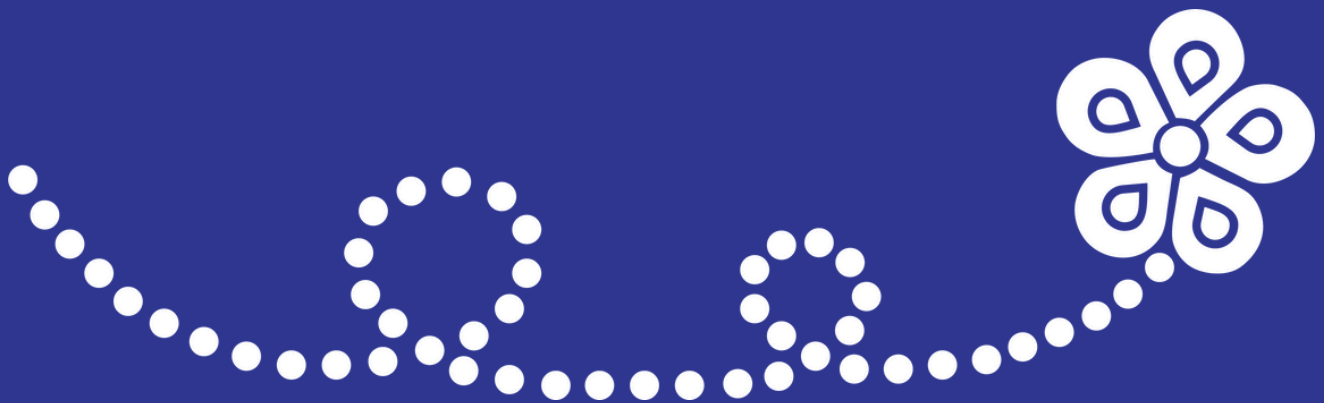




THINK GROWTH

Making the Indigenous Loan
Guarantee Program work for Métis



Key Takeaways

- The Indigenous Loan Guarantee Program (ILGP) has the potential to significantly increase Métis participation in major project and enhance their economic self-determination.
- Targeted measures are needed within the federal ILGP to ensure equitable access and benefits for Métis communities.
- Flexibility in the use of the program's backstop is crucial for maximizing its impact on Métis economic self-determination.
- Ongoing monitoring, evaluation and collaboration are essential for the program's success and long-term impact.

The purpose of this policy brief is to provide recommendations to implement the Indigenous Loan Guarantee Program in a way that ensures Métis communities can fully leverage this initiative to enhance their economic well-being and self-determination.

The Government of Canada's newly launched Indigenous Loan Guarantee Program (ILGP) holds significant promise for increased Métis participation in major projects. On principle, accessible loan guarantees are pro-growth actions that incentivize investment in Canada, job creation and Economic Self-Determination.

While this federal initiative marks a substantial step forward, it builds upon existing provincial programs, offering valuable lessons and highlighting areas for improvement. This expanded analysis will delve into the existing provincial models, analyze the potential benefits and challenges of a national program for Métis, and provide detailed recommendations for effective implementation.

Provincial Precedents: A Foundation for Understanding

Several Canadian provinces have pioneered Indigenous loan guarantee programs, providing a practical framework for the federal initiative. These programs offer valuable insights into program design, implementation, and impact:

Province	Name of Program	Year Established	Focus	Guarantee Limit
Ontario	Ontario Aboriginal Loan Guarantee Program	2009	Renewable energy and electricity infrastructure projects	Up to 75% of an Indigenous corporation's equity investment, capped at \$50 million per project
Alberta	Alberta Indigenous Opportunities Corporation	2019	Natural resource projects in Canada with at least one Alberta-based Indigenous group as an investor	Up to \$250 million per project
Saskatchewan	Saskatchewan Indigenous Investment Finance Corporation	2022	Natural resource and value-added agriculture projects in Saskatchewan	Up to \$75 million per project

These provincial experiences demonstrate the positive impact of loan guarantees on Indigenous economic participation, particularly in natural resources, energy, and related infrastructure. They have facilitated increased Indigenous equity ownership and fostered economic self-determination.

However, no econometric analysis has been done to quantify the potential benefits of a Canada-wide loan guarantee program for Métis. This lack of data makes it challenging to establish benchmarks and measure the success of the federal ILGP against projected outcomes. This is a gap that should be filled immediately. What we do know is that Métis are underrepresented in the deal making that has resulted from provincial loan guarantees, highlighting the need for targeted measures within the federal program.



Recommendations for implementation of the federal Indigenous Loan Guarantee Program

1. Flexible use of the Backstop

- **Recommendation:** allow the use of the program to refinance existing equity stakes to free-up capital to invest in new projects.
- **Rationale:** This will ensure the widest possible use of the program by Métis in ways that supports Métis economic self-determination based on their own project priorities.

2. Dedicated Métis Allocation

- **Recommendation:** Establish a specific allocation within the program dedicated to Métis-led projects or Métis equity participation.
- **Rationale:** This will prevent Métis interests from being overlooked and ensure targeted support for Métis economic development.

3. Capacity Building Support

- **Recommendation:** Incorporate funding for technical assistance, financial empowerment programs and project management training specifically tailored for Métis organizations and businesses.
- **Rationale:** Enhanced capacity will improve the success rate of Métis equity investments and foster long-term economic self-sufficiency.

4. Streamlined Application Process

- **Recommendation:** Develop a streamlined, user-friendly application process with clear guidelines and dedicated support staff familiar with Métis-specific challenges.
- **Rationale:** A simplified process will encourage greater participation and reduce barriers to entry for Métis communities.

5. Establish a Métis Loan Guarantee Roundtable

- **Recommendation:** Establish a table of Métis equity participants, Capital allocators and Government backstop providers to ensure effective implementation of the program for Métis.
- **Rationale:** Provides a mechanism for iterative development and continuous improvement through ongoing partner feedback.

Expanding the Scope and Future Considerations

Beyond the immediate recommendations, Canada should consider expanding the ILGP's scope beyond natural resources to include sectors such as telecommunications, real estate, infrastructure, and other areas identified by Métis communities as priorities. This diversification would allow Métis communities to pursue a wider range of economic opportunities aligned with their specific needs and aspirations. Furthermore, ongoing monitoring and evaluation of the program's impact, including specific data on Métis participation and outcomes, is crucial for ensuring its effectiveness and making necessary adjustments over time.

Conclusion: A Path to Meaningful Economic Reconciliation

The ILGP represents a significant opportunity to advance Economic Reconciliation with Métis people. By implementing the program with the outlined recommendations, the federal government can empower Métis communities to become genuine partners in Canada's economic landscape. For corporate Canada, embracing these recommendations will lead to more robust, sustainable and mutually beneficial project partnerships with Métis communities.

The time for action is now. With up to \$50 billion in Indigenous equity investment opportunities projected over the next decade, implementing an effective loan guarantee program that includes Métis people is not just a moral imperative but a significant economic opportunity for all partners involved. This requires a commitment to collaboration, flexibility, and a genuine understanding of the unique needs and aspirations of Métis communities.