opportunities (funds, products, businesses, etc.) and helps to increase the overall size of investments and investment funds.

#### **Actions to Grow the Indigenous Agriculture and Agri-Food Economy:**

- Governments can play a major role in acting as guarantors in the financing of Indigenous agriculture and agri-food business; this can include acting as guarantor for small business loans and guaranteeing mortgages for the purchase of farmland, a major barrier to Indigenous participation and wealth generation in agriculture
- Foundations and governments can catalyse investment in Indigenous impact funds by taking first-loss reserve positions or a lower return investment series to help bring in traditional investors. Signalling a willingness to take these concessionary positions will not only help spur the development of new Indigenous impact funds, but will also help increase the overall fund size and allow for the creation of targeted funds, such as a specific Indigenous agriculture and agri-food fund

### **GRANT AND FOLLOW-ON INVESTMENT**

**Capital Providers:** Government, foundations

Certain investors, due to their structure and legal status, can provide both a grant and other non-repayable capital alongside investment capital. In a sector that is still developing, there is much need for capital providers who are willing to support ventures at their earliest stages, through to sophisticated investment needs. In the Indigenous agriculture and agri-food economy, capital providers that signal their willingness to support both repayable and non-repayable capital will help drive additional participants into the sector, from individual entrepreneurs to fund and product managers.

#### **Actions to Grow the Indigenous Agriculture and Agri-Food Economy:**

- In many cases, federal, provincial and territorial governments already provide grant and investment dollars for Indigenous and Indigenous agriculture and agri-food entrepreneurs; however, these various programs are often siloed, run by different departments and agencies or sitting semi-independently in Crown corporations. Governments could work to both connect the dots between different players (for example, the Indigenous Agriculture and Food Systems Initiative and Farm Credit Canada) and be intentional in creating new granting and financing programs that reinforce each other
- Many foundations play dual roles as grantors and investors, but do not always formally link those activities. As foundations further embed Indigenous reconciliation into their mission, they could consider how to align their granting and investing in this area. This could include explicitly using some granting activities, where appropriate, as pipeline for their impact investments. It could also include general sector building, such as supporting an Indigenous agriculture entrepreneurship training program while committing to invest in Indigenous agriculture and agri-food businesses and funds

## GRANT CAPITAL

As with most sectors that are still developing, there is a need for financial support in the form of non-repayable capital. This type of capital is to support activities that do not generate a financial return and are typically activities that will help catalyse the sector through education and awareness, data collection, research and investment readiness. We believe that impact investors and other capital providers seeking to catalyse the sector can do so by providing capital for education, research and data and technical assistance.

### EDUCATION

**Capital Providers:** Government, foundations, impact investors

While there is growing awareness of Indigenous reconciliation in corporate Canada, particularly through the Truth and Reconciliation Commission Call to Action 92<sup>82</sup>, more education is needed to help the impact investing and broader investing community better understand Indigenous impact investing opportunities and Indigenous agriculture and agri-food, including the size and potential of the sector, why they should invest in it and what type of capital is needed. This report, and the broader work by Indigenous Works and the Luminary Project are important first steps. Education is also a critical tool for developing finance and investing expertise among Indigenous peoples, as it is imperative that more Indigenous people are working in and helping to shape the impact investment sector in Canada.

#### Actions to Grow the Indigenous Agriculture and Agri-Food Economy:

- Governments, foundations and impact investors could provide financial support for the creation of webinars and other short-form content, including blogs and guides to help increase the informational resources available to impact investors looking to learn about this sector
- Impact investors and foundations could work with impact investment associations such as the RIA, Table of Impact Investment Practitioners, Impact United, NATOA and NACCA to convene an Impact Investment Conference focused exclusively on Indigenous reconciliation, exploring key thematic areas such as agriculture and agri-food, energy, health, housing and infrastructure
- Foundations, governments and financial institutions could help create job opportunities for Indigenous students and young professionals in financial services and the impact investor sector, through directly creating positions and/or sponsoring internships. These same individuals, and particularly financial institutions and institutional investors such as universities, can create scholarships for Indigenous youth to study business, agriculture or finance

### RESEARCH AND DATA

**Capital Providers:** Governments, foundations, impact investors

To better understand the Indigenous economy in general and the Indigenous agriculture and agri-food economy specifically, there is significantly more research and data gathering required. Data provided by Statistics Canada and the Census of Agriculture is piecemeal at best and often not provided at the regular, comparable intervals seen for other types of population and economic data. Good data is required not only to make informed policy choices, but also to signal importance and intent. Additional research and data will also help the broader Canadian population, and impact investors in particular, understand how to best place their capital for impact.

<sup>82</sup> [https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/indigenous-people/aboriginal-peoples-documents/calls\\_to\\_action\\_english2.pdf](https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/indigenous-people/aboriginal-peoples-documents/calls_to_action_english2.pdf)

**Actions to Grow the Indigenous Agriculture and Agri-Food Economy:**

- The federal government could be more consistent in its publication of data on Indigenous participation in the agriculture and agri-food economy
- Provincial, federal and Indigenous governments could be more collaborative around the collection, use and sovereignty of Indigenous data. It is very important that data is collected in partnership with Indigenous governments and communities, given the history of gross misuses of Indigenous data.
- The impact investing community could collaborate more to better understand the scope of Indigenous reconciliation within impact investing and achieve greater recognition by impact investors that Indigenous reconciliation is a distinct theme within impact investing and should be highlighted distinctly, as well as incorporated within, diversity and equity or BIPOC work
- Foundations, governments and investors could fund greater Indigenous-led research to ensure research and data collection is done in a culturally appropriate way and to develop Indigenous capacity in this area

**TECHNICAL ASSISTANCE**

**Capital Providers:** Government, foundations, impact investors, impact investment firms, financial institutions

Technical assistance is the provision of consulting support to organizations and businesses to help them develop the skills, knowledge and technology to develop their product or service offering. In the case of impact investing, it can be used to support the development of new impact investment structures, product innovation, skills development and capacity building in specific areas such financial management, fund management and impact measurement. Part of the lack of investment in the Indigenous agriculture and agri-food economy is driven by a lack of investment products and funds available to impact investors. Capital providers can play a significant role in providing financial support to help build the skills needed to create new products.

**Actions to Grow the Indigenous Agriculture and Agri-Food Economy:**

- Federal, provincial and territorial governments could continue to fund technical assistance through initiatives such as the Indigenous Agriculture and Food Systems Initiative. Governments should also consider funding Indigenous-led organizations who are likely better placed to distribute technical assistance funding to their communities
- Large capital providers such as financial institutions, impact investment firms and foundations could create technical assistance programs in partnership with Indigenous-led organizations. This would help catalyse the sector and ultimately create more potential investment opportunities. In addition to financial capital, capital providers with technical expertise, such as financial institutions and impact investment firms, could contribute specific expertise where appropriate

## CROSS-CUTTING TOOLS (NON-CAPITAL ROLES)

While capital providers are clearly well suited to use their capital to support the Indigenous agriculture and agri-food economy, we also suggest a couple of ways in which capital providers can learn, share, and work together to strengthen this economy and better position themselves in it.

### **Collaboration**

Learning about a new sector, how to assess it, underwrite it, conduct due diligence, and understand its potential is time consuming. Key stakeholders such as researchers, government capital providers, financial institutions and impact investors could form a working group to learn about the Indigenous agriculture and agri-food economy to help understand what roles they can play in growing the sector.

### **Pooling Assets**

To reduce risk and reduce the cost associated with due diligence, smaller impact investors could pool their resources and share the costs and workload as they individually and collectively learn about the sector.

## Closing Remarks

As this report shows, the Indigenous agriculture and agri-food economy is a growing sector with vibrant businesses ranging from traditional craft, artisanal and small businesses, to innovation and R&D-intensive business, growth-oriented start-ups and large established companies. Together, this sector has tremendous potential for furthering economic development for Indigenous people and communities across Canada. This potential will be realized much more quickly with the removal of key barriers related to land and infrastructure, policy and structural challenges and knowledge and skills gaps. Stakeholders, particularly the Government of Canada, Indigenous governments, traditional financial lenders and impact investors can also help remove these barriers. Lastly, there is need for a wide range of tools to help develop this sector including repayable capital, non-repayable capital and cross-cutting tools.

Stakeholders from traditional, Indigenous, and agriculture financial institutions, alongside impact investors and impact investment funds can all help by learning more about the sector and by leveraging their repayable and non-repayable capital and their time and expertise to collectively grow this sector.

## Appendix I - Impact Investing Overview

All investments have an impact, whether positive or negative, whether intentional or not. An impact investing approach enables you to be intentional about that impact, to align your investments with your values, whether as an individual or an institution. It's an effective strategy to support positive change.

Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.<sup>83</sup>

According to the GIIN, impact investments have four key elements:

- **Intentionality.** Impact investments intentionally contribute to social and environmental solutions. This differentiates them from other strategies such as ESG investing
- **Financial returns.** Impact investments seek a financial return on capital that can range from below market rate to risk-adjusted market rate
- **Range of asset classes.** Impact investments can be made across asset classes
- **Impact measurement.** A hallmark of impact investing is the commitment of the investor to measure and report the social and environmental performance of underlying investments

While the term impact investing was formally coined in 2007, the concept of using financial investments to generate positive social and environmental impact alongside a financial return is not new. Impact investing builds on a long history of global communities pooling and sharing financial resources to improve outcomes for people and planet.

Impact investing is rooted in a belief that the challenges and inequalities faced by people and planet around the globe are large and complex. There is a role for all forms of capital to contribute to solutions and create positive outcomes.

As noted above, and like traditional financial investing, impact investing exists across all asset classes. Impact investments have risk-return profiles ranging from below market (often called concessionary returns) to market rate returns. Having a range of innovative financing structures available to support different objectives can be beneficial and help ensure that a wide variety of social and environmental impacts are being addressed. The use of different asset classes and return profiles is reflective of both the types of opportunities and the needs and objectives of impact investors.

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<sup>83</sup> <https://thegiin.org/impact-investing/>

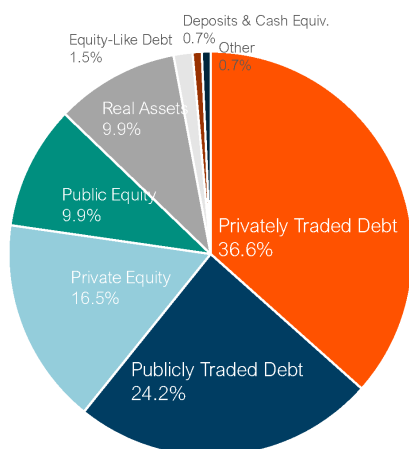


## IMPACT INVESTING IS A GROWING APPROACH

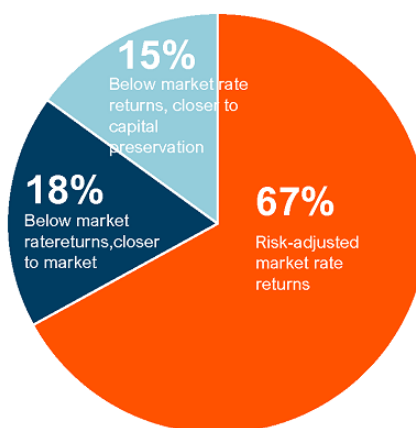
The impact investing sector has grown greatly in size and sophistication over the past decade. Today there are impact investments to suit a multitude of risk profiles: public and private investments in a range of asset classes; opportunities in many industries and many countries from companies at varying stages of maturity. Surveys show that investors of all ages are interested in impact investing. **Impact investment AUM is estimated at \$20B in Canada, according to the RIA's 2020 Canadian Responsible Investment Trends Report. The GIIN estimates the global market size to be \$1.2T US<sup>84</sup>.**

Investors are impact investing across asset classes, as the left pie chart shows (using data from the GIIN's 2020 annual survey<sup>85</sup>). And as the pie chart on the right shows (also from the GIIN survey), most are targeting market-rate returns.

**Asset Classes**



**Target Returns**



<sup>84</sup> <https://thegiin.org/research/publication/impact-investing-market-size-2022/>

<sup>85</sup> <https://thegiin.org/research/publication/impinv-survey-2020/>

## Appendix II – The Seaweed Industry

### Putting it all together: from Innovation to Impact Investment

As noted throughout the report, impact investing in the Indigenous agriculture and agri-food economy is nascent. To help grow the sector, different forms of capital and resources are needed to help new ideas and innovations become investment ready businesses. To help illustrate this continuum of capital and resources, the seaweed industry is used as an example.

### Background

Globally, the seaweed industry is worth an estimated \$14-16B US annually and is steadily growing with global production reaching 36M tonnes in 2021<sup>86</sup>. The modern-day cultivation of seaweed began in the 1950s and its primary use was for human foods, predominantly in Asia. Asia remains the largest and most sophisticated market but there is growing interest around the globe<sup>87</sup>. In North America, and Canada specifically, there is significant untapped potential given the vast coastlines and innovation in the use of seaweed. In addition to being consumed directly as a nutrient-rich human food product, seaweed can be used as a low-carbon feed for livestock and abalone and in human food processing agents such as carrageenan. Outside of food consumption, seaweed can be used in wide-ranging industries such as cosmetics, waste treatment, biofuels, pharmaceuticals and textiles<sup>88</sup>.

### Indigenous Participation

Seaweed represents a significant opportunity for Indigenous people and nations to participate in a new and growing sector which allows for economic diversification, sustainable use of Indigenous lands, local employment and innovation.

Recent examples of Indigenous participation in the seaweed economy include a partnership between BC-based Cascadia Farms, a seaweed production company, and Nuu-chah-nulth Seafoods, a First Nations owned seafood company, to expand seaweed production across coastal British Columbia. Cascadia is also partnering with local First Nations, such as Tsawout First Nation, which licensed its traditional waters to Cascadia for a commercial seaweed farm. Cascadia has built partnerships with several First Nations and offers flexible agreements that range from leasing traditional waters and having farms run by Cascadia to farms run fully by First Nations.<sup>89</sup>

### Role of Stakeholders

Despite the growth of the industry and its burgeoning potential, there remains many gaps in capital and resources before the sector is ready for large-scale traditional and impact investing dollars. The following table provides an illustrative example of how stakeholders could use repayable and non-repayable capital to support sector growth.

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<sup>86</sup> <https://www.fao.org/3/cc0461en/online/sofia/2022/executive-summary.html>, [https://www.reportlinker.com/p03833615/Commercial-Seaweeds-Market-by-Type-Form-Application-and-by-Region-Global-Forecasts-to.html?utm\\_source=GNW](https://www.reportlinker.com/p03833615/Commercial-Seaweeds-Market-by-Type-Form-Application-and-by-Region-Global-Forecasts-to.html?utm_source=GNW) and <https://www.thebusinessresearchcompany.com/report/commercial-seaweed-global-market-report>

<sup>87</sup> Global seaweed farming and processing in the past 20 years, <https://fppn.biomedcentral.com/articles/10.1186/s43014-022-00103-2>

<sup>88</sup> <https://www.worldwildlife.org/industries/farmed-seaweed>

<sup>89</sup> <https://vancouverisland.ctvnews.ca/seaweed-farming-partnership-between-sidney-based-company-and-island-first-nations-paying-off-1.5775564>

| TOOL          | STAGE   | ROLES  |
|---------------|---|--|
| Grant Capital | <p>Research and Data</p> <p><b>Status:</b> Need for additional research and data collection</p>   | <p><b>Who:</b> Research institutions, Indigenous-led organizations, corporate partners, government</p> <p>Indigenous-led organizations, First Nations and the agriculture department of a university or college can work together to gather data on current Indigenous-led seaweed activity across Canada; this can include understanding sector size, awareness level and interest.</p> <p>Universities, Indigenous organizations and companies in the seaweed industry can collaborate on R&amp;D initiatives to strengthen the use-cases and harvesting innovations of seaweed, with a particular emphasis on innovation for the uses of the types of seaweed best grown in Canada.</p>   |
|               | <p>Education</p> <p><b>Status:</b> Some awareness of opportunities, but with a need to significantly increase profile for all stakeholders</p>      | <p><b>Who:</b> Universities, colleges, First Nations, Indigenous organizations, corporate partners, agriculture lenders</p> <p>Indigenous organizations, universities and companies in the seaweed industry can raise awareness of the sector by providing and sponsoring educational workshops and webinars.</p> <p>Indigenous communities already involved in seaweed production could lead roundtables with other Indigenous communities and entrepreneurs, universities and other Indigenous organizations to identify the biggest opportunities for Indigenous participation.</p> <p>Indigenous communities and seaweed companies could work with universities and colleges to create co-op and internship opportunities in the seaweed industry.</p>   |
|               | <p>Technical Assistance (TA)</p> <p><b>Status:</b> Limited to no formal technical assistance programs, opportunity to support new entrepreneurs</p> | <p><b>Who:</b> Agriculture lenders, Indigenous lenders, corporate partners, universities, colleges</p> <p>For Indigenous entrepreneurs entering the seaweed industry, TA could be provided to help find the right product-market fit for seaweed products, including identifying if their product should be sold to wholesalers or if a consumer-facing brand is the best sales avenue.</p> <p>TA can also be used to help new entrepreneurs understand what types of capital may be required for their business – for example, it could be more traditional inventory or commercial financing to support harvesting operations, or it could be venture financing needed to support the development of new and emerging uses for seaweed.</p> <p>TA can also be used to support innovation on how to best grow and harvest different types of farmed seaweed to help create scalable and sustainable operations.</p> |

| TOOL            | STAGE   | ROLES  |
|-----------------|---|--|
| Blended Capital | <p>Grant and investment</p> <p><b>Status:</b> No formal programs supporting grant and investment, opportunity to catalyze the sector</p>                          | <p><b>Who:</b> Government, foundations, agriculture lenders, Indigenous lenders, corporate partners</p> <p>In partnership with Indigenous organizations, governments and foundations could make available pools of capital that include an initial granting component with a potential for investment capital once the business is more developed. This could be particularly helpful for Indigenous entrepreneurs that are looking for innovative new uses of seaweed and don't yet have a revenue model. It could also be used to help Indigenous entrepreneurs learn about the requirements and investment needed to begin a seaweed farm.</p> <p>This type of investment readiness capital could be run in a similar manner to the federal government's Social Finance Fund, where capital is provided by the government but administered by local organizations. Agriculture and Indigenous lenders in partnership with Indigenous organization and foundations could be particularly well positioned to administer. By being involved at the earliest stages, it would give these investors insight into new businesses that they could later invest in.</p> |
|                 | <p>Concessionary capital</p> <p><b>Status:</b> Opportunity for value-aligned investors to help catalyze investment into the sector and bring in new investors</p> | <p><b>Who:</b> Government, foundations, agriculture lenders, Indigenous lenders</p> <p>Given the relative newness of investing in the seaweed economy and the interest of many investors to support Indigenous people and communities, there could be a role for concessionary capital to help develop the sector. This could include providing low interest loans to Indigenous entrepreneurs and First Nations looking to start businesses in the seaweed economy, including those wishing to create their own seaweed farming operation or those creating a commercial value-added product.</p>   |

| TOOL               | STAGE  | ROLES  |
|--------------------|--|--|
| Investment Capital | <p>Early-stage equity</p> <p><b>Status:</b> Given the relatively nascent stage of the industry, there may be limited Indigenous seaweed entrepreneurs currently seeking early-stage equity capital. However, it is likely that there are some early leaders in the space that could be ready for this type of capital.</p> | <p><b>Who:</b> Impact investment funds, venture capital funds</p> <p>Impact investors focused on Indigenous entrepreneurship and agricultural investors could be brought into some of the early conversations on research, data and technical assistance so that they can learn more about the potential of seaweed and the Indigenous businesses leading the way in this space.</p> <p>Investments in this stage could include investing in businesses that are not yet profitable or revenue-generating and are therefore looking for long-term focused equity investments. This could include companies that are working on new innovations in the industry such as new growing and harvesting technologies, developing new food products, and working on other commercial uses such as creating seaweed-based fabrics and fibers and biodegradable packaging.</p>          |
|                    | <p>Growth stage financing</p> <p><b>Status:</b> Given the relatively nascent stage of the industry, there may be limited Indigenous seaweed entrepreneurs seeking growth stage capital.</p>  | <p><b>Who:</b> impact investment funds, venture capital funds</p> <p>Investors focused on this stage could be brought into some of the early conversations on research, data and technical assistance so that they can learn more about the potential of seaweed and the Indigenous businesses leading the way in this space.</p> <p>Investments in this stage could be for Indigenous seaweed business that have an established product-market fit and/or have developed a new technology and are now looking to scale their model. This could include financing to invest in a manufacturing facility to scale up food or non-food production, scaling up a technological innovation, or using financing to expand sales to new markets.</p> <p>As investment in early-stage equity grows, there will be greater opportunities for investment in growth-stage financing.</p> |
|                    | <p>Commercial financing</p> <p><b>Status:</b> Given the relatively nascent stage of the industry, there may be limited Indigenous seaweed entrepreneurs seeking commercial financing.</p>  | <p><b>Who:</b> Financial institutions, Indigenous lenders, agriculture lenders</p> <p>Investors focused on this stage could be brought into some of the early conversations on research, data and technical assistance so that they can learn more about the potential of seaweed and the Indigenous businesses leading the way in this space. Commercial lenders typically focus on businesses with a more stable revenue model. Investors in this stage could provide loans to First Nation communities that wish to invest in the equipment needed to begin a seaweed farm in their traditional waters or to finance the expansion of an existing seaweed farming operation. Commercial lenders could also provide inventory financing for Indigenous seaweed entrepreneurs with an establish food or non-food seaweed product.</p>   |

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