

REPORT ON INDIGENOUS PROCUREMENT OPPORTUNITIES FOR LNG (2017)

SUMMARY OF FINDINGS AND RECOMMENDATIONS



Government
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Introduction

Western Economic Diversification Canada (WD) has convened a number of provincial and federal agencies to increase information-sharing and collaborative efforts to support Indigenous business development. Participating agencies in this Canada-BC Indigenous Business Development Committee include: BC Ministry of Aboriginal Relations and Reconciliation (MARR); BC Ministry of Jobs, Tourism and Skills Training (JTST); LNG-Buy BC; Premier's LNG Working Group – First Nations Advisory Committee; Natural Resources Canada's Indigenous Partnerships Office – West (NRCan's IPO-West); and, Indigenous and Northern Affairs Canada (INAC).

WD and NRCan have contracted the First Nations LNG Alliance, with Kim Baird serving as lead researcher, to:

- conduct interviews with Indigenous businesses / suppliers that are almost ready / ready to engage with Engineering, Procurement and Construction Contractors (EPCs) and other major contractors, and identify the challenges they may face in becoming pre-qualified to bid on opportunities;
- conduct interviews with LNG proponents, EPCs and other major contractors, identify their requirements for Indigenous businesses / suppliers over the lifecycle span of LNG projects, and identify the challenges they may face in engaging with Indigenous businesses / suppliers; and,
- prepare a final report with findings and recommendations to guide the development of a framework that may guide federal and provincial activities over the next few years to increase the number of pre-qualified Indigenous businesses / suppliers for proposed LNG projects in BC.

BACKGROUND

Launched in 2011, the *Canada Starts Here: BC Jobs Plan* was created to help strengthen local economies by getting BC products to new markets. The strategy focused on building infrastructure to get goods to market, creating jobs for families,

Local Indigenous Knowledge



One of the key takeaways from the interviews was the need for recognition of local information. Whether it is ecological knowledge, or issues of protocol around rights and title, or even cultural norms for Indigenous businesses and the labour force – industry having a deep understanding of all these issues is a fundamental key to success.

and creating economic advantages that will leave a lasting legacy for future generations of British Columbians. As part of this plan, the BC government set a goal of having three LNG facilities in operation by 2020. There are currently 17 proposed LNG projects in BC. Three facilities have been given environmental permits so far; however, none have reached a Final Investment Decision.

Since the early advancement of LNG projects in BC, Indigenous businesses and entrepreneurs have been seeking to participate through direct contracting, sub-contracting, joint venture partnerships and the development of service-based economies. Many Impact Benefit Agreements (IBAs) have been reached, and many have been challenged to meet specified Indigenous business commitments. Federal and provincial officials began convening in late 2015 to discuss Indigenous business development priorities along the LNG corridors. These committee members agreed that an effective strategy, increased coordination between agencies and groups working in this area, as well as targeted initiatives may be required to help Indigenous businesses succeed. The committee felt it was timely to learn from these early experiences, and to 'ground-truth' what has been learned anecdotally by interviewing different players in this nascent industry. The findings from these interviews may provide for better focus of government resources to support Indigenous businesses.

The need for a focus on Indigenous business development, and more specifically, a supplier development initiative focused on LNG-related opportunities, is supported by:

- Engagement with First Nations communities conducted by provincial and federal agencies;
- Feedback from industry engagement conducted by the Province and LNG Buy-BC;
- A recommendation from the Premier's LNG Working Group's First Nations Advisory Committee calling for increased support for First Nations economic development corporations and Indigenous businesses/suppliers;
- Findings from numerous reports, including Canada's Public Policy Forum report on Indigenous Participation in Major Resource Development Projects, Douglas Eyford's report on Indigenous Canadians and Energy Development, and the National Aboriginal Economic Development Board's Aboriginal Economic Progress Report 2015; and,
- Lessons learned from other major resource/construction projects and procurement initiatives.

METHODOLOGY

Lead researcher Kim Baird was asked to interview representatives with experience in the LNG procurement field. Several dozen potential interviewees were identified. There was an attempt to get a sampling of interviewees that were from First Nations or First Nations enterprise, from major LNG proponents, and from EPCs. Efforts were made to have representation from a broad spectrum of people associated with LNG projects, including those located upstream, midstream, and downstream. In addition, WD staff also interviewed representatives knowledgeable about program and services for Indigenous procurement, and a consultant with significant LNG project experience.

This report relays the interviewees' views and perceptions of gaps for Indigenous business supports. The lead researcher is relaying these views and has not determined their validity. Interviewing during

the summer provided for some availability challenges, but seventeen interviews were conducted between June and September 2016, with a successful sampling of First Nations, industry, EPCs, and different regions being represented in the interviews. The interviewees were all very generous in sharing their knowledge and expertise on the subject matter.

The survey results were analysed and synthesised into the key findings that make up the next section of this report. While the key findings are not based on 100% consensus, there is a high degree of agreement on the issues identified in this section. Somewhat surprisingly, there was significant alignment of views among the interviewees.

Copies of the questionnaires that were used are in Appendix A. A general summary of interviews is in Appendix B, and some of the best practices identified are in Appendix C. One of the survey questions asked interviewees to identify procurement opportunities, and a summary of responses to this question are compiled in Appendix D. Finally, Appendix E recaps the opportunities and recommendations for government that are included in the report.

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Executive Summary

For participation to be realized, many Indigenous businesses and entrepreneurs will need access to a range of supports in order to be “supplier-ready.” This range of supports could include capacity-building, industry-specific knowledge, access to financing, legal and business advice, technical requirements and certifications, and other supports which must be in place well before Final Investment Decisions are made on proposed Liquefied Natural Gas (LNG) projects.

A number of resources are available to support Indigenous business development in general. In addition, a number of tools and initiatives specific to LNG opportunities have been developed. Although federal and provincial agencies are developing an inventory of tools, initiatives and programs that are relevant or could be leveraged to support an Indigenous LNG Supplier Development Initiative, much effort will be required to streamline this information and to convey it to the people that need to access it.

Although the participants in this research project were diverse, several common themes emerged consistently, and are discussed in detail in this report. They include:

1. Relationships
2. Education and Training
3. Capacity
4. Realizing Opportunities
5. First Nations Economic Development Governance

All interviewees had ideas on how federal and provincial governments may assist Indigenous businesses to realize procurement opportunities from LNG projects. Opportunities and recommendations for government actions are included in each section of this report, and are summarized in Appendix E. To the extent that programs and supports are already in place to address the opportunities and recommendations, there may be issues of awareness and effectiveness that would be equally important to address.

Both First Nations and industry feel that government’s role going forward is extremely important; these complex issues cannot be resolved by First Nations and industry alone. Interviewees felt that, in the absence of reconciliation and because government obligations of consultation cannot legally be downloaded to industry, government really needs to show up to work with First Nations to ensure as many opportunities as possible get realized. Government needs to ensure that First Nations support for the LNG industry continues to exist during the construction and operation of LNG projects.

Success will be achieved through some risk-taking by all parties, recognizing that failure is a common experience for new businesses. Government must try to park its risk aversion when supporting Indigenous entrepreneurial activities.

Key Findings

1. RELATIONSHIPS

The government's job is to ensure LNG projects balance several interests when they proceed. Ultimately, they need to balance environment, work and profit. Not surprisingly, the groups that felt like they had been successful in achieving high procurement levels from Indigenous businesses credited their success to strong relationships between the First Nation, its businesses, the proponent, the Engineering, Procurement and Construction Contractor (EPC), and other subcontractors. The number of parties involved creates complexity; for example, a First Nation may partner with a company in the hopes of being able to compete for providing a service, yet the proponent may not have a good relationship with that particular partner, or may prefer to work with a known EPC. Sorting through these issues requires a strong relationship foundation.

First Nations with strong business relationships with neighbouring First Nations felt that they really had maximized their opportunity to realize benefits. Inversely, poor relationships and a lack of trust between and among First Nations were identified as big barriers to success for any relationship. First Nations showed varying degrees of interest in working in aggregates, but this generally remains elusive based on the fact that few have the capacity to look externally beyond their own internal organizations' priorities.

KEY FINDINGS FROM FIRST NATIONS INTERVIEWS

It takes time to establish a good relationship between First Nations and industry. It also takes a strong foundation for these relationships to weather challenges that arise. When you add EPCs to LNG projects, it adds another layer of complexity to being able to align the expectations of all three parties.

It is important to remember that this is a brand new industry in BC (aside from the Northeast), and it will take much dedication from all parties to resolve the competing interests of industry (time frame and competitiveness) and First Nations (to benefit from these projects). Managing information about opportunities between industry, the First Nation and its citizens needs careful forethought and planning.

Relationships between different First Nations are useful too. In one case, First Nations successfully leveraged many more opportunities because they worked together. In their view, organized collaboration paid high dividends. Having a consortium of six First Nations provided greater capacity to respond to opportunities and provided much-needed certainty to industry. Industry was happy to pay for that certainty, as it was better for all to invest in business capacity rather than conduct six separate sets of negotiations.

With so many parties involved, there are challenges with indirect relationships too. A lack of First Nations capacity generally means that joint ventures or partnerships are required for larger projects, but there is a concern that some First Nations partner with companies that don't have a good reputation and that some focus should be spent on screening.

GENERAL KEY FINDINGS

Different projects are at different stages of advancement, and so are relationships with First Nations. You cannot skip steps in building relationships, in spite of time pressures and impatience for success from parties on all sides. When it comes to how First Nations learn about opportunities, in almost every case, it occurs through processes resulting from established relationships between First Nations and industry.

Impact Benefit Agreements (IBAs) and other agreements have a variety of different names and contain different levels of detail from arrangement to arrangement. It is interesting to note that most companies have renamed these agreements and there are now a variety of names from companies and communities. First Nations tend to want more certainty on procurement and employment, and prefer setting targets, while proponents often prefer outlining processes and objectives. The trust level that exists between the parties may determine the degree of specificity required on those matters. IBAs can also greatly complicate proponent / EPC / contractor relationships, as the contractors may not be privy to the details of commitments made under these agreements. This places an additional burden of diligence on First Nations, as they are left to implement agreements with EPCs who have not signed onto them, increasing the potential for miscommunication.

Trust is the best foundation for success. In the absence of relationships built on trust, strong contracts clearly outlining expectations and outcomes are key. Ultimately, commitment by all parties to reciprocal priorities, including maximizing First Nations opportunities as much as possible, as well as industry's requirement for quality work on time and on budget, need to be at the forefront. In other words, all parties must try to honour the spirit and intent of the IBA or other agreements, and this yields the best results for First Nations and industry.

OPPORTUNITIES / RECOMMENDATIONS FOR GOVERNMENT

- Provide information about best practices for screening and selecting potential industry partners for First Nations
- Showcase different successful relationships, quantify the outcomes of these relationships, and explain how the leaders were able to build the relationships

Relationships



Trust is the best foundation for success. In the absence of relationships built on trust, strong contracts clearly outlining expectations and outcomes are key.

- Provide avenues for industry and First Nations to meet (e.g. Aboriginal Business Match conferences)
- Explore ways to enable better realization of IBA evaluation and commitments between proponent, EPCs and First Nations

2. EDUCATION AND TRAINING

There are plenty of participants and opportunities in the LNG industry, and many of the impacting issues are still evolving. Whether it be case law in relation to First Nations consultation issues, or rights and title, or shifts in the economy and global market issues impacting the timeframe of LNG projects, or the need for entrepreneurs to be trained, they all tie into education. Education is required on different topics for different audiences, including:

- First Nations
- First Nations businesses
- Proponents, EPCs and subcontractors
- Governments
- Public

KEY FINDINGS FROM FIRST NATIONS INTERVIEWS

For companies to succeed, they must be educated on regional issues, beyond cursory cross-cultural exercises. For example, Aboriginal rights and title and First Nations overlaps are complex, but key for industry to understand in order to strategically focus its attention and identification of opportunities.

There are established First Nations businesses, particularly in the Northeast, which have best practices that could be shared with First Nations in other regions. From overcoming capacity issues, to successfully enabling core safety pre-qualifications, to issues around the best business structure, there are many areas worthy of exploration to prepare for the challenges that lie ahead.

Many First Nations have identified the need and challenge to access better quality jobs. These jobs generally require more technical skills, but are more sustainable. Much forethought needs to be put into how to ladder people through apprenticeship levels, for example. This is important for the Indigenous entrepreneur who wants to hire skilled employees and to grow their business. To get beyond business start-up and into business growth, considerable planning needs to take place to account for retaining a skilled workforce. Finding ways to allow new recruits to gain experience while going through apprenticeships was an example given. Understanding how long it will take and how to accommodate employees at different skill levels are important factors in growing a business.

The cost of specialized training can be a barrier to growing a business to qualify for quality contracts. Additionally, time constraints and backfilling positions related to releasing employees for training and skills development can also be a barrier to business growth. Mapping out plans to address these issues is critical for success. Some First Nations felt that having governments, industry and First Nations concurrently at the table for tripartite conversations may be helpful to resolve some of these issues.

KEY FINDINGS FROM INDUSTRY INTERVIEWS

Overcoming industry bias against First Nations businesses is a barrier. Some of this bias is based on a natural tendency in the procurement world to use known companies instead of new companies. But some of this is based on internal resistance from those in denial about the need to accommodate Aboriginal rights and title. And, while this attitude continues to impact the success of procurement from First Nations enterprises, it is becoming less of an issue because of direction from the top executives in companies to follow through on commitments made in IBAs and other agreements. LNG proponent and EPC interviewees were quite frank about their own biases against First Nations businesses. While companies are at different stages of dealing with these biases, they all acknowledged these as issues that continue to be addressed.

It takes much education inside of industry to understand that successful procurement and employment strategies add value to LNG projects, and are the new way forward in any case. Continued education is required for companies to understand these issues.

OPPORTUNITIES / RECOMMENDATIONS FOR GOVERNMENT

- Provide educational initiatives for industry (with content developed or delivered by First Nations)
- Provide educational programs for entrepreneurs and business
- Provide educational opportunities on reconciliation issues
- Consolidate and publish best practices, from policies supporting supplier development, to best results and the procurement tools used
- Create a publication/inventory on clear pathways for Indigenous business development
- Support cross-cultural awareness

3. CAPACITY

Many capacity gaps have been identified, particularly on the First Nations side, although it was consistently shown that the companies that succeeded in meeting their targets for First Nations businesses also had dedicated Indigenous procurement capacity within their organization. These positions should be able to access all departments in the company necessary for implementing targets.

The First Nations capacity gaps include:

- Training and education
- Construction and operational capacity (few existing and new businesses have the cash flow to support early contracts)
- Capital for business start-up or expansion
- Organizational capacity at the First Nations or First Nations enterprise, especially at a managerial level

KEY FINDINGS FROM FIRST NATIONS INTERVIEWS

For First Nations, capacity at all levels is an issue. To have it corporately, along with contracting expertise, a corporate or governance structure, and people to negotiate, develop and implement business development, resources are required. There is no clear pathway for Indigenous business

development. For those First Nations who have built some business capacity and now want to bid on larger projects, they lack resources to do so because this is a highly specialized skill set and it costs a substantive amount of money to bid on big projects.

Lack of procurement knowledge is a readiness issue. It is only when First Nations capacity for procurement is in place that they will be able to secure ongoing and larger opportunities, allowing Indigenous business capacity to grow.

First Nations capacity is important. From staffing to finding the right type of advice (business, contracting and procurement advice versus legal advice) on how to govern an enterprise, investment in capacity-building will be a key enabler of success.

Because of inexperience and a lack of capacity for First Nations businesses, there are virtually no opportunities to be a prime contractor. Joint ventures and partnerships with existing experienced businesses are the main way First Nations have overcome this capacity gap, although one First Nation leader observed that joint ventures reduced profits to the First Nation's business.

Interviews included various mentions of provincial and federal assistance. While all contributions were greatly appreciated, there were concerns raised about 'red tape' such as delays in funding decisions and reporting burdens for these contributions, thereby increasing capacity burdens. Concerns were also raised about the time period between funding announcements and disbursement of funds, as cash flow management is critical for new and growing businesses. In some cases, programs are ignored because the 'red tape' is too great.

A further barrier is the unwillingness of companies to divide large contracts into sections on which First Nations businesses would qualify to compete.

KEY FINDINGS FROM INDUSTRY INTERVIEWS

Safety and other pre-qualification designations are of fundamental importance to companies, and compliance with industry standards is absolutely required. First Nations must meet pre-qualification standards, and safety issues are non-negotiable.

Entrepreneurial opportunities are more related to small business development – there is a lack of services to support business development.

Red Tape



There were concerns raised about 'red tape' such as delays in funding decisions and reporting burdens for these contributions, thereby increasing capacity burdens. Concerns were also raised about the time period between funding announcements and disbursement of funds, as cash flow management is critical for new and growing businesses. In some cases, programs are ignored because the 'red tape' is too great.

Almost all companies let First Nations define an Indigenous business. In some cases it has to be 51% ownership – but all companies would prefer these arrangements to build capacity. Whether it be First Nations governance capacity being built through increased knowledge of the industry, or that there are employment or subcontracting benefits, ultimately it is better if these arrangements can maximize the number of First Nations citizens who can participate, as well as any profits to the First Nations business or government. A challenge for both First Nations and companies is the development of ‘shell companies’ which may have a band member listed as an owner or director in name only, while the company itself is managed and operated by non-Indigenous people. These companies can take valued work from legitimate Indigenous companies and undermine commitments made in an IBA or other agreement.

Skill set inventories, gap analyses and skill development strategies are important ingredients to success. Focus should be on looking at how to transfer skill sets and how those sets might be transferred to other sectors once the construction is over, to try to achieve sustainable jobs for First Nations.

Companies are expected to sort out which First Nations they need to engage with in the absence of rights and title reconciled with government. This places a burden on companies who may not have that core competency. Complex regulatory paths are challenging to fulfill, and some express concerns that the rules change in the middle of the process (e.g. adding new First Nations to the list).

GENERAL KEY FINDINGS

Inventories of First Nations capacity were required in every case of strategy development. In some cases the First Nation provided them through internal work or external hires, in some cases industry created them, and in some cases a joint approach between First Nations and industry was used.

First Nations or their enterprises have the biggest burden for ensuring commitments in IBAs are delivered. From new relationships with proponents, EPCs, subcontractors or potential business partners, the burden is highest on those with arguably the largest capacity shortfall to manage these issues.

BEST PRACTICES

Arrangements that build capacity are good, even if they are limited to revenue sharing, as those revenues can enable training and business development. First Nations who rededicate their capacity funds to intense training and development strategies and business development capacity within their organization tend to see better results.

Companies with dedicated capacity have a more sophisticated view, approach, and tools. It is best to:

- Identify all opportunities early
- Identify First Nations business capacity early (inventory)
- Identify processes to engage potential First Nations businesses
- Create a measurement framework on monitoring processes

Development of community workshops by the proponent to explain pre-screening expectations, and one-on-one sessions to explain opportunities and match interest levels, including looking at training and tools that may be required, can be helpful.

OPPORTUNITIES / RECOMMENDATIONS FOR GOVERNMENT

- Research and share information about types of expertise that can help First Nations succeed
- Develop First Nations or regional business development coaches
- Provide sustained support to First Nations or First Nations companies to develop the specialized capacity required to access contract awards and achieve continuous growth in business development
- Increase First Nations access to capital – including potential increase of grant programs
- Provide loans to First Nations for cash flow management in early business opportunities along the project lifecycle
- Provide supports for pre-qualification areas (e.g. training programs or other resources for business development)
- Support expanding First Nations businesses by providing access to capacity funding that enables First Nations to bid on projects or capital to allow First Nations companies to expand
- Ensure that the Aboriginal Business and Investment Council First Nations Economic Development Database, or another comprehensive directory of Indigenous suppliers, is maintained, updated and expanded
- Review existing programs to assess effectiveness (e.g. how many funded projects have succeeded?)
- Create content that is more resource development focused in existing programs
- Increase responsiveness and decrease red tape; be clear about approval time frames and expectations
- Prioritize allotment of funds to viable approaches (i.e. known needs for capacity, etc.)
- Lead by example in procurement programs - participate in procurement from Indigenous businesses to increase capacity-building and establish policies/best practices, procurement targets, and divided contracts that are easier to qualify for and access (i.e. ingredients for success)
- Develop a long-term vision, allowing for failures/learning, and providing sustained support to strengthen Indigenous business development

4. REALIZING OPPORTUNITIES

In many cases, IBAs set out expectations for business development. This could be in the form of employment or contracting commitments, or a specified dollar amount dedicated towards First Nations business procurement, or any other measures the parties agree to. It is important to ensure that not only are those expectations aligned between the First Nation and proponent, but also to ensure that a process is in place to measure success. In some cases, First Nations and industry start with completely different expectations, and this can undermine their relationship and further harm the chances of success. In some cases, the terms of the IBAs are not explicit enough and, in other cases, project changes can also unintentionally undermine the original IBA commitments.

KEY FINDINGS FROM FIRST NATIONS INTERVIEWS

No matter how explicit the IBA, implementation of terms to support Indigenous hiring and business procurement is very challenging. First Nations expectations and capacity often do not match, and subcontractors or EPCs might not be privy to the terms of the IBA. Many players will experience challenges under these circumstances, especially if expectations aren't in alignment. Maximizing opportunities while respecting business needs is challenging to achieve. Establishing a measurement framework with review processes is key, as this will help set out mutually agreed upon expectations and processes to ensure they are monitored and measured. Several issues must be addressed, including how proponents, EPCs and subcontractors procure, and what procurement tools will be used, in order to make Indigenous procurement a priority.

First Nations find they need to be very proactive at every level, from the proponent to the EPC and other subcontractors; however, they do not have the capacity to do this. Nations need support to navigate the complexities of the procurement world. "The barrier to the entry of participation is the complex nature of modern business."

KEY FINDINGS FROM INDUSTRY INTERVIEWS

The project implementation stage is critical.

Project costs and timeframes will always be a strong driver for proponents and EPCs. Real time project management with measurement and monitoring is needed.

Complexities of Procurement World



First Nations need support to navigate the complexities of the procurement world. As one participant told us, "the barrier to the entry of participation is the complex nature of modern business."

Companies need to find ways to increase value without increasing costs – the ultimate goal is to be on time and on budget.

Some tools used to ensure Indigenous companies are procured include: supplier development initiatives; Indigenous content requirements; Indigenous-only bidding pools (where there are at least two businesses competing on certain contracts set aside for Indigenous businesses); targets; commitments to processes; and, dividing large contracts into smaller components so First Nations companies can qualify to bid.

Successful implementation is challenging, and ensuring EPC compliance with using Indigenous businesses is a key challenge. An ongoing process of engagement, with constant care and feeding is required, and all parties must be committed to outcomes. Continued measurement and monitoring is also required to ensure success. All parties need to be working on implementing the spirit of the agreement and must really try to make it work.

GENERAL KEY FINDINGS

Identifying long-term opportunities with transition plans for existing businesses and transition plans for construction decline will provide for better economic sustainability for First Nations. Because most LNG related opportunities are during the construction phase, they are not necessarily long term or sustainable opportunities.

OPPORTUNITIES / RECOMMENDATIONS FOR GOVERNMENT

- Convene EPCs and other groups on the ground to share best practices
- Develop sample measurement frameworks
- Showcase examples of successful outcomes, including profiles of successful businesses and reports on the number of businesses procured from
- Include First Nations procurement and employment targets in project development agreements with proponents

Need for Sustained Effort



An ongoing process of engagement, with constant care and feeding is required, and all parties must be committed to outcomes. Continued measurement and monitoring is also required to ensure success. All parties need to be working on implementing the spirit of the agreement and must really try to make it work.

5. FIRST NATIONS ECONOMIC DEVELOPMENT GOVERNANCE

There are many internal organization matters that First Nations need to consider. How should a First Nation organize itself to prepare for LNG-related opportunities? This is perhaps one of the greatest capacity gaps. It is hard to find time to build governance capacity, but this is the best place to provide guidance to support a First Nation's success in realizing opportunities.

KEY FINDINGS FROM FIRST NATIONS INTERVIEWS

First Nations need to consider how they will organize themselves and their enterprise. Will they form an internal economic arm or an incorporated entity? Will they use partnerships or joint ventures? How will they separate business from politics while ensuring appropriate community accountability takes place? Will they take an active role in encouraging and placing member-owned businesses or will they compete with them?

Internal capacity is such a huge issue that moving on to coordinating business opportunities jointly with other First Nations is a major challenge.

Shared territorial issues arise because of a lack of reconciliation, and in some cases First Nations have been using business opportunities as an excuse to attempt to expand their traditional territory. This has resulted in First Nations being competitive instead of collaborative with one another. The value added for collaboration needs to be demonstrated to First Nations to encourage them to explore joint opportunities.

KEY FINDINGS FROM INDUSTRY INTERVIEWS

The size and capacity of First Nations companies really limits their ability to compete. Sometimes First Nations business structures don't allow for stability, and politics or elections can impact the viability of these entities and relationships. First Nations structures need to separate politics from business while providing accountability.

It is really challenging to expect industry to be able to successfully navigate shared territory overlaps when dealing with procurement issues.

GENERAL KEY FINDINGS

For First Nations to succeed in business, they need to think in business terms. From assessing their inventory of capacity, to bidding on projects, First Nations businesses will only hurt themselves if they do not provide high quality products or services on time and on budget. If First Nations aren't honest about their capacity, it will affect their ability to make a profit on any contract and may undermine their credibility with industry and contractors.

First Nations overlaps are 'the elephant in the room,' and do not provide for best project scopes with maximum First Nations participation.

OPPORTUNITIES / RECOMMENDATIONS FOR GOVERNMENT

- Showcase instances of First Nations working together successfully
- Find a way to demonstrate increased value for First Nations working together

Report on Indigenous Procurement Opportunities for LNG: Key Findings

- Allow opportunities for First Nations to look at how they might structure their businesses internally: incorporation, joint ventures, or partnerships?
- Support First Nations or First Nations enterprises to develop capacity plans for effective operation
- Create a fund for staffing
- Support governance development for First Nations on the setup of their enterprise, and establish best practices for doing so

Conclusion

One industry representative said that companies were not engaging in these issues due to benevolence, but rather to meet legal obligations to consult and accommodate First Nations. The only way projects can proceed is if meaningful benefits are provided to First Nations. This is a result of changing case law, due to a lack of reconciliation of Aboriginal rights and title in BC with governments. Broadly speaking, there is still a great need for education of industry on local First Nations issues. This need must be addressed for successful outcomes. Best practices suggest that industry cannot just go through the motions and learn about First Nations at a shallow level. Superficial engagement could lead to companies facing the risk of not correctly identifying environmental priorities, or fully understanding other fundamental issues of Aboriginal rights and title and how the improper handling of these rights can impact a project which covers several First Nations territories. A depth of knowledge on these issues is a prerequisite for success for these projects. It will take effort from First Nations, industry and government to provide educational opportunities for industry.

It is important to remember that entrepreneurs fail frequently. Government needs to keep this in mind when investing in a new industry with new businesses. To overcome many barriers and promote success, risks will need to be taken. Innovations will require new approaches, and some companies need to learn from mistakes. This is a normal part of business development.

Ideally, businesses and governments will move away from viewing the successful use of First Nations enterprise as legal risk management, and transition toward collectively being a proud model for sustainable resource extraction, renowned for environmental and human rights protections for the world to look to. Much work lies ahead to achieve this reachable and laudable goal.

NEXT STEPS

The Canada-BC Indigenous Business Development Committee will review the report and its opportunities/recommendations, the inventory of tools, initiatives and programs, and reconvene to determine coordinated next steps.

APPENDICES

APPENDIX A – QUESTIONNAIRES

FIRST NATIONS

1. Are you aware of the contracting and other business opportunities available throughout the full project lifecycle(s) of proposed LNG projects?
 - a. How would you search for such opportunities?
2. Have you been able to access contracting opportunities for preliminary work on proposed LNG projects?
 - a. Are you aware of industry requirements for such contracts?
 - b. Could you list the names of Indigenous businesses that have attempted or succeeded at accessing these opportunities?
3. What challenges have you faced in accessing opportunities during the preparatory stage of proposed LNG project(s)?
 - a. What are the challenges in preparing to access post-Final Investment Decision contracting opportunities?
4. What types of business structures are Indigenous businesses using?
 - a. What are the advantages and disadvantages of different business structures for accessing contracting opportunities?
5. What is the general state-of-readiness of Indigenous businesses in delivering on contracts?
 - a. What do businesses need to build the capacity necessary to access opportunities and successfully bid on and fulfill contract requirements?
6. Are you exploring partnerships with neighbouring bands and/or non-Indigenous companies to access opportunities?
 - a. If so, how?
 - b. If not, is this collaboration of interest?
 - c. What tools or resources would support increased collaboration?
7. What would you like to see the BC Government do in order to address the issues/challenges you have identified?
 - a. What would you like to see the Federal Government do in order to address the issues/challenges you have identified?
 - b. What would you like to see LNG proponents and other organizations do in order to address the issues/challenges you have identified?

LNG PROPONENTS AND ORGANIZATIONS

1. What types of business development opportunities are outlined in Impact Benefit Agreements (IBAs) with First Nations?
 2. Do your procurement processes include set-asides, supplier development initiatives, Aboriginal content requirements for major suppliers, or other measures to support Indigenous participation in contracting opportunities?
 3. How do you advertise procurement opportunities and requirements for suppliers (e.g. certifications, insurance, etc.)?
 - a. Do you have plans to increase awareness of these opportunities and requirements?
 4. What is the general state-of-readiness of Indigenous businesses in delivering on contracts?
-

- a. What do businesses need to build the capacity necessary to access opportunities and successfully fulfill contract requirements?
5. What are the challenges in fulfilling business development commitments outlined in IBAs?
 - a. Do the IBAs define an Indigenous business and what type of evidence is required to prove that the business meets the requirements?
6. Are additional supports needed to fulfill your IBA commitments?
7. How will you be mandating your EPC to fulfill your IBA commitments?
8. What would you like to see the BC Government do in order to address the issues/challenges you have identified?
 - a. What would you like to see the Federal Government do in order to address the issues/challenges you have identified?

EPCs

1. Do you have a strategy and tools in place to work with First Nations and/or Indigenous businesses on contracting opportunities?
2. Are you currently working with any First Nations and/or Indigenous businesses on LNG contracting opportunities?
3. Is your engagement with and utilization of Indigenous businesses aligned with the Impact Benefit Agreements (IBAs) that are in place between local First Nations and the LNG proponent(s)?
4. What are the challenges in developing joint venture partnerships with Indigenous businesses and accessing major LNG contracting opportunities?
5. What tools or resources would support increased participation from Indigenous businesses?
6. What would you like to see the BC Government do in order to address the issues/challenges you have identified?
 - a. What would you like to see the Federal Government do in order to address the issues/challenges you have identified?

OTHER

1. Are the Indigenous communities/businesses you've worked with aware of the opportunities available throughout the full project lifecycle(s) of proposed LNG projects?
2. What challenges have the Indigenous communities/businesses you've worked with faced in accessing opportunities during the preparatory stage of proposed LNG project(s)?
 - a. Are the Indigenous communities/businesses you've worked with aware of the requirements for contracts?
3. What challenges have the Indigenous communities/businesses you've worked with faced in preparing to access post-Final Investment Decision contracting opportunities?
 - a. Are there challenges specific to different types of businesses (for example, individually-owned businesses or joint ventures) in accessing contracting opportunities?
4. Generally speaking, what is the state-of-readiness of Indigenous businesses in delivering on major contracts?
 - a. What do businesses need to build the capacity necessary to access opportunities and successfully fulfill contract requirements?

5. Have the Indigenous communities/businesses you've worked with explored partnerships with neighbouring bands and/or non-Indigenous companies to access opportunities?
 - a. If so, how?
 - b. If not, is this collaboration of interest?
 - c. What tools or resources would support increased collaboration?
6. What can LNG proponents and other organizations do to support Indigenous participation in contracting opportunities?
7. What would you like to see the BC Government do in order to address the issues/challenges you have identified?
 - a. What would you like to see the Federal Government do in order to address the issues/challenges you have identified?

APPENDIX B – SUMMARY OF INTERVIEWS

1. ESTABLISHING RELATIONSHIPS AND EARLY OPPORTUNITIES

First Nations

- Building relationships takes 2-3 years
- Procurement opportunities are identified through direct relationships with industry
- Strength of claim impacts priority of access to opportunities
- Relationships between different First Nations have leveraged additional opportunities. It has paid to be united. In one case, having a consortium of six First Nations provided greater capacity to respond to opportunities and provided certainty to industry. It was better for all to invest in business capacity rather than conduct six separate sets of negotiations.
- Joint venture partnerships reduce profits to First Nations companies
- The need for best prices has damaged relationships – i.e. let contracts were allowed to lapse, to push for lower costs in redone processes
- One First Nation structured all of its First Nations-owned companies under an umbrella company; partnerships were used instead of Joint Ventures for longer term pursuit of opportunities vs. single projects
- Lack of trust and capacity make collaborative opportunities with other First Nations very challenging. It's hard enough to focus on opportunity, let alone negotiate with other groups who might or might not be cooperative. Negotiations with others exacerbate capacity challenges.
- Economic slow-downs mean downsizing and less opportunities are available – the Northeast is especially hard hit right now
- First Nations want higher quality and more sustainable opportunities
- Building trust is key for building successful relationships with successful outcomes

Proponents

- Different projects are at different stages of advancement, and so are relationships with First Nations
- Opportunities are identified in person through established relationships
- Specific local opportunities in IBAs are based on First Nations capacity

EPCs

- Letting of contracts is not just IBA based – but entire region is looked at for potential procurement supply
- One EPC's approach is to partner with communities, work with the First Nation to get an inventory of contractors and contractors of any other partners a First Nation may have, and ensure these businesses are prequalified; this legwork needs to be done way in advance
- Sometimes First Nations politics interferes with business decisions

2. PROCUREMENT TOOLS AND CONSIDERATIONS

First Nations

- IBAs need to clearly specify targets
- First Nations need to create a review and measurement process with main proponent
- First Nations use various business structures depending on their objective, including joint ventures, limited partnerships, partnerships, management contracts between First Nations Enterprises, and companies
- First Nations need continued advocacy
- First Nations lack capacity (Economic Development Corporation, procurement expertise)
- First Nations businesses can learn from and be mentored by established / successful businesses
- Industry puts lots of hurdles in front of First Nations, even when they partner with companies that have capacity
- First Nations feel that having the main proponent at the table is key for negotiation of procurement opportunities, because they are the ultimate decision makers
- First Nations need assistance with the sophistication of the procurement world: “the barrier to the entry of participation is the complex nature of modern business”

Proponents

- One proponent cited use of set-asides, supplier development initiatives, aboriginal content requirement
- Budget and time frames are major drivers on the industry side
- One proponent developed an Indigenous-only bidding pool to ensure an Indigenous business would be awarded the contract, and providing for a competitive process
- Some exclusive projects are based on local communities and benchmarked for competitiveness
- Some proponents identified different tools for maximizing First Nations businesses getting contracts:
 - Targets
 - Aboriginal participation plans
 - Commitment for ongoing engagement on implementation of targets

EPCs

- Indigenous participation plans set out employment, local content and suppliers
- Plans include business development, attraction and retention of First Nations people on projects
- Support systems for Indigenous suppliers are in place
- One company did not use targets in their IBA but rather had strong processes and commitments to continually increase First Nations participation; this is an ongoing process
- Their goal is to go beyond the terms laid out in IBAs

3. HOW OPPORTUNITIES ARE COMMUNICATED TO FIRST NATIONS AND BUSINESSES

First Nations

- Opportunities are communicated by the proponent through direct discussions
- Opportunities are communicated to First Nations members via websites and Facebook
- Communications can get hung up at the First Nations government level (information isn't sent out enough and can be oversimplified)
- Lack of specialized procurement/contract capacity makes timely responses difficult

Proponents

- Opportunities are communicated on-site
- Opportunities are communicated by phone
- Opportunities are communicated through vendor registries
- Some proponents have engagement processes which provide opportunities for opportunity identification, notification notices, and timelines for letting of RFPs
- Some companies provide advertisements 6-12 months in advance
- It is important to establish ongoing processes

EPCs

- Opportunities are communicated through direct relationships
- Opportunities are communicated through local Aboriginal business associations

4. READINESS ISSUES

First Nations

- This is a brand new industry (outside of the Northeast)
- Opportunities to be the prime contractor are not there – First Nations businesses need to partner with EPCs
- Declining oil prices make the LNG industry more competitive with less resources available
- Host community workshops to determine capacity & gap analysis
- Inventory existing & desired skills
- First Nations capacity gaps includes financial and human capacity to organize for the opportunities and the costs for proposing bids
- Another major gap for First Nations or their businesses is procurement knowledge/expertise
- Some firms assess First Nations capacity to determine sole source opportunities and decide whether a partner is needed; objective assessments required establishing an inventory of available equipment and skills
- First Nations face financial consequences if capacity isn't real
- There are capacity gaps on training, construction, capital, and management
- High First Nations capacity for procurement enables ongoing and larger opportunities as well as continued growth in business capacity

- Direct awards are hard to get; people don't have confidence in them
- Need financial management expertise and planning in order to anticipate and prepare for operational cash flow requirements
- Some First Nations in the Northeast are highly entrepreneurial – 10% of members own businesses
- Little guys don't have safety prequalifications or certificates of recognition – they need to get contractors hired wherever possible
- There is a need to educate small businesses about sole proprietorships vs. incorporation in terms of liability, etc.
- First Nations businesses have challenges getting bonding
- First Nations and their businesses tend to lack capacity to analyse business opportunities in a timely way

Proponents

- Big works need joint ventures
- Some partners are better than others
- ISNetworld (one company's preferred safety prequalification standard) is a barrier – safety is a pre-requisite
- Skill set inventory is lacking
- Companies come with low expectations (e.g. they assume there is a poor work ethic among First Nations)
- Transferable capacity exists (e.g. marine experience on the coast can be used for marine logistics)
- Smaller contracts (e.g. laundry) should be targeted toward First Nations

EPCs

- Readiness issues include the size and capacity of companies, their ability to compete, and sometimes their structure due to First Nations politics/elections (stability isn't always there)
- Overlap is also an issue – e.g. 5-6 First Nations with different claims, or three different First Nations with competing partners – proponents have to deal with political dynamics, and First Nations should separate politics from business while providing accountability

Other

- A regional supply chain analysis is needed
- An inventory of existing service providers for Indigenous business development (AbME, colleges, ANTCO, BDC, Business Connector, etc.) should be provided

5. IMPLEMENTING IBA COMMITMENTS ON THE GROUND

First Nations

- Opportunities include secured construction, camp services, cutting, and clearing
- Success requires persistent feed, care and major continued advocacy from First Nations
- First Nations have to be proactive at the subcontractor's level

- Some First Nations have accessed contracts providing people to companies for early aquatic, environmental, and archeology works, as well as socioeconomic studies; they have also charged for having elders on the land
- Other opportunities include safety and security work, wildlife management, and first aid
- Other opportunities include management contracts and subcontracting: a First Nations Economic Development Corporation can be a go-to organization for sourcing many components (e.g. creating partnerships with transport companies in the region)
- Getting experienced people key
- First Nations having adequate resources to identify and bid on opportunities is a gap

Proponents

- It can be challenging to get EPC compliance
- Measurement and monitoring are needed
- Constant feed and care are needed
- The implementation stage is critical
- Potential labour and business supply won't be enough to meet demand
- There is a bias against new businesses from those procuring
- Detailed content for EPCs is technical work, which requires specific expertise and takes extra complexities to add First Nations content
- Deep continued engagement is required
- Real time project management is required

EPCs

- One EPC had dedicated organization capacity for First Nations business development along with a comprehensive supplier enhancement program
- There is a need for dedicated role coaches to mentor First Nations businesses on topics ranging from request for proposals processes to pre-qualification
- IBAs are not typically public domain, and different companies take different approaches; EPCs only usually know the terms of the agreement when they are partnered with First Nations; if time allows, it is best to try to get in front of opportunities with a First Nation to help them maximize IBA opportunities – EPCs will do the same thing with industry
- Relationships with First Nations help with reaching IBA targets

Other

- It is important to recognise that local politics are an important part of project viability; a Chief and Council that is deemed too pro-development can face defeat in their next election, while some Councils that are not resolving poverty issues in their community also face potential political consequences; expecting a pure separation from business and politics is not straight forward in First Nations communities

6. HOW CAN GOVERNMENT (FEDERAL AND PROVINCIAL) ASSIST?

First Nations

- The lack of reconciliation/certainty over Aboriginal rights and title leads to overlap issues and challenges for First Nations to work together such as using IBA opportunities to expand their traditional territory
- In the absence of certainty, education of industry and government needs to continue to appreciate complexity
- When approving projects and issuing permits, government should insist on minimum Indigenous employment and procurement levels
- Encourage an appropriate spending of capacity dollars on business development vs. legal advice
- Share best practices in monitoring IBA targets
- Government grants - leverage for startup costs, be timely, have clear expectations, be tied to best practices, streamline different funders/processes, and cut red tape
- Provide tax incentives or lower fees for access to programs
- Enable better access to capital for startup and expansion
- Identify clear pathways for accessing government assistance currently available
- Educational programs for entrepreneurs / businesses
- Identify pathways into pre-business plan
- Consider using existing regional entities (employment or funding corporations) to provide other business development supports
- Review the effectiveness of current programs (e.g. how many funded projects have succeeded?)
- Government can lead by example through strategic use of its own procurement policies by building pathways for successful businesses
- Establish best practice case studies and workbooks
- Create a procurement framework agreement that looks at best practices.
- Ensure funding applications focus on assisting with business development and procurement expertise rather than rights and title expertise
- Government should stop ignoring First Nations in extraction areas
- Assist with developing sustainable capacity to respond to opportunities within First Nations industry

Proponents

- The role of government is to help with small business startup, and the role of proponents is to contract the businesses
- Identify and share best practices for successful procurement practices
- Help with prequalification areas
- Support projects that enable opportunities
- Provide a comprehensive directory that is updated and maintained
- Provide seed funding

- Provide mentoring support

Other

- Government could also support access to capital/financing, through loan guarantees or grants
- Government could provide expertise/training on joint venture agreements and negotiations
- Government could provide expertise/training on economics (i.e. market prices)
- Government could perform some sort of gap analysis on pre-qualification / certification (ISO, FSC, CORE, etc.) to see what Aboriginal businesses need, and then fill that need by providing the service or providing money to buy the service privately
- Government should not lower pre-qualification standards because it's desirable for Aboriginal businesses to be highly qualified, even after projects are completed

APPENDIX C – BEST PRACTICES

1. ESTABLISH RELATIONSHIPS AND EARLY OPPORTUNITIES

First Nations

- First Nations Economic Development Corporations can identify early opportunities and potential business relationships through proactive strategies including attending conferences, hiring a board with members that have good business networks, etc.
- Certification issues are best sorted in province if possible (i.e. they are Alberta/BC issues)
- BC Indigenous workers shouldn't have to compete with Albertan employees for jobs
- Companies really need to learn local information, not just through cross-cultural exercises – the key to success is understanding local issues, ownership, rights, etc.
- Educational opportunities on reconciliation issues should be provided
- In-house capacity makes a difference; one First Nation is working on 30 joint ventures with definitive agreements, with 11 already in place (in more than one sector)
- One First Nation company is structured as a joint venture with all the appropriate safety designations and uses this structure as an umbrella for smaller First Nations contractors to benefit from

Proponents

- Proponents should engage early and build strong relationships
- Internal education and buy-in is still required in most companies interviewed
- EPC education and buy-in is still required
- Building proper in-company capacity to focus specifically on procurement and contracting helps
- Industry needs organizational capacity able to access all departments impacting project management – not just Indigenous relations but positions that can integrate all relevant departments lead to better success for overcoming challenges and ultimately increasing Indigenous business supply
- Proponents should identify opportunities and up-front processes to manage expectations and meet implementation goals
- Strong flexible commitments are required
- The term “IBA” is outdated for all parties

2. PROCUREMENT TOOLS AND CONSIDERATIONS

First Nations

- In limited liability partnerships, greater percentages go to First Nations and smaller percentages go to partners – industry partners do not like this structure, but it could have some tax-saving benefits
- It would be good if industry would take the lead on work on determining the best corporate structures for moving projects forward
- Revenue sharing has been helpful in building capacity

- The best use of capacity money is for getting people qualified in cranes, heavy equipment operation, trades certifications (e.g. electrical, welding, millwright, carpentry), and environmental work
- Another good use of capacity funds is to prepare for and minimize risk to First Nations entities
- The economic slowdown is impacting business development viability; grant funds have assisted with limiting the impact
- First Nations companies could also *be* prime contractors, and subcontract work to First Nations and non-First Nations companies; First Nations enterprise is best suited to organize smaller First Nations contractors
- There are not enough set-asides for First Nations businesses, specifically those set-asides that First Nations businesses can match up with
- It is best to have things all worked out before contracts are let – i.e. targets, processes, measurements, etc.
- Some First Nations are working on incorporating a company called First Nations Group, where up to 26 First Nations impacted by industry will form a corporation to package procurement opportunities (engineering, geomatics, trucking) – up to 5 different packages for procurement opportunities
- The scope of major projects is so big that only big companies can get to them; proponents could break them down into smaller components

Proponents

- Managing expectations on the need for competitiveness is an issue – rights and title clout alone won't dictate contract decisions
- Success requires persistent feed, care and major continued advocacy from First Nations
- Aggregating First Nations would enhance opportunities (through economies of scale, etc.)

EPCs

- Procurement plans must provide content, provide for tracking and monitoring, and provide for ongoing communication, and will need continued care and feed; contracts should consider the use of incentives or penalties for performance
- First Nations capacity inventories are needed for matching businesses to projects and identify gaps

3. HOW OPPORTUNITIES ARE COMMUNICATED TO FIRST NATIONS AND BUSINESSES

First Nations

- First Nations who are able to inform citizens of opportunities lead to better capacity being built; some First Nations have good entry field level technicians but it is hard to find qualified members for big specialized jobs; First Nations need to reach their members early and in cases where they do, they are able to get members to train or go to school for increased skill levels

- One entity was successful because it ensured many First Nations and traditional chiefs received the inventory of activity early on, ensuring maximum communication of opportunities to First Nations citizens
- Business expectations with criteria specific to expectations should be sent out to First Nations
- In one project a new innovation has been in signing an environmental monitoring agreement where First Nations, government and industry have agreed to an ongoing role for First Nations environmental oversight for the construction of a project; this agreement is the first of its kind in Canada

Proponents

- Community workshops to explain pre-screening expectations are needed, as are one-on-one sessions to explain opportunities and match interest levels including looking at training and tools that may be required
- When communicating opportunities to First Nations, First Nations businesses and First Nations citizens, it is necessary to identify the long-term sustainability prospects of the business area being procured/explored

EPCs

- It is necessary to have human resources, policy and planning capacity, and engagement processes within companies to promote First Nations procurement and ensure companies are aligned with First Nations relations; policies include Aboriginal relations, procurement, community investment and engagement policy
- A database of Aboriginal suppliers is a best practice

4. READINESS ISSUES

First Nations

- First Nations need to plan for capacity for middle management and up
- Increased capacity has enabled many more procurement opportunities
- First Nations need to make policies on how First Nations-owned companies and companies owned by individual Indigenous people interact; will First Nations-owned companies be responsible for putting other companies to work or will they compete with them?
- Industry's ability to reach a Final Investment Decision hinges on environmental needs being met; the best way to achieve this is with industry and First Nations being collaborative and ensuring all concerns are mitigated
- First Nations need to focus on maximizing internal business opportunities and don't have time to look at working with other First Nations; capacity is an issue
- One First Nation has created its own business development fund for its own First Nations member-owned businesses
- It is a best practice to use First Nations corporations to coordinate and enable entrepreneurs to maximize opportunities
- First Nations need to choose a governance model for their business structure; options include First Nations-owned corporations or limited partnerships, but they should consider

the role of Chiefs and Councils in these entities (best practices suggest they should not be involved)

- First Nations are best to resolve overlap challenges to maximize opportunities
- Strategies that recognize First Nations internal challenges (competing members, lateral violence, social health issues, and focusing on youth) should be considered
- Getting community support along the way helps gain community support and participation for projects through showing early wins with industry (project must identify clear community projects)

Proponents

- Proponents need an aggressive pre-qualification process
- Early identification of existing First Nations business capacity is a best practice
- Joint ventures with true capacity development plans are better than pure profit-sharing agreements

EPCs

- In order to communicate sustainable long term opportunities to First Nations businesses, government should set up a focus group of EPCs to identify sustainable opportunities

5. IMPLEMENTING IBA COMMITMENTS ON THE GROUND

First Nations

- When considering how to organize First Nations economic development organizations corporately, one should consider longer term structures that can work for more than one sector (i.e. limited partnerships may bring longer term relationships)
- One First Nation company monetized the provision of traditional knowledge to a project by ensuring the proponent hired the First Nations business to provide information required for the environmental assessment; this in turn provided better certainty to the proponent in relation to having adequate information for the environmental assessment process
- Effective measurable targets, monitoring, etc. are needed; it is a best practice to hire watchdogs to monitor the implementation of agreements
- It is a best practice to advocate at every level
- Proper capacity within First Nations and industry staff is needed to track commitments
- First Nations often don't have 'middle-management' and instead hire independent consultants
- First Nations often lead by example and hire and contract their own community members where possible

Proponents

- It is a best practice to hire coaches to assist with retention
- Processes should be established early on, to ensure a framework is in place to share information on available and upcoming opportunities, and to get an inventory on local capacity

- Proponents must have dedicated resources in their organizations including Indigenous relations, and these should be engaged end to end
- Proponents should outline their strategy and integrate it in procurement evaluation
- Procurement plans should include training and mentoring strategies
- One company uses Indigenous participation plans as a part of letting contracts
- Processes to monitor success and support problem solving need to be in place

EPCs

- Gaining trust is the biggest barrier to overcome and should be a focal point.
- Ensure enough time is invested in relationship building because it takes time to demonstrate value
- Respecting the context of the legacy of communities being treated unfairly is important
- Specialized capacity is needed, e.g. someone like a communities manager to oversee the program
- Sustainability is becoming a differentiator for providing value to proponents; providing sustainability is now a regular part of how to do business, not just a risk management strategy
- One EPC wants to do the right thing instead of being forced to
- If they are privy to IBA targets, it is a best practice to meet or beat them

6. HOW CAN GOVERNMENT (FEDERAL AND PROVINCIAL) ASSIST?

First Nations

- Governance is an important area to build capacity
- Forestry is an example where government forces First Nations to work together – perhaps this should be looked at
- Separating business from politics is important
- First Nations are often competitive instead of collaborative – the value add for collaboration needs to be demonstrated to First Nations
- Timely responsiveness is a best practice: the BC government and IPO-West are fast, but INAC is slow
- Government support for entrepreneurial training, local opportunity forums, and corporate governance development are best practices
- Cross-cultural awareness is needed
- Business programs (e.g. ABM and NABOC initiatives) are best practices
- Providing access to capital for equipment is a best practice
- Supports are needed for chronic employment barriers (day care, addiction, transportation, etc.) to ensure people are ready for work
- Featuring successful businesses as role models is a best practice
- Existing development corporations (entities that already fund business development) could be replicated or better resourced

- Work, training, and funding for business entity development, as well as boot camps for entrepreneurs, are best practices
- It is a best practice to streamline pathways and reduce red tape for business startups
- One First Nations company suggested that government could identify the best and most cost effective safety program for First Nations contractors to access and to provide incentives such as rebates for successful completion

Proponents

- Northern Development Initiative Trust is cited as a very good initiative
- It is a best practice to have clear rules with no changes (i.e. First Nations shouldn't be added on when a project is well advanced)

EPCs

- Providing for mentoring service, access to capital, and procurement targets is the best way to proceed; another tool is to have a percentage of contract budget allotted to Indigenous businesses; publishing a best practices tool box that publicizes best practices for contracts, IBAs etc. would be helpful
- Best practices include getting on board with the reconciliation movement, championing businesses, and showcasing successful businesses
- Broader initiatives such as the economic development plan the Assembly of First Nations and BC Business Council announce could be used as a policy framework or guide that trickles down in the province and regional areas to provide some consistency on how companies and First Nations engage everyone
- Government needs to step up its investment to increase the capacity of First Nations to participate in economic development
- There needs to be recognition and support; government should step out of the way, have less red tape, and really breakdown barriers to funding (e.g. it takes too long, reporting is too stringent, and First Nations are overburdened with administrative requirements)

APPENDIX D – LIST OF PROCUREMENT OPPORTUNITIES

Opportunities raised by interviewees included:

- scaffolding
- power engineers
- civil works
- cement
- camps – construction and operation
- painting
- drug testing
- landfill and waste management
- management
- dredging
- barging
- freight forwarding
- decommissioning
- cutting
- arts and crafts
- kitchens
- aquatic assessment
- electricians
- process operators
- security
- general facility maintenance
- roads construction and maintenance
- environmental monitoring
- socioeconomic studies
- transportation (land and water)
- recreation and tourism
- daycare
- dry dock
- clearing
- reclamation
- archeology
- retail
- couriers
- subcontracting (sourcing labour or other services)
- pipefitters
- instrumentation engineers
- catering
- gravel
- heavy equipment supply and operation
- recycling
- safety supplies
- administration / office / clerical work
- wash base
- storage
- tugging
- laundry
- paramedic
- restoration
- clothing
- hotels
- equipment repair and maintenance

APPENDIX E – OPPORTUNITIES AND RECOMMENDATIONS FOR GOVERNMENT

Government has convening power and access to resources that could greatly assist Indigenous businesses. The following list consists of opportunities for support that government should consider. To the extent that programs and supports are already in place to address the opportunities and recommendations, there may be issues of awareness and effectiveness that would be equally important to address.

RELATIONSHIPS

- Provide information about best practices for screening and selecting potential industry partners for First Nations
- Showcase different successful relationships, quantify the outcomes of these relationships, and explain how the leaders were able to build the relationships
- Provide avenues for industry and First Nations to meet (e.g. Aboriginal Business Match conferences)
- Explore ways to enable better realization of IBA evaluation and commitments between proponent, EPCs and First Nations

EDUCATION AND TRAINING

- Provide educational initiatives for industry (with content developed or delivered by First Nations)
- Provide educational programs for entrepreneurs and business
- Provide educational opportunities on reconciliation issues
- Consolidate and publish best practices, from policies supporting supplier development, to best results and the procurement tools used
- Create a publication/inventory on clear pathways for Indigenous business development
- Support cross-cultural awareness

CAPACITY

- Research and share information about types of expertise that can help First Nations succeed
- Develop First Nations or regional business development coaches
- Provide sustained support to First Nations or First Nations companies to develop the specialized capacity required to access contract awards and achieve continuous growth in business development
- Increase First Nations access to capital – including potential increase of grant programs
- Provide loans to First Nations for cash flow management in early business opportunities along the project lifecycle
- Provide supports for pre-qualification areas (e.g. training programs or other resources for business development)
- Support expanding First Nations businesses by providing access to capacity funding that enables First Nations to bid on projects or capital to allow First Nations companies to expand

- Ensure that the Aboriginal Business and Investment Council First Nations Economic Development Database, or another comprehensive directory of First Nations suppliers, is maintained, updated and expanded
- Review existing programs to assess effectiveness (e.g. how many funded projects have succeeded?)
- Create content that is more resource development focused in existing programs
- Increase responsiveness and decrease red tape; be clear about approval time frames and expectations
- Prioritize allotment of funds to viable approaches (i.e. known needs for capacity, etc.)
- Lead by example in procurement programs – participate in procurement from Indigenous businesses to increase capacity-building and establish policies/best practices, procurement targets, and divided contracts that are easier to qualify for and access (i.e. ingredients for success)
- Develop a long-term vision, allowing for failures/learning, and providing sustained support to strengthen Indigenous business development

REALIZING OPPORTUNITIES

- Convene EPCs and other groups on the ground to share best practices
- Develop sample measurement frameworks
- Showcase examples of successful outcomes, including profiles of successful businesses and reports on the number of businesses procured from
- Include First Nations procurement and employment targets in project development agreements with proponents

FIRST NATIONS ECONOMIC DEVELOPMENT GOVERNANCE

- Showcase instances of First Nations working together successfully
- Find a way to demonstrate increased value for First Nations working together
- Allow opportunities for First Nations to look at how they might structure their businesses internally: incorporation, joint ventures, or partnerships?
- Support First Nations or First Nations enterprise to develop capacity plans for effective operation
- Create a fund for staffing
- Support governance development for First Nations on the setup of their enterprise, and best practices for doing so