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## Shaping an Indigenous Sustainable Bond Framework: Summary of October 2024 Roundtable Meetings and Recommendations

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*We would like to acknowledge the leadership and vision of the late Niilo Edwards who was catalytic in making this Roundtable possible.*

*This document reflects both background research provided prior to the Roundtable as well as findings and views from a multi-stakeholder Chatham House Rules Roundtable and dinner event. Not all participants may agree with the recommendations and views expressed. Any errors or omissions are the authors' alone. For a list of participants and definitions, refer to the Appendix.*

### Spirit and Scope

The responsible investing<sup>1</sup> world came to Toronto for the PRI in Person conference the week of October 8, 2024<sup>2</sup>. The United Nations-developed Principles for Responsible Investing (PRI) network is a membership organization bringing together global investors to share and advocate for best practices in responsible investing. Once a year, delegates from across the globe meet in person at the annual conference.

Addenda Capital Inc., the First Nations Major Project Coalition (FNMPC) and the First Nations Management Board (FMB) convened Indigenous leaders, debt issuers, asset owners and sustainable finance leaders on October 8 and 9, 2024, under Chatham House Rules and chaired by Geordie Hungerford. Participants learned, engaged, and shared ideas on how to leverage the success of the sustainable bond market to support the financing needs of Indigenous Peoples. Green, social, and sustainability bonds<sup>3</sup> have been one of the major responsible investing success stories. Since their first issuance in 2007, these debt instruments have grown to over USD 5 trillion<sup>4</sup>, providing financing toward projects with measurable positive environmental or social outcomes, based on

<sup>1</sup> See Appendix for definition.

<sup>2</sup> <https://pip2024.unpri.org/toronto/>

<sup>3</sup> See Appendix for definition.

<sup>4</sup> All dollar figures in this document are in Canadian dollars unless otherwise specified.

foundational principles and practices (Figure 1).

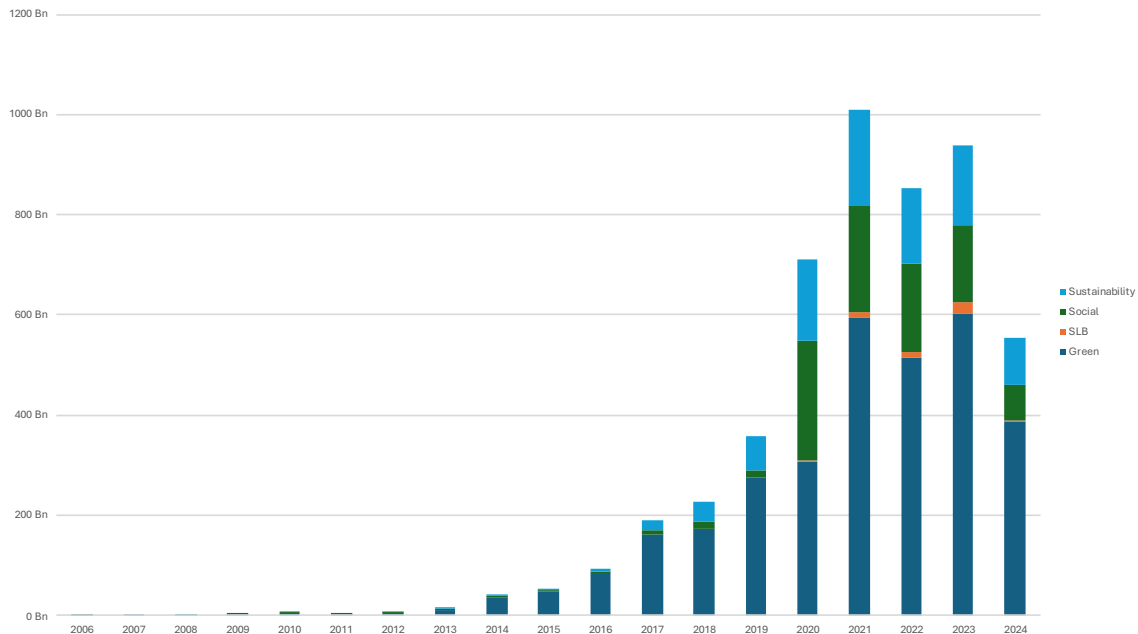


Figure 1: Growth in Sustainable Bonds, by type. Source: Climate Bonds Initiative email from October 7, 2024.

This Roundtable explored the lessons learned from the sustainable bond market and how this market’s success could be leveraged to increase financing for Indigenous Peoples and Reconciliation, and the possibility of developing an Indigenous Sustainable Bond framework. If such a framework were to exist, could it drive more interest and capital from investors for Indigenous communities, projects, and businesses? For the purposes of this discussion, *framework* is defined as a set of high-level Principles governing the future issuances of Indigenous bonds. It would ensure the proceeds would be used to finance projects with endorsed benefits to Indigenous communities and regular reporting of these benefits to bondholders. More specific criteria (often called a “taxonomy”) could be developed in addition to high-level Principles over time.

This Roundtable and the findings focus on the concept of an Indigenous Sustainable bond framework, and we recognize that core components developed could be applied to a broader Indigenous bond framework which would cover a greater spectrum of bond issuances.

The Roundtable was a preliminary exploration of this concept in the spirit of blue-sky idea sharing. For this to develop more fully, a broader representation of Indigenous voices and leadership would be needed, along with further dialogue.

A secondary goal was for participants unfamiliar with the sustainable bond market to gain a better understanding of how this market works and the potential ways it can be a source of future Indigenous financing. Additionally, the Roundtable aimed to help investor attendees unfamiliar with the status of Indigenous finance in Canada—and globally—gain a deeper understanding of needs, structural challenges, and opportunities. Solving some of these deep structural issues was out of scope for the discussion.

The discussion focused primarily on Indigenous funding through debt markets and how to tap into the growing interest from sustainably oriented asset owners who seek to invest in Bonds that support Indigenous Peoples and Reconciliation.

There are other sustainable finance structures and mechanisms that Indigenous communities are currently either using or exploring related to sustainable projects, including equity partnerships and carbon credits. Indigenous bonds have the potential to provide not only funding streams for Indigenous communities, but positive environmental and social outcomes as well<sup>5</sup>. While the discussion focused primarily on bond financing, these other structural issues merit deeper conversations and further development.

## The Current State of Indigenous Finance

Indigenous Peoples in Canada (Inuit, Métis and First Nations) and the world face significant and long-standing socioeconomic gaps when compared to non-Indigenous populations. These gaps stem from a long history of colonialism, discrimination, and marginalization, which have had a profound impact on Indigenous people and continue to affect their lives today.

Many of these challenges are due to the systematic destruction of cultural, economic, and trading systems. The *Indian Act*, for example, drove the systemic exclusion of Indigenous Peoples from the mainstream economy and trading systems, resulting in damage to the Indigenous way of life. Until 1940, the Canadian government enforced a policy that required all First Nations people living on reserve to obtain written permission from an Indian agent to leave their community or sell goods off reserve. Those caught without a pass were either incarcerated or returned to the reserve. A permit was required to sell agricultural goods. These restrictions created barriers to commerce. Residential schools were designed to educate workers rather than businesspeople. Attending University or becoming a professional would lead to the loss of Indian status, rights and connections to the reserve and First Nation, deterring people from seeking higher education. First Nations people or communities could not challenge these restrictions—they were prohibited from hiring a lawyer until 1951.<sup>6</sup>

Resilience, determination, and vision enabled communities to bring their claims of Indigenous rights to the courts, where they have started to dismantle past restrictive systems and reinforce inherent rights. For example, the inclusion of Indigenous and treaty rights in Section 35 of the *Federal Constitution Act, 1982* and court interpretation of the section, plus enactment of the *United Nations Declaration on the Rights of Indigenous Peoples Act* (UNDRIP), have been important stepping-stones in restoring economic structures, development, and Indigenous rights.

Nations face ongoing challenges and opportunities in economic development and, while gaps persist, significant work is underway to narrow them and improve conditions.<sup>7</sup> We will explore some of the current challenges and opportunities.

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<sup>5</sup> See Appendix for definition of impact and sustainability outcomes

<sup>6</sup> <https://smith.queensu.ca/centres/isf/resources/primer-series/indigenous-economic-Reconciliation.php>

<sup>7</sup> <https://sac-isc.gc.ca/eng/1690909773300/1690909797208>

## Current Challenges

- The funding gap in housing, public infrastructure, and economic development for Indigenous Peoples in Canada alone ranges from \$350 to \$500 billion<sup>8</sup>. Many Indigenous communities lack financing for basic community needs, including adequate housing and water. In addition, many rely on high carbon-emitting energy sources like diesel-power generators for power production or lack access to telecommunication services<sup>9</sup>, resulting in poor quality of life in many communities.
- Indigenous Peoples in Canada account for approximately 5% of the population, but Indigenous businesses hold less than 0.2% of the available credit. Access to market capital for Indigenous businesses is 11 times lower than that of non-Indigenous business peers.<sup>10</sup>

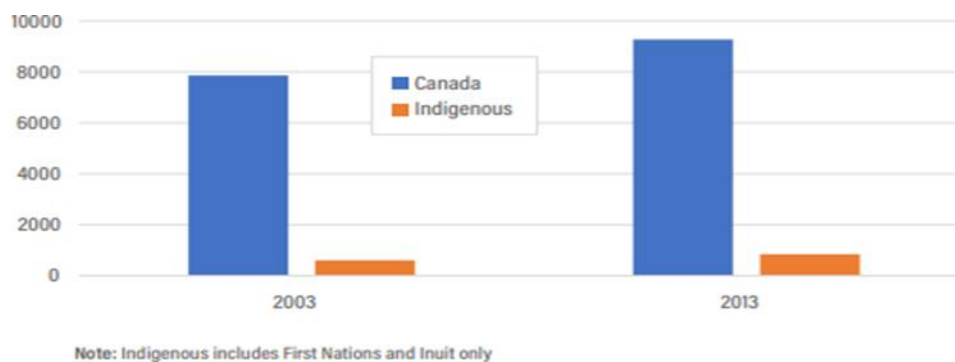


Figure 2: Per capita access to market finance (2003-2013, with figures in 2013 constant dollars). Source: Waterstone Strategies 2017 and Schembri, Lawrence, *The Next Generation: Innovating to Improve Indigenous Access to Finance in Canada*, Fraser Institute

- Access to capital among Indigenous communities has been unevenly distributed, with the top 20% of First Nations accounting for 67% of own-source revenue.<sup>11</sup>
- Inability to access capital at a reasonable cost is a major challenge. The financing gap faced by Indigenous businesses and entrepreneurs is largely caused by structural and systemic barriers.
  - Clear property rights are often necessary for accessing financing. However, Indigenous individuals, businesses, communities, and Nations encounter legal and regulatory barriers, such as section 89 of the Indian Act, which prohibits confiscation of Indigenous property on reserves. As a result, First Nations businesses and entrepreneurs are unable to leverage on-reserve assets as collateral.

8 Schembri, Lawrence, *The Next Generation: Innovating to Improve Indigenous Access to Finance in Canada*, Fraser Institute, 2023 and Assembly of First Nations <https://afn.ca/all-news/press-releases/assembly-of-first-nations-afn-calls-for-urgent-action-to-close-the-infrastructure-gap-by-2030-in-landmark-report/>

9 <https://www.sac-isc.gc.ca/eng/1506514143353/1533317130660%20and%20> and <https://www.sac-isc.gc.ca/eng/1506514143353/1533317130660>

10 [https://nacca.ca/wp-content/uploads/2017/04/NAEDB\\_ImprovingAccessToCapital.pdf](https://nacca.ca/wp-content/uploads/2017/04/NAEDB_ImprovingAccessToCapital.pdf)

11 <https://www.fraserinstitute.org/sites/default/files/next-generation-innovating-to-improve-indigenous-access-to-finance-in-canada.pdf>

- For project finance, Indigenous governments and entities often face higher borrowing rates—frequently exceeding the expected return on projects due to misperception of greater risk.
- Indigenous Nations lack the ability to leverage assets or revenues to borrow against as other governments do. Indigenous governments often have a very small “balance sheet” compared to other levels of government. Many communities have minimal or no tax revenue or business revenue that could be leveraged.
- In the past, the high cost of doing business on reserve has led to “bungee economies,” where economic gains flowing into communities bounce out to benefit non-Indigenous communities, as goods or services are sourced off reserve.

## Opportunities

There have been many exciting new developments and growing opportunities:

- Indigenous communities have reclaimed partial control over their resources from governments. Federal and provincial governments have implemented, or are discussing, revenue-sharing and royalty-sharing frameworks for projects in Nations’ traditional territories. Legislation related to land management (the First Nations Land Management Act) and the Lands Advisory Board (LAB) provides a framework for First Nations to regain control over lands (including land development) and natural resources on reserve. Some First Nations and Inuit have negotiated modern treaties providing for significantly larger land holdings than reserves, with direct Indigenous control over those lands.
- The First Nations Fiscal Management Act (FMA, established in 2005) allows qualified First Nations communities to jointly borrow from capital markets for infrastructure investment and community development. Under the FMA, four complimentary institutions work together to enhance access to lower-cost capital:
  1. The First Nations Tax Commission (FNTC) helps Nations increase the flow of own-source revenues through property tax;
  2. The First Nations Financial Management Board (FMB) helps Nations implement sound financial management and governance to develop their own capacity to borrow and service debt. The FMB’s certification is a requirement for FNFA borrowing (below);
  3. The First Nations Infrastructure Institute (FNII) provides expertise to improve infrastructure investments and projects; and,
  4. The First Nations Finance Authority (FNFA) helps secure low-cost financing by monetizing community revenue streams with credit enhancements and issuing highly rated debt to the market. The program has issued over \$2 billion in bonds, financed at rates comparable to or lower than Canadian municipalities.

Over 360 First Nations (out of 630 in Canada) have opted to join this innovative framework, leading to the creation of an estimated 22,000 jobs<sup>12</sup>. One significant success has been the purchase of a 50% share of Clearwater Seafoods for \$500 million, half of which was borrowed under the FNFA by a group of seven Mi'kmaq communities in the Atlantic provinces.

- First Nations Major Projects Coalition (FNMPCC) currently provides business capacity support to its members on 17 major projects across Canada, each including a First Nations equity investment, with a combined portfolio exceeding \$30 billion.<sup>13</sup>
- The Canada Infrastructure Bank seeks to invest at least \$1 billion in revenue-generating Indigenous infrastructure projects across five priority sectors: clean power, green infrastructure, public transit, broadband, and trade and transportation.
- Federal and provincial loan guarantee programs are unlocking opportunities and capital. The federal government has announced a \$5 billion Indigenous Loan Guarantee Program. The Alberta Indigenous Opportunities Corporation offers \$3 billion in loan guarantees ranging from \$20 to \$250 million. British Columbia, Saskatchewan, Manitoba, and Ontario have implemented similar programs.
- The 58 Indigenous Financial Institutions (IFIs) under the umbrella of the National Aboriginal Capital Corporations Association (NACCA) have developed strong relationships with entrepreneurs and supported the founding and growth of Indigenous businesses by providing relatively low-cost finance and business services. NACCA and the IFIs have issued 53,000 loans totalling \$3.3 billion and have launched a \$153 million Indigenous Growth Fund to provide capital to Indigenous small and medium-sized enterprises.
- The First Nations Bank of Canada (an Indigenous-owned Schedule I bank) now has \$1.2 billion in assets and collaborates with the CIBC on infrastructure projects. It represents a small part of the Canadian banking system (<0.1%). Several other Indigenous financial institutions exist, including Caisses populaires Desjardins in Quebec, Peace Hills Trust in Alberta, and Me-Dian Credit Union in Manitoba.
- A new generation of Indigenous-led financial institutions has been proposed, including an Indigenous Development Bank (similar to the Asian Development Bank and IFC), an Indigenous Investment Commission to manage Indigenous settlement money and provide direct investment (similar to the Maple 8 pension asset managers), and an Indigenous Housing Finance Network to facilitate novel nonbank financing of housing through Indigenous-to-Indigenous lending or securitization.

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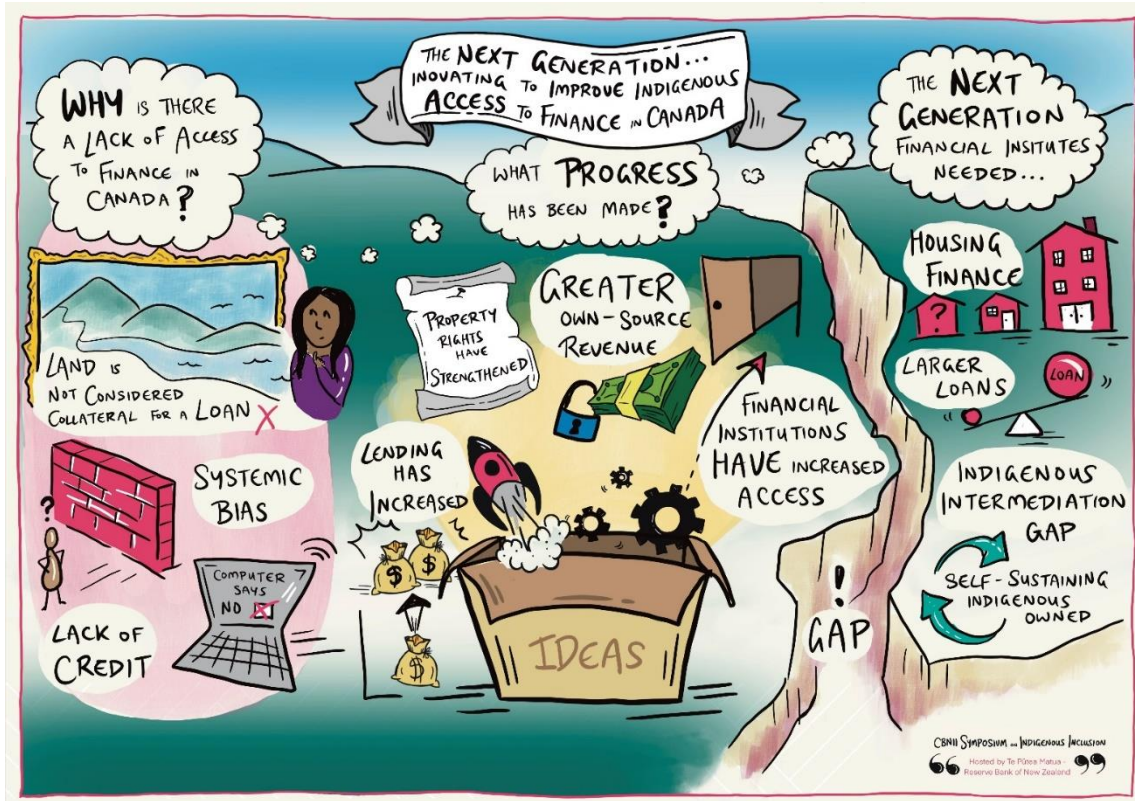
<sup>12</sup> <https://www.fnfa.ca/wp-content/uploads/2024/05/Loan-Summary-Booklet-March-2024-ENG.pdf>

<sup>13</sup> <https://fnmpc.ca/blog/our-collective-advantage-hundreds-of-indigenous-government-and-industry-leaders-convene-on-bay-street/>

- Many companies are developing Reconciliation Action Plans (RAPs). Certification and standards now exist to help improve the quality of commitments and reporting, including the Partnership Accreditation in Indigenous Relations (PAIR) and the Indigenous Community Benefit Standard (PEHTA).<sup>14</sup>

These are exciting times as many challenges begin to be overcome. However, despite this Indigenous-led institutional innovation, there remains insufficient capital to meet the needs of Indigenous communities and their businesses (illustration below).

### The Next Generation: Innovating to Improve Indigenous Access to Finance in Canada



Source: Shared via email correspondence with Lawrence Schembri for his presentation at the Reserve Bank of New Zealand Symposium for Indigenous Inclusion 2023.

### Developing Indigenous Financing

Indigenous communities with significant economic development opportunities have begun to use mainstream financing instruments. The First Nations Major Projects Coalition is spearheading advice to Indigenous communities on participation in major projects. Projects span from “brown” to “green” spectrum, including Indigenous ownership in critical minerals, alternative energy, transmission, and oil and gas. See Appendix 2 for an illustrative list of recent Indigenous Financing projects.

<sup>14</sup> <https://www.ccab.com/programs/progressive-aboriginal-relations-par/%20and%20> and <https://www.pehta.org/>

## Non-Indigenous Entities' Use of Indigenous Factors in Financing

Efforts are being made to influence governments, development banks, financial institutions, and corporations to provide authentic financing to Indigenous communities. For example, several issuers have sustainable or green bond frameworks with Indigenous targets. However, the Indigenous goals and elements are often a small part of many other climate, infrastructure, or other sustainability goals, and it's unclear whether the Indigenous communities targeted by the financing are even aware of their inclusion in bond programs.

In Australia and Canada, companies are increasingly developing RAPs that may contain measurable goals (e.g. environmental or social benefits to Indigenous communities such as improved access to clean water, better healthcare, and housing). These goals could be incorporated into bond targets.

## Connections Between Indigenous and Sustainable Finance

Indigenous and sustainable finance practices are often both values-driven, have a long-term focus, concerns over biodiversity and externalities to the environment as well as for people and community impacts.

An estimated 36% of the world's remaining intact forests are on Indigenous Peoples' lands, and Indigenous communities safeguard much of the world's remaining biodiversity.<sup>15</sup>

- Critical mineral resource development needed for energy transition, as well as transmission lines for power generation, run through Indigenous lands and require Indigenous consultation and consent.<sup>16</sup> The energy transition will require Indigenous leadership and partnerships, as highlighted in the recent FNMPC publication “The Only Road to Net Zero Runs Through Indigenous Lands.”<sup>17</sup>
- Corporate sustainability and climate practices and frameworks have matured to the point where international standards for how companies should report on these factors are imminent or already being mandated by regulators. Critical global standards include those now proposed by the International Sustainability Standards Board (ISSB) along with aligned but locally modified versions, such as those proposed by the Canadian Sustainability Standards Board (CSSB). Both organizations are seeking input on how companies should disclose metrics related to Indigenous practices and commitments.<sup>18</sup>
- Sustainable finance frameworks have led to “chasing in” capital toward value-driven investments, which could be leveraged/extended to “chase in” more capital for Indigenous financing needs. There are already interconnections between sustainable and Indigenous finance, as

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15 <https://www.worldbank.org/en/news/feature/2023/08/09/empowering-indigenous-peoples-to-protect-forests>

16 Including in many jurisdictions, both in Canada and abroad, Free Prior and Informed Consent (FPIC)

17 [https://fnmpc.ca/wp-content/uploads/FNMPC\\_Post-Conf\\_11022022\\_web.pdf](https://fnmpc.ca/wp-content/uploads/FNMPC_Post-Conf_11022022_web.pdf)

18 <https://fnfmb.com/en/leadership/submissions/priorities-issb>

sustainable finance often aims to mitigate inequities and support underserved communities (see the following for example).

- The ICMA Social bond principles include targeting investment that promotes the “equitable participation and integration into the market and society, including reduction of income inequality,” which can include targeting Indigenous peoples.<sup>19 20</sup>

## Indigenous Financing Needs and Lessons from the Green Bond Market

Indigenous financing needs can benefit from lessons learned from the green bond market. The establishment of green bond market “Principles” and a sector-based “taxonomy” have provided a “shopping list of needs” and helped establish best practices and credibility, leading to over USD 5trillion in funding for climate mitigation and other sustainability needs.<sup>21</sup> Developing an Indigenous Bond framework with core Principles and potentially a more specific set of guidelines (often called a “taxonomy” by investors) could help create an Indigenous bond market and draw in capital to fund Indigenous communities, infrastructure, and other financing needs.

### Green and social bonds defined:

Green bonds raise capital for funding projects with environmental benefits (e.g., energy efficiency improvements, clean transportation). The funds are ring-fenced to be applied only to designated eligible projects and issuers of these bonds commit to reporting at least annually on their positive impacts.

Social bonds operate the same way but are focused on projects that have more societal or community benefits (e.g., healthcare, affordable housing). Sustainable bonds combine both green and social. See the Appendix for sources and more details.

### The importance of Principles and a Taxonomy:

The first green bonds were issued by the European Investment Bank and the World Bank, in 2007 and 2008 respectively.<sup>22</sup> In the early days, a small number of green bond issuances were sold to investors promising environmental benefits (e.g., improving energy efficiency), but ultimately going to projects that had none (e.g., for general maintenance or building parking lots). These few cases undermined market credibility and led to a consortium of investment banks establishing The **Green Bond Principles (GBP)** in 2014. Since then, they have moved to an independent secretariat hosted by the International Capital Markets Association (ICMA)<sup>23</sup>. The GBP outlines the requirements for transparency, accuracy, and integrity of information that should be disclosed and reported by issuers to

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19 <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>

20 <https://www.bennettjones.com/Blogs-Section/Canadian-Sustainability-Standards-Board-Announces-Proposed-Sustainability-Disclosure-Standards>

21 <https://www.climatebonds.net/2024/09/sustainable-debt-market-passes-5trillion-milestone-en-route-record-year#:~:text=Sustainable%20debt%20market%20passes%20%245trillion%20milestone%20en%20route%20to%20record%20year,-Posted%3A%20Sep%205&text=Climate%20Bonds%20has%20recorded%20a,of%2030%20June%20this%20year.>

22 <https://www.climatebonds.net/market/explaining-green-bonds>

23 <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

stakeholders, with four core components:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The principles were meant to improve governance and transparency to build confidence and credibility in the market. However, the GBP do not provide the details on the “green” component. To fill that need, a non-profit organization – the Climate Bonds Initiative (CBI) – was created to develop these green definitions (now called the **climate bonds taxonomy**). CBI established sector-specific criteria through a rigorous governance and development process that builds legitimacy and credibility by incorporating input from independent scientists and technical experts, with extended stakeholder and public consultation periods.<sup>24</sup> For example, CBI has laid out specific quantitative and qualitative guidelines on what can qualify as climate mitigating, across twenty sectors to date ranging from agriculture production, chemicals, cement, and buildings to hydropower, shipping, water infrastructure, and more.<sup>25</sup>

Certification and verification to these principles and taxonomy eventually followed with second party opinion (SPO) providers. The application of Do No Significant Harm (DNSH) Principles were also developed to ensure that green bonds do not drive significant harm to communities or the environment in pursuit of narrowly focused sustainability goals.<sup>26</sup> For example, DNSH Principles should mitigate a green bond being issued for a hydropower development with climate goals if the project displaced Indigenous Peoples in violation of Free Prior and Informed Consent.

The combination of principles, sector guidelines, and SPOs have helped maintain credibility and confidence in the green bond market, allowing it to raise trillions in financing for climate, social, and sustainability-oriented projects.

An Indigenous sustainable bond framework, with at minimum key Principles, could likewise drive in more financing for Indigenous communities and projects.

## October 2024 Roundtable Discussion Findings

Through panels and breakout table discussions, Indigenous Rights Holders, Indigenous organizations, green and sustainable bond issuers, investors and standard setters shared their ideas and thoughts on the potential benefits, challenges, and way forward in developing an Indigenous sustainable bond framework. Special guests, speakers, and panellists included:

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<sup>24</sup> <https://www.climatebonds.net/market/best-practice-guidelines>

<sup>25</sup> <https://www.climatebonds.net/standard/sector-criteria>

<sup>26</sup> See for an overview of DNSH principles <https://www.canada.ca/en/department-finance/programs/financial-sector-policy/sustainable-finance/sustainable-finance-action-council/taxonomy-roadmap-report.html>

- Chief Abram Benedict, Ontario Regional Chief
- Harold Calla, Executive Chair, First Nations Financial Management Board (FMB)
- Chief Joe Miskokomon, Chippewas of the Thames
- Steve Saddleback, Senior Advisor, First Nations Major Projects Coalition (FNMPC)
- Ernie Daniels, President and CEO of First Nations Finance Authority (FNFA)
- Lawrence Schembri, Homalco First Nation Business Group
- Sean Kidney, CEO Climate Bonds Initiative
- Susan Golyak, Director ESG, Public Markets, BCI
- Arthur Kacprzak, Vice President and Treasurer, HydroOne
- Elizabeth Wallace, Senior Manager of Funding, Ontario Financing Authority

(For a complete list, see Appendix).

A number of key ideas and recommendations emerged.

### **Importance of Learning from Past, Celebrating the Present to Build a Future**

There were reflections that for hundreds of years, Indigenous Peoples in the North America had economic structures with parallels to ideas including public goods, taxation, trade rules, and value. For example, the First Nations in B.C., who were trading down the Pacific Coast over 500 years ago using a special trading language called Chinook. Over time, these trade and economic structures were eroded with the arrival of European colonization, which brought disease and forced assimilation, ultimately culminating in the *Indian Act of 1876*. This legislation, along with the tragedy of the residential school system, precluded economic activity and trade.

To achieve Reconciliation, we must address the legacy of poverty and trauma experienced by Indigenous Peoples and provide economic opportunity to a rapidly growing population of Indigenous youth. The *Indian Act* left communities impoverished and largely dependent on the federal government for economic survival. In addition, commercial loans offered to Indigenous communities were often at rates so high that it made it impossible to buy into equity partnerships or develop infrastructure. Indigenous leaders have been increasingly realizing that government money alone would never be sufficient to restore Indigenous economic prosperity to a level that would sustain their communities. They understand that preserving their culture and self-determination can be only achieved through economic self-determination.

This vision of Indigenous self-determination had to be founded on Indigenous economic independence and self-generated prosperity, supported by Indigenous-led solutions and organizations. With ingenuity and perseverance, Indigenous leaders founded a number of path-breaking Indigenous-led financial institutions to support economic development, including the First Nations Major Projects Coalition (FNMPC) and the First Nations Finance

Authority (FNFA). Both have built a pathway to capital markets and access to financing at a more reasonable rate. Fifty billion dollars in estimated deals is now supported by FNMPC.

Ultimately, economic Reconciliation means economic development and access to reasonable cost financing. For an Indigenous bond framework to work, it should:

- Start with intention, namely being clear about the purpose, desired outcomes, and benefits for Indigenous communities (Rights Holders)
- Be in the Spirit of Truth and Reconciliation
- Bring investors along the journey to these intentions and goals

## Elements of an Indigenous Sustainable Bond Framework

Below are elements that Nations and Indigenous Organizations, investors, issuers, and market participants shared as being important in developing an Indigenous Bond Framework:

1. **UNDRIP, FPIC, Reconciliation as Foundational Principles:** Indigenous Rights' Holders (e.g., Band Councils, Modern Treaty Nations) or their delegates should lead the development of the bond framework in accordance with UNDRIP FPIC and Reconciliation Principles – “Nothing About Us Without Us”.
2. **Principle-based and Flexible:** Keeping 1) above in mind, develop a flexible principle over prescription approach and build in more clarity over time. Don't dwell on definitions in the short-term, but rather focus on intention to help Indigenous communities. Allow for piloting and a learning-centric approach, especially in the early days of first issuances. Be supportive (and forgiving) of the nascent market. Get deal flow going without letting perfection be the enemy of the good.
3. **Open to Any Entity:** Bonds could be issued by any entity investing in projects that benefit Indigenous Peoples – Indigenous Peoples or Nation, Indigenous businesses or non-Indigenous businesses, financial institutions, or government entities (e.g., banks, corporations, utilities). This should include allowing for a broad spectrum of diverse types of projects.
4. **Transparent Reporting:** Reporting on community or Indigenous Rights Holders' benefits is key. See storytelling benefits below.
5. **Leverage:** Leverage existing principles and approaches familiar to global investors (as described in Green bond market section above). This includes examining existing Green and Social Bond Principles and the strong governance and research pathways developed by organizations such as ICMA and CBI. These organizations' processes engage with a broad spectrum of stakeholders, opinions, and expertise, helping maintain market credibility and growth.

6. **Second Party Opinions (SPOs):** These are now very important to help ensure the quality of green bonds and will eventually also be important for Indigenous bonds. However, the consensus at the roundtable was that SPO providers may not yet have the expertise and training to conduct these effectively until after the market has some pilot issuances. SPO training and capacity building on the new framework will be required. It will be important that those conducting certification and audits are either Indigenous Rights Holders or endorsed by Rights Holders.
7. **Credit quality and market fundamentals remain important:** Establishing credit quality of the bond issuance remains fundamental, along with all the other traditional elements of a successful bond issuance.

## Benefits of an Indigenous Sustainable Bond Framework

Several potential benefits were presented and discussed, including:

1. **Incentivizing strong practices and enshrining UNDRIP and TRC 92:** An Indigenous Sustainable Bond framework – developed with Principles that enshrine the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP) and the Truth and Reconciliation Commissions Call to Action 92 – can be a way to ensure these are embedded financial market practices. A core element should be validation of the Indigenous benefits claimed by a bond program, helping safeguard against bonds claiming to benefit Indigenous communities while financing projects perhaps misaligned with the needs and aspirations of those target communities or Peoples. It would help prevent misappropriation and avoid “greenwashing” or the Indigenous equivalent (sometimes called “redwashing”).

Several Indigenous initiatives are developing standards in other areas, with similar goals. For example, the PEHTA First Nations Reporting Standards is endorsed by the Confederacy of Treaty Six First Nations Chiefs and requires reporting on community benefits. This framework is meant to improve, for example, corporate reporting on Indigenous programs and initiatives to ensure genuine, measurable Indigenous participation, and inclusion. See Appendix for more details.

2. **More capital for economic reconciliation:** The power of high-level “principles” and sector-specific “taxonomy” is a shopping list for the future. For example, the Climate Bonds Initiative taxonomy provides very specific, scientific and industry-endorsed criteria for climate mitigation projects. This helps draw in capital to specific projects and activities listed as they are seen as meeting credible and high standards of the taxonomy. Therefore, Principles and taxonomy create a “partnership” between those developing a project and investors seeking to allocate financing to those types of projects. As mentioned previously, the credibility and assurance provided by the Principles and taxonomy have been the foundation for over USD 5 trillion in cumulative financing raised. Nations and Indigenous communities could leverage this approach, make it their own, and draw in more capital to

address critical financing gaps and needs.

There is also evidence of potentially strong demand from investors in Canada and globally for bond issuances that support Indigenous Peoples. The demand for FNFA bonds is indicative of this interest, with many European investors interested or buying the bonds.

An Indigenous framework could also be applied to guide other financing models, including lending programs, bridge-financing to purchase land in anticipation of land settlements, insurance programs, and more.

3. **Potential lower cost of capital:** The bond market can be an opportunity to access lower-cost financing versus commercial lending or other programs. A study by the Fraser Institute highlighted how the FNFA's ability to aggregate funding needs provided low cost of financing for 154 First Nations governments while maintaining loan loss rates relatively low.<sup>27</sup> However, existing bond issuers stressed to not count on a "greenium" – the premium investors are willing to pay for green bonds due to their additional positive environmental or social impacts, resulting in lower financing costs for borrowers. Issuers at the Roundtable stressed that greeniums were more common in the earlier days of the green bond market.

However, they also noted that, despite greeniums evaporating, green bonds remain popular in part because they have been shown to be less sensitive to market downside than regular bonds as investors tend to buy and hold them for their environmental and social benefits.

4. **Strong storytelling:** The bond's transparency of outcomes and reporting elements are an important way to communicate the issuing entity's values, purpose, and priorities to a broader set of their stakeholders, including their investors as key partners. This can deepen understanding by financial market stakeholders of Nations' projects and goals. One existing corporate bond issuer provided an example of how their sustainable bond programs provided the additional benefit of raising awareness of their corporate goals among both bond holders and global shareholders. Interest in their corporate sustainability goals, told primarily through their bond issuances, increased their European shareholder ownership to over 25 percent.
5. **A means to make Canada and all Canadians better off:** Providing innovative forms of Indigenous finance at a larger scale with broader capital markets access, such as via Indigenous bonds, would boost economic and community development, raise living standards, and help alleviate the serious social problems in these communities, thereby supporting Indigenous economic self-reliance and self-determination. Indigenous bonds could attract international capital to help finance reconciliation.

Indigenous economic development not only benefits Indigenous Peoples but

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<sup>27</sup> <https://www.fraserinstitute.org/sites/default/files/next-generation-innovating-to-improve-indigenous-access-to-finance-in-canada.pdf>

the rest of Canada as well. Taking full advantage of their potential to contribute to our economy could eventually add over \$100 billion<sup>28</sup>, or 5% of GDP, with important spillovers to the rest of the economy, according to the Indigenomics Institute.

## Challenges to Overcome

Financing through the public bond market has limitations, and the creation of an Indigenous sustainable bond framework would necessitate addressing key challenges.

1. **Need for capacity and institution building:** There is a need to build out capacity within Indigenous communities on how to access capital markets and navigate regulations to get projects to market more quickly. Indigenous leadership is stretched thin, faced multiple concurrent issues, including rebuilding institutions and infrastructure that were lost over decades. Nations, groups of Nations, and their members will need to build the business, legal, engineering and accounting capacity to fully participate in projects and capital markets. (See recommendations section for ideas on how to address this challenge.)
2. **Deal size and market challenges:** The average deal size of green bond issuances varies, driven by the type of issuer and their funding needs. Many governments, including Canada,<sup>29</sup> have issued green bonds of over \$500 million and above. Smaller issuances tend to come from regional governments and companies. About 13% of cumulative green bond issuances have been below \$100 million<sup>30</sup>. Green bond buyers tend to require issuances at a minimum in the tens of millions range to be able to buy or sell the bonds to meet the liquidity needs of asset owners<sup>31</sup>. Public bond markets tend to suit the funding needs of large issuers, government programs, and entities that can either execute on large projects or aggregate funding needs of others, as demonstrated by the FNFA's current approach.

There was also a recognition that not all Nations can participate in aggregate borrowing or bond programs due to insufficient own-source revenues to borrow against or weak historical financial performance. How these Nations eventually access capital through an aggregated bond program needs to be addressed. Expanding the FNFA mandate and/or establishing an Indigenous Development Bank could help.

3. **Reputation Risk:** As the number of Nations participating in pooled borrowing expands and an Indigenous bond market emerges, it's unreasonable to expect zero default rates or credit rating downgrades. Indigenous issuers tend to face a high level of scrutiny and exposure to reputation risks from potential defaults

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<sup>28</sup> [Indigenous economy surging toward \\$100B, Indigenous leaders say | CBC News](#)

<sup>29</sup> <https://www.canada.ca/en/departement-finance/programmes/financier-secteur-politique/securites/debt-program/canadas-green-bond-program.html>

<sup>30</sup> <https://www.climatebonds.net/market/data/>

<sup>31</sup> Please see Appendix for definition of liquidity

or downgrades, raising the importance of setting realistic expectations among capital market participants and recognizing the capacity and institution-building now underway. Credit quality could be enhanced and default risk reduced through mechanisms similar to the credit enhancement programs of the FNFA or government guarantees.

4. **Cost and reporting requirements:** Issuing an Indigenous sustainable bond under a framework requires more work upfront, including potentially paying for a second party opinion provider and having to report on benefits and outcomes to debt holders at least annually. Several existing green bond issuers expressed support in helping navigate and mitigate some of these costs and requirements.
5. **Indigenous bonds not necessarily “sustainable or green”:** Different opinions emerged on whether an Indigenous bond framework should also uphold existing green and social bond Principles and taxonomy guidelines. Several participants from Indigenous organizations argued against this, noting that some Indigenous bonds, while issued by or for Indigenous benefits, might not uphold climate or environmental criteria of green or sustainable bonds. Therefore, some bonds could stand as purely Indigenous and others as Indigenous-Sustainable or Indigenous-Green. These would marry both Indigenous principles with Green or Sustainable bond principles if the project or financing meet the Indigenous criteria as well as green, social, or sustainable bond criteria. The recommendations and next steps reflect the idea to first develop an Indigenous sustainable bond framework and that some of the core principles could be applied to guide other types of Indigenous bond issuances.

## Conclusions

There is clear interest in moving this idea forward. Future Indigenous leadership and Rights Holder participation will be key.

**FPIC and Indigenous thought leadership as foundational:** Free Prior and Informed Consent (FPIC) must be at the core of any Indigenous bond issuances or framework developed. An enduring framework’s core elements must be enshrined in Indigenous Principles and values and be Indigenous led.

**Positive Support:** There was positive support for moving this idea forward from across the participants in the room representing Indigenous Rights Holders, Indigenous organizations, investors and asset owners, existing sustainable and green bond issuers and standard setters, and market participants. There was recognition that economic Reconciliation requires access to lower cost financing. Existing sustainable and green bond issuers, investors, and several standard setting participants expressed their willingness to serve as a resource for any potential issuer or Indigenous leadership interested in exploring this idea further.

**Opportunity to grow organically:** Given the positive support and goodwill expressed by market participants, Indigenous leadership, investors and many in the room, there seems to be an openness for any potential issuer to go forward with piloting an Indigenous sustainable bond framework. Given also FNFA’s groundbreaking work and other institution

building, there are already templates to build from. The potential issuer could be an Indigenous Rights Holder (e.g. Nation), government entity (federal, provincial, municipal), development bank, financial institution, or corporation.

**Formalize eventually:** Building from any Indigenous bonds pilots, formalizing an Indigenous bond framework would eventually be beneficial. As discussed previously, this would accelerate Indigenous financing (signalling the “shopping list for future financing”) and help ensure authenticity and accrue benefits.

**Principle-based:** There was broad agreement that a principle-based approach was the best way forward, given the broad spectrum of project types and issuers. (See Elements of an Indigenous Bond Framework for more details.)

**Act-local:** Canada could be a good piloting ground for launching this idea given the Indigenous institution building and work already underway as outlined in the Opportunities section above. Several existing Canadian Indigenous-led institutions and networks could potentially serve as a secretariat to move this work forward.

**Think global:** Investors think and move money globally and there is already great interest in supporting Indigenous communities in other regions of the world. Leveraging the know-how in principle and standards development of the Climate Bonds Initiative (CBI) and the International Capital Markets Association (ICMA) will speed up the development process. Having key principles or standards eventually fit with existing broader global frameworks (e.g. ICMA social bond principles) could be a way to accelerate uptake and understanding of an Indigenous framework, scaling the approach to support Indigenous communities across different parts of the world. In addition, global issuers with multi-year sustainable bond programs—such as governments, development banks, financial institutions, or corporates—could also provide technical support. Indigenous Peoples and organizations across the globe could cross-support and share best practices as they develop<sup>32</sup>.

## Key Actions Needed

Roundtable discussions identified three critical actions to bring this framework to reality:

### Action 1: Build Indigenous-led consensus and socialize and gain feedback from non-Indigenous stakeholders

- Engage and get feedback from:
  - a broad spectrum of Indigenous Rights Holders and Indigenous organizations
  - a wide representation of finance, bond issuers, rating agencies, sustainable finance, and market participants
- Encourage Indigenous Nations, government, corporate and other potential issuers to consider Indigenous bond issuance
- Work with Indigenous, government, issuers, and non-profits to build a coalition of

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<sup>32</sup> Indigenous leaders across many parts of the world are of economic Reconciliation from Australia, New Zealand, Scandinavia, Latin America, Brazil and many other regions. Some organizations are also trying to span regions such as First Peoples Worldwide which are trying to harness and improve corporate and investor market practices to consider Indigenous Peoples' rights, see <https://www.colorado.edu/program/fpw/about>

the willing and source funding for principles/standards development

## **Action 2: Developing the Standards and Governance Structure**

- Draw in a broad spectrum of Indigenous voices to develop the key principles
- Create an Indigenous-led secretariat to lead development of the standard with:
  - An Indigenous advisory group to engage with Rights Holders and Indigenous organizations to develop FPIC and UNGRI principles
  - A technical advisory group to engage with capital markets actors (experienced sustainable bond issuers, investors, bond market and sustainable finance experts) to ensure that the above principles developed can practically be applied in the markets and gain strong market interest
- Leverage the knowledge and experience of organizations such as the Climate Bonds Initiative (CBI) and International Capital Markets Association (ICMA) in bond principle and standards development
- Set up a funding mechanism to support the above

## **Action 3: Implementing Initial Bond Issuance as Proof of Concept and Iterating**

- Pilot issuances that showcase the principles/standard, in particular, from issuers that are familiar with UNGRI and have established or the ability to establish a credit rating for example:
  - Federal or provincial-directed borrowing for Indigenous purposes
  - Crown financials with proceeds directed to Indigenous borrowing
  - Nations borrowing to invest debt or equity in First Nations Major Projects Coalition projects
  - Borrowing of Nations and Corporations for major infrastructure (e.g. transmission lines)
  - Nations borrowing for real estate development and housing
  - Nations borrowing for the purchase high quality secured assets
  - Indigenous buy outs of strong businesses that have upside potential in the major projects or procurement value chain
  - Borrowing by existing development bank, crown financials or a prospective Indigenous Development Bank
- Pilot issuances of first-time bond issuers including supporting institutions that can aggregate Indigenous financing needs (e.g. build on success of FNFA)
- Develop an ecosystem of Second Party Opinion providers
- Review and amend the principles as needs evolve
- If successful, the Indigenous secretariat could evolve into a broader Indigenous-led standard-setting body that advises on sustainable finance reporting and sustainable accounting standards beyond Indigenous sustainable bonds
- Some components of the Indigenous Sustainable bond principles could be useful in informing key principles or best practices for broader Indigenous bonds

## Call to Action

We invite you to:

- **Engage:** give us your feedback on this concept and recommendations
- **Champion:** share this article and its ideas, introduce us to supporters, and lead the change
- **Participate:** reach out to us at [info@addendacapital.com](mailto:info@addendacapital.com) to share your comments, receive updates on this concept, participate in future events, and express interest

## Acknowledgments

We would like to acknowledge guests, speakers, and panelists, including Chief Abram Benedict, Ontario Regional Chief, Harold Calla, Executive Chair, First Nations Financial Management Board (FMB), Chief Joe Miskokomon, Chippewas of the Thames, Steve Saddleback, Senior Advisor, First Nations Major Projects Coalition (FNMPC), Ernie Daniels, President and CEO of First Nations Finance Authority (FNFA) Lawrence Schembri, Homalco First Nation Business Group, Ryan Turnbull, Member of Parliament, Sean Kidney, CEO Climate Bonds Initiative, Susan Golyak, Director ESG, Public Markets, BCI and Arthur Kacprzak, Vice President and Treasurer, HydroOne, and Elizabeth Wallace, Senior Manager of Funding, Ontario Financing Authority.

We would like to acknowledge the leadership of the late Niilo Edwards, former CEO of FNMPC, who initially endorsed this roundtable and inspired us all to do more. We wanted to thank Steve Saddleback for stepping in to represent FNMPC during this difficult time, and we express our heartfelt condolences to the entire FNMPC family.

## Appendix 1: Glossary of Terms and Resources

**Assembly of First Nations Canada (AFN):** <https://afn.ca/>

**Asset Manager:** A firm that manages capital on behalf of asset owners. Also known as an Investment Manager.

**Asset Owner:** The entity that manages investments directly and/or directs external managers (often called asset managers or investment managers) on behalf of their beneficiaries or their organization. They are at the top of the “food chain” as investors. Types of asset owners include sovereign wealth funds, public pension funds, private pension funds, endowments, foundations, family offices, provident funds, insurers, and reinsurers. See for more details: [gips-standards-for-asset-owners-explanation-of-provisions-section-21.ashx \(cfainstitute.org\)](https://www.cfainstitute.org/gips-standards-for-asset-owners-explanation-of-provisions-section-21.ashx)

**Bond:** An investment instrument where investors lend money to an entity (government, company, individual, etc.) for a certain interest rate for an amount of time. The entity repays with interest along with the original value of the bond. Bonds are fixed income instruments. See: [Bonds: How They Work and How To Invest \(investopedia.com\)](https://www.investopedia.com/bonds-how-they-work-and-how-to-invest) and [Guide to Fixed Income: Types and How to Invest \(investopedia.com\)](https://www.investopedia.com/guide-to-fixed-income-types-and-how-to-invest)

**Call to Action 92:** One of 94 Calls to Action by Canada’s Truth and Reconciliation Commission: “We call upon the corporate sector in Canada to adopt the United Nations Declaration on the Rights of Indigenous Peoples as a Reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources.” There are additional important elements related to economic participation, education, and opportunities. See for more details on Call to Action 92 along with the Calls to Action and progress in other critical areas: <https://www.rcaanc-cirnac.gc.ca/eng/1524494530110/1557511412801>

**Climate Bonds Initiative:** A non-profit organization that sets standards for specific types of climate-oriented green bonds to ensure credibility and transparency. The development of these standards is often a multi-year process. See for more details: <https://www.climatebonds.net/standard/the-standard> and Climate Bonds Initiative Data Dashboard: [Market Data | Climate Bonds Initiative](https://www.climatebonds.net/market-data)

**Fixed Income:** Refers to types of investment securities that pay investors interest payments until they mature. At maturity, investors are repaid the principal amount they originally invested. Government and corporate bonds are the most common types of fixed-income products. [. \(investopedia.com\)](https://www.investopedia.com)

**First Nations Financial Management Board (FMB):** A national, non-profit First Nation Institution that supports First Nations through building strong governance and finance practices. It offers a range of capacity-building programs and services, with solutions tailored to the unique needs of First Nation communities. FMB also offers financial certifications that give community members and partners confidence that a Nation is well run, transparent, and accountable. To date, 363 First Nations have chosen to work with FMB, and services are provided at no cost to First Nations. See for more details:

<https://fnfmb.com/en>

**First Nations Major Projects Coalition (FNMP):** A national non-profit organization established by First Nations for First Nations. Under a broad mandate, FNMP provides First Nation members with access to tools, knowledge, and advice used to make free, prior, and informed business decisions about First Nation involvement and participation in major natural resource and infrastructure projects. Services focus on supporting the economic, environmental, and public policy interests of members in a non-political and business-focused way. See for more details: <https://fnmpc.ca/>

**First Nations Finance Authority (FNFA):** Helps secure low-cost financing by monetizing community revenue streams with credit enhancements and issuing highly rated debt to the market. The program has issued over \$2 billion in bonds financed at rates comparable to or lower than Canadian municipalities. See for more details <https://www.fnfa.ca/en/>

**Free Prior and Informed Consent (FPIC):** A principle protected by international human rights standards stating that “all peoples have the right to self-determination” and—linked to the right to self-determination—“all peoples have the right to freely pursue their economic, social and cultural development.” More details found here: <https://www.un.org/development/desa/indigenouspeoples/publications/2016/10/free-prior-and-informed-consent-an-indigenous-peoples-right-and-a-good-practice-for-local-communities-fao/>

**Green Bonds and Green Bond Principles:** Debt instruments that are used to raise financing for projects with measurable environmental benefits. The International Capital Markets Association’s (ICMA) Green Bond Principles guide issuers on strong reporting, governance, and use of proceeds requirements. These provides investors with confidence that the financing is directed toward credible environmental outcomes. For more information: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

**Issuer:** The borrower in the bond or fixed income instrument. See for more details: [Bond Issuers - Overview, Features, Types with Examples \(corporatefinanceinstitute.com\)](#)

**Liquidity:** Refers to the efficiency or ease that an asset or investment can be sold and converted to cash without affecting its market price. The larger a bond issuance in the market typically, the more liquid and easier it is to trade and sell to convert to cash. See: [Understanding Liquidity and How to Measure It \(investopedia.com\)](#)

**NIEDB – National Indigenous Economic Board:** <https://www.naedb-cndea.com/en/>

**Origination or Syndication:** The process that governments or companies undertake in order to raise debt (such as selling bonds). Banks often play the role of originating or syndicating by marketing and generating interest in the market for an upcoming bond issuance, and helping structure the deals with legal experts to ensure proper documentation and registration with regulators and the market. See for more details: [Debt Origination \(Capital Markets\) - Overview \(corporatefinanceinstitute.com\)](#)

**PEHTA:** First Nations Governed Impact Standard, See for more details:

<https://www.pehta.org/>

**Social Bonds:** Debt instruments that are used to raise financing for projects addressing global social challenges. The International Capital Markets Association’s (ICMA) Social Bond principles guide issuers in a similar way as green bonds above.

See for more information:

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Social-Bond-PrinciplesJune-2020-090620.pdf>

**Responsible Investing:** Often also called “Sustainable Investing” or “ESG Investing”, involves considering environmental, social and governance (ESG) issues when making investment decisions and influencing companies or assets (known as active ownership or stewardship). See the following for more detailed definitions and common practices from the PRI and CFA Institute: <https://www.unpri.org/introductory-guides-to-responsible-investment/what-is-responsible-investment/4780.article> and <https://rpc.cfainstitute.org/research/reports/2023/definitions-for-responsible-investment-approaches>

**Sustainability Linked Bonds (SLB):** Instruments used to raise financing for entities with green or social goals, but whose proceeds are most often used to fund general business operations (unlike green, social or sustainable bonds above, where funds are directed toward specific projects with measurable positive environmental or social outcomes).

**Sustainable Bonds:** Debt instruments that are used to raise financing for projects with both environmental and social benefits. The same principles as laid out above are applied by the International Capital Markets Association (ICMA).

**The Only Road to Net Zero Runs Through Indigenous Lands Report:**

[https://fnmpc.ca/wp-content/uploads/FNMPC\\_Post-Conf\\_11022022\\_web.pdf](https://fnmpc.ca/wp-content/uploads/FNMPC_Post-Conf_11022022_web.pdf)

**UNDRIP—United Nations Declaration on the Rights of Indigenous Peoples. Article 5:** Indigenous peoples have the right to maintain and strengthen their distinct political, legal, economic, social and cultural institutions, while retaining their right to participate fully, if they so choose in the political, economic, social and cultural life of the state. **Article 23:** Indigenous peoples have the right to determine and develop priorities and strategies for exercising their right to development. **Article 19.** That legislative or administrative changes impacting Indigenous People must not take place without their consent. For all the articles and more details:

<https://www.un.org/development/desa/indigenouspeoples/declaration-on-%20the-rights-of-indigenous-peoples.html>

## Appendix 2: Examples of Indigenous Deal flow (not exhaustive)

- Lower Mattagami Energy was established by Ontario Power Generation (OPG) for the redevelopment and operation of the Lower Mattagami River Projects, which includes four hydroelectric generating facilities in Northern Ontario. The project is partially owned by the Moose Cree First Nation with a 25% equity stake, establishing a revenue stream and employment opportunities for the Nation.
- In 2017, Fort McKay and Mikisew Cree First Nations (in the oil sands) raised \$545 million and bought a 49% stake in a Suncor Energy Inc. (TSX: SU) storage facility.
- In 2022, TC Energy Corporation (TSX, NYSE: TRP) announced the signing of option agreements to sell a 10 percent equity interest in the Coastal GasLink Pipeline Limited Partnership to Indigenous communities across the project corridor.
- In 2022, Indigenous communities in the oil sands purchased a stake in a group of ancillary pipelines owned by Enbridge Inc. (TMX: ENB). Their investment was financed through a C\$865.2 million (US\$645.2M) senior bond issue, and a 25-year amortizing C\$250 million (US\$186.4M) equity loan supported by a guarantee from the Alberta Indigenous Opportunities Corporation (AIOC). Athabasca Indigenous Midstream LP was the issuer on the private bond offering, rated A (low) by DBRS. The bond issue due February 2042 has a weighted average life of 12.2 years and is structured with a C\$76 million (US\$56.6M) balloon payment.
- Indigenous communities with access to real estate opportunities have used Canada Mortgage and Housing Corporation (CMHC). In 2022, CMHC announced it will provide \$1.4 billion to the Squamish Nation to create nearly 3,000 homes on traditional lands in Vancouver’s Kitsilano neighbourhood. This project is the largest First Nations economic partnership and the largest loan from the Canada Mortgage and Housing Corporation (CMHC) in Canadian history.
- In 2024, six Indigenous partners and Enbridge announced they would build one of the largest wind power projects in the province, enough to power 100,000 homes. The Seven Stars Energy Project is a collaboration between Enbridge and Six Nations Energy Development LP located southeast of Weyburn. It allows Indigenous Nations to acquire at least 30% of the equity. This equity ownership stake for the consortium is being backed by a \$100 million loan guarantee from the provincial government’s relatively new Crown Corporation, the Saskatchewan Indigenous Investment Finance Corporation (SIIFC).
- In 2024, Nations Royalty (TSXV: NRC) was listed on the TSX Venture. It aggregates five Tier 1 Nisga’a Nation royalties in critical and precious metals.
- Hydro One in Ontario targets 50 percent equity ownership of transmission lines by First Nations. The precedent transaction from 2022 is the Chatham-Kent to Lakeshore Transmission Line Project.

- As mentioned above, the FNFA regime has permitted First Nations to borrow over \$2 billion. FNFA appears to attract significant demand from domestic and foreign debenture buyers, which has driven down interest rates, creating a “greenium” type effect over conventional municipal bonds.<sup>33</sup>
- The Commonwealth Bank helped arrange an innovative sustainability-linked loan (SLL) for North Queensland Airports (NQA) in Australia, linking sustainability targets to a partnership with the region’s Dawul Wuru Aboriginal Corporation’s Yirrganydji Land and Sea Ranger program. The bond includes targets for Indigenous employment related to biodiversity preservation.

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<sup>33</sup> Lawrence Schembri, *The Next Generation: Innovating to Improve Indigenous Access to Finance in Canada*, Fraser Institute

## Partial List of Attendees<sup>34</sup>

**Aaron Lambie** – Executive Director, Pehta Foundation

**Abram Benedict** – Ontario regional chief, Chiefs of Ontario

**Arthur Kacprzak** – Vice President and Treasurer, Hydro One

**Carl Pelland** – Vice President, Fixed Income and Head, Corporate Bonds, Addenda Capital

**David Marleau** – Managing Director, Trading, University Pension Plan Ontario

**Elizabeth Wallace** – Senior Manager of Funding, Ontario Financing Authority

**Gildas Poissonnier** – Chief Sustainability Officer, Desjardins Group

**Geordie Hungerford** – Meeting Chair

**Grant Christoff** – General Counsel & Director Strategic Opportunities, First Nations Financial Management Board

**Harold Calla** – Executive Chair, First Nations Financial Management Board

**Janick Boudreau** – Executive Vice-President, Business Development and Client Partnerships, Addenda Capital

**Jennifer Coulson** – Senior Managing Director & Global Head, ESG, British Columbia Investment Management Corporation

**Jonathan Parenteau** – Public Sector Accounting Board

**Joseph Bastien** – Associate Director, Inclusive Economy, SHARE/RRII (Reconciliation and Responsible Investment Initiative)

**Joseph Wabegijig** – Council-Elect, Wikwemikong Unceded Territory

**Kevin Dickinson** – Assistant Treasurer, Hydro One

**Lawrence Schembri** – Homalco First Nation Business Group

**Monika Freyman** – Vice-President, Sustainable Investing, Addenda Capital

**Nathalie Villemure** – Executive Director, Réseau d'investissement social du Québec

**R. K. Joe Miskokomon** – Deputy Grand Chief, Chippewas of the Thames First Nation

**Rocio Gueto** – Vice-President, Client Partnerships, Institutional Markets, Addenda Capital

**Roger Beauchemin** – President and CEO, Addenda Capital

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<sup>34</sup> The list includes only those who provided permission to post their attendance.

**Ryan Turnbull** – *Member of Parliament for Whitby and Parliamentary Secretary, House of Commons*

**Sean Kidney** – *CEO, Climate Bonds Initiative*

**Sébastien Labelle** – *Vice President, Canada Development Investment Corporation (CDEV)*

**Steve Saddleback** – *Senior Advisor, External Relations, First Nations Major Projects Coalition*

**Tiffany McDougall** – *Developmental Economist, First Nations Financial Management Board*

**Tracee Smith** – *President and CEO, Keewaywin Capital*