



**OECD project**

# Linking Indigenous Communities with Rural and Regional Development

Paper presented at the 19th session of the Working Party on Rural Policy

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## Introduction

In many countries resolving national and global policy challenges and opportunities related to climate change, poverty reduction, economic development, and social cohesion have important connections to indigenous people. While indigenous populations are a relatively small share of national populations, they can be a much larger share in particular rural regions. And, because they often have distinct rights status their role in land use and environmental issues can be especially important. These issues play out in a local and regional context on land that indigenous people own and/or use for traditional and cultural practices. However, there are generally weak connections between indigenous communities and rural and regional development policies across OECD member countries. This results in missed opportunities to better mobilise indigenous communities into regional development initiatives that can lead to increased income and wellbeing.

The purpose of this paper is to engage member countries in a proposal for the OECD to pursue further work in regards to better linking indigenous communities with rural and regional development. The paper begins by outlining why indigenous communities are important to rural and regional development and then discusses some of the key socio-economic trends and issues, and the importance of place to understanding the well-being of indigenous peoples. The 'state of play' in relation to indigenous policies and linkages with rural and regional development policies are then outlined. This is followed by a discussion of the Rural Policy 3.0 framework and some of the key areas of work that an OECD study could focus on. The paper concludes with some suggested principles for guiding this work and likely areas of focus.

## Why indigenous communities are important to rural and regional development

There are 24.5 million indigenous people who make an important contribution to the culture, heritage, and economic development of one-third of the OECD members (FAO 2016). The 12 OECD member countries are: Australia, Canada, Chile, Denmark (Greenland), Finland, France (New Caledonia), Japan, Mexico, New Zealand, Norway, Sweden, and the United States. In addition, indigenous issues are also important for: two countries involved accession discussions (Colombia and Costa Rica); four of the OECD's key partners (Brazil, Indonesia, India and South Africa), and two participants in the Regional Development Policy Committee (RDPC) (Morocco and Peru).

Indigenous communities face opportunities and challenges which have important implications for national governments. They are at the heart of the inclusive growth agenda, sustainability of communities and climate change. Indigenous communities generally experience poorer socio-economic outcomes and can have high levels of dependency on subsidies and transfers. These communities also have an important role in the stewardship of natural and cultural assets. They tend to have a strong attachment to place (in rural and urban areas), and this is often an appropriate scale to deliver policies for them.

Indigenous communities are part of the dynamics of regional growth and development but are often disconnected from it. This disconnection has generally developed for historical reasons and challenges associated with achieving self-determination and sovereignty. Self-determination gives the right for communities to govern their affairs, including traditional lands, and in some cases develop revenues and economic opportunities linked to their local assets. Different institutional arrangements have developed with responsibility for indigenous affairs, and these often weak connections to areas responsible for rural and regional development.

These institutional problems contribute to continued disparities in socio-economic outcomes, which tend to be concentrated spatially. Indigenous people are generally more likely to die younger, have lower educational achievement, and experience lower levels of employment and income all leading to

lower levels of well-being. These challenges are inter-linked and addressing them effectively depends upon working in partnership with indigenous communities. In turn, organising and delivering effective place-based policy responses is challenging for policy makers and community leaders alike.

Better linking indigenous communities with this place-based approach can potentially generate a number of long-term benefits:

- Reduce dependency on transfers and subsidies over time. Indigenous peoples are more likely to be more on dependent on welfare and subsidies and the assets embedded in communities (human and natural) are an untapped source of growth. The OECD place based framework prioritises bottom-up initiative and the mobilisation of local assets and resources to unlock growth potential (OECD 2016). There are number of incentive structures and governance lessons that can help change the focus from top-down to bottom-up initiatives that deliver sustainable growth in communities and regions.
- Breaking down silos and improving co-ordination: Policies for indigenous communities tend to be governed by the bilateral relationship with a national agency responsible for indigenous affairs, and the governance of indigenous land can be separate from its broader region. These institutional arrangements can generate problems in terms of policy gaps, overlapping responsibilities, and missed opportunities. OECD member countries have acknowledged the importance of better governing public investment by adopting the Recommendation of Effective Public Investment Across Levels of Government in 2014 (OECD 2014). The Recommendation group 12 Principles into three pillars, including one dedicated to the co-ordination across government and policy areas (OECD 2015h). Applying the implementation Toolkit to indigenous policies would help overcome these co-ordination problems.
- Complementing people-based interventions: Policies for indigenous peoples have traditionally focused on cash transfers and social transfers targeting individuals (education, services etc.). While these programs are needed, place based polices can also be an effective tool to better adapt the various policy instruments to the needs and potential of communities. There is no one-size-fits all approach that can be applied across the different cases, but rather it necessitates the adaptation of the different assets and conditions of communities. Place based policies target the enabling factors for development, which include skills, accessibility/infrastructure, better delivering services and improving the local capacities and governance, all key factors for developing over the medium and long run.

In this context, an OECD review can be particularly valuable for governments and indigenous communities to identify shared strategies to improve wellbeing and prosperity in rural and urban areas.

## Key trends and issues

Perhaps the most obvious issue regarding indigenous people is the absence of clear and consistent data on the number of people that can be considered to be indigenous in a country. Some countries distinguish between people with formal indigenous status and those without status. Some countries do not collect data on the basis of ethnicity. Some countries rely on self-selection in their national census of population. Virtually all countries make modifications over time to the way they ask ethnicity questions in their census or in how they define membership in their indigenous population. As a result, estimates of indigenous populations are imprecise, and even ignore the crucial question of mixed ethnicity.

Table 1 provides estimates of indigenous populations for OECD member countries that report having indigenous populations. For France and Denmark these populations are in New Caledonia and

Greenland respectively. Estimates for the Scandinavian countries are particularly problematic because they mainly consist of families who have reindeer herds, as this is the only basis for identifying Sami peoples. In all cases the number of indigenous people is small relative to the national population, but in most nations indigenous people are not uniformly distributed across the national territory, but are concentrated in specific locations. In some instances, for example the two northern territories of Canada or Greenland, they can be the majority of the population, and can account for a significant share of regional populations in parts of the United States, Chile and Mexico.

**Table 1. Estimated indigenous populations in OECD members, accession and partner countries**

Country	Indigenous peoples	Population	% national population
<b>OECD member countries</b>			
Australia	Indigenous/Koori	670 000	2.8
Canada	First nation/Inuit/Metis	1 400 685	3.9
Chile	Various	1 565 915	8.7
Denmark (Greenland)*	Inuit	51 377	0.9 (91.6)
Finland	Sami	8 000	0.1
France (New Caledonia)*	Kanak	70 000	0.1 (25.9)
Japan	Anui	28 782	0.02
Mexico	Various	15 703 474	12.4
New Zealand	Māori	645 000	14.0
Norway	Sami	50 000 – 65 000	1.0 – 1.3
Sweden	Sami	20 000	0.2
United States	American Indian/Alaskan native	5 200 000	1.6
<b>SUB-TOTAL</b>		<b>25 420 733</b>	<b>--</b>
<b>Accession and partner countries</b>			
Costa Rica	Various inc. Bruca and Bribri	104 143	2.5%
Colombia	Various (65 Armerindin languages)	392 623	3.4%
Brazil	Various inc. Guarani	896 917	0.47%
Indonesia	Masyarakat Adat	50 000 000 – 70 000 000	19.4% - 27.2%
India	Adivasi	84 000 000	6.4%
South Africa	San people and Khoekhoe	529 819	1%
Morocco	Amazigh and Berber	8 510 627 – 20 000 000	24.8% - 58.2%
Peru	Various inc. Quechua and Aymara	4 000 000	4%
<b>SUB-TOTAL</b>		<b>164 178 816</b>	<b>--</b>
<b>TOTAL</b>		<b>189 599 549</b>	<b>--</b>

Source: Estimates from Food and Agricultural Organisation of the United Nations (<http://www.fao.org/indigenous-peoples/en/>), International Working Group for Indigenous Affairs (<http://www.iwgia.org>). Country population totals from World Bank (<http://data.worldbank.org/indicator/SP.POP.TOTL>).

Note: \*Greenland is defined as an autonomous country within Denmark, whilst New Caledonia is a special collectivity of France. Masyarakat Adat is the official government title given to indigenous communities and do not represent a tribal group.

In OECD countries the Indigenous population is, on average: younger, increasing in numbers, less healthy and more likely to die earlier, less educated, has a lower income, and is more likely to rely on social assistance programs. OECD countries have made commitments to becoming more inclusive and reducing inequalities and for these commitments to be credible a focus on improving the well-being of indigenous populations will be required. Moreover, beyond the broader social contract with all citizens, in some member countries the national government have legal commitments through treaties to ensure that indigenous people have an adequate standard of well-being, because of their status as the original settlers of the current nation state.

While we are unable to say very much about the overall state of indigenous people in OECD countries there is a considerable amount of information about specific groups of indigenous people in specific countries that when taken in total helps to establish a general picture of economic, cultural and social disadvantage. Some of these key indicators of socio-economic conditions for indigenous peoples are outlined below.

- Indigenous people account for about 5% of the world's population yet account for about 15% of the world's poverty (United Nations Fund for Agricultural Development).
- Over the last 15 years there has been a steady trend toward urbanisation among indigenous peoples in Chile. In most cases, indigenous groups are located in poor areas either in the periphery of the cities or in depressed downtown areas (World Bank).
- The overall percentage of American Indians living below the federal poverty line is 28.2%, and the disparity for American Indians living below poverty on the reservations is even greater (Council of Indian Nations)
- The suicide rate in Greenland is 100 per 100,000 people –the highest in the world and 24 times the rate in the United States. About 90% of the population of Greenland are indigenous people (Bjerregaard and Lynge 2006).
- Although Canada currently has a high ranking for the Human Development Index (9<sup>th</sup> overall at 0.913 in 2015) there is a gap with registered Indians (0.115 in 2001), and if this were maintained the rank of registered Indians would be around 50<sup>th</sup> (United Nations and Indian and Northern Affairs Canada).

### Box 1. Closing the gap targets in Australia

In 2008, the Council of Australian Governments agreed to ambitious targets to address the disadvantage faced by Indigenous Australians in life expectancy, child mortality, education and employment. The targets are set out in the National Indigenous Reform Agreement which commits the Commonwealth, States and Territories to investment in closing the gap in Indigenous disadvantage.

#### Closing the gap targets: Council of Australian Governments

Target	State of play
95% of all indigenous 4 year olds enrolled in early childhood education by 2025	85% of indigenous children are currently enrolled
Close the gap between indigenous and non-indigenous school attendance within 5 years (by 2018)	Currently 83.7% compared to 93.1% for non-indigenous
Halve the gap for Indigenous Australians aged 20-24 in Year 12 attainment or equivalent attainment rates (by 2020).	Gap reduced by 11.6% in 5 years (gap is now 28% with only 58.5% completion rate)
Halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade (by 2018).	47.5% in 2012-13 compared to non-indigenous of 72.1% (gap is increasing)
Close the gap in life expectancy between Indigenous and non-Indigenous Australians within a generation (by 2031)	69.1 years for males and 73.7 years for females, a gap of 10.6 and 9.5 years respectively (2010-2012)

Source: Council of Australian Governments.

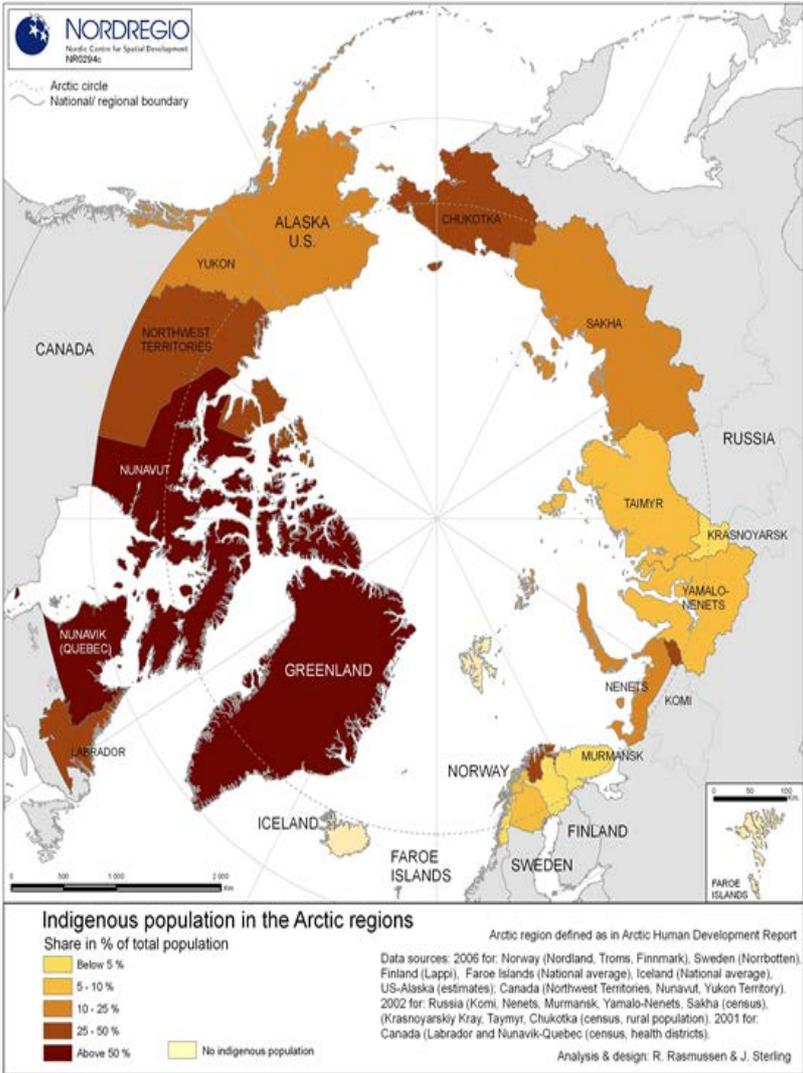
It is also important to note the relatively poorer outcomes in remote and very remote areas for indigenous communities, for example:

- School attendance is lower (proportion of indigenous students attending 90% or more is 55.5% in metropolitan areas and only 38.4% in remote areas) (there are similar pattern exists for Year 12 completion rates);
- Literacy and numeracy outcomes are worse in remote areas (e.g. proportion of indigenous students reaching minimum standards in literacy at Year 5 is 82% in metropolitan areas and 61% in remote areas); and,
- Employment outcomes for indigenous people in remote areas are also worse (e.g. 30.4% of indigenous working age people are employed in non-Community Development Employment Projects (CDEP) projects in remote areas compared to 49.8% in metropolitan areas) - CEDP was a Commonwealth employment programme which ceased operations in 2015.

The common perception of indigenous people is that they reside in distinct settlements on land that has been occupied by them for centuries. In some cases this was designated for their use by formal agreements between tribes and national governments, while in other cases it is land that has been occupied for many generations without any specific land agreement. In those countries where indigenous people were relocated to new areas there is typically a treaty that assigns specific rights to the tribe and responsibilities to the national government. These traditional settlement areas can make up a relatively large amount of land area across OECD countries. For example, land controlled by first nation peoples in Canada totals 3 554 836 million hectares, and for indigenous people in Australia it is 102 600 000 million hectares (Indigenous and Northern Affairs Canada 2016, Department of

Environment 2016). Individuals who leave these traditional settlement areas and move to cities can lose their rights and become ordinary citizens. In most OECD countries a large share of the people who self-select as indigenous on a census form now reside in a city and consequently may not have any formal rights as indigenous people because they have left their traditional setting, although they remain culturally attached to their society. Despite these urbanisation trends indigenous peoples still constitute a large proportion of the population in some rural remote areas.

Figure 1. Indigenous populations are significant in rural and remote areas



Source: Nordegio (<http://www.nordregio.se/en/Maps/01-Population-and-demography/Indigenous-population-in-the-Arctic-regions/>).

State of play in indigenous policies

Indigenous policies have existed in one form or another from the earliest days of ‘settler societies’ such as New Zealand, Australia and Canada. In the case of countries like Canada, the United States and New Zealand this was governed for some tribal groups in formal treaties that gave certain rights in relation to defined reservations. In other countries such as Australia and across Latin America and Scandinavia there were no formal treaties with traditional livelihoods continuing to exist in one shape or another within a context of a policy of assimilation. This section of the discussion paper provides an

overview of the shift toward self-determination for indigenous peoples, and current policy trends in indigenous affairs.

## The shift toward self-determination and governance of indigenous communities

Across advanced OECD nations there has been a shift toward self-determination (the right for indigenous communities to govern their own affairs and shape relations with institutions within the framework of the nation state). These shifts have occurred over a long period of time but gained strong momentum across a number of different countries from the 1960s and 1970s. The movement toward self-determination was essentially a bottom-up process led by community leaders and arose out of critiques of a long term approach characterised by policies of state and religious institutions aimed at assimilating indigenous peoples. This previous approach had led to the dispossession of land and the loss of identity and culture, and contributed to the poorer socio-economic outcomes and welfare dependency experienced by many indigenous communities.

Self-determination is now generally accepted across many countries as a key principle in indigenous policy, and is reflected in the institutional arrangements which have been established within their policy frameworks for indigenous affairs. The movement toward self-determination originated in rights over land and to participate in decision making about the use of land. For example, the Canadian Nunavut Land Claims Agreement Act (1993) establishes a legislative framework to give the Inuit peoples in the north western territories clarity over the right to use the land for traditional purposes, to participate in decision making about future land use, and to negotiate the economic and social benefits of resource extraction on the territory. Principles of self-determination have led to a decentralisation of competences, for example, giving indigenous peoples control in terms of the governance of municipal, education and health services.

Self-determination is also embodied in international agreements and covenants, which strengthens the legal basis for a new and more equitable relationship with national and subnational governments. The Indigenous and Tribal Peoples Convention (1989) of the International Labour Organisation is based on principles of self-determination and sets out rights in relation to land, employment, education and training, and social security. The UN Declaration on the Rights of Indigenous Peoples was adopted by member countries in 2007. The Declaration establishes a universal framework of minimum standards for the survival, dignity, well-being and rights of indigenous peoples. Rights are defined at an individual and collective level and include cultural rights and identity, and rights to education, health, employment and language. It outlaws discrimination against indigenous peoples, promotes their full and effective participation in all matters that concern them, and their right to remain distinct and to pursue their own priorities in economic, social and cultural development (UN 2008).

International agreements and covenants and national legislation over the past 20-30 years have led to the creation of self-governing and semi-autonomous national and sub-national institutions to govern the affairs of indigenous communities. These indigenous led organisations may include community associations, land councils, and arts and cultural institutions. These vary significantly by country depending on the institutional arrangements which have been established to govern the relationship with indigenous peoples. For example, in the United States relations with indigenous people arose out of the treaties made with different tribes in the 19<sup>th</sup> century and have a strong basis in the principle of self-government. Specific geographic areas were reserved for the use of Indian Tribes and held in trust by the Federal Government. Affairs with different tribes are governed by Federal statute and they have the right to set up representative institutions and laws such as to license and regulate activities within their jurisdiction; to zone; and to exclude persons from tribal lands (US Department of the Interior 2016). However, in the case of the Sami people (in Finland, Sweden, Norway and Russia) there were no formal treaties and although there are Sami Parliaments (in the cases of Finland, Sweden, Norway)

their rights over land are more limited than in the case of many indigenous communities in the United States and Canada.

## Increasing importance of indigenous issues in national policy debates

Policies regarding the wellbeing of indigenous peoples have become more prominent in national debates in OECD countries. For example, the Canadian and US Governments have both identified indigenous affairs as national priorities and have agreed to deepen co-operation in this policy area, and all Australian governments have committed to a range of targets in closing the gap in socio-economic outcomes between indigenous and non-indigenous Australians. The increasing focus on indigenous policies has occurred for a number of reasons. Firstly, the shift to self-determination that means new legislation and regulatory frameworks, decision-making institutions and relationships need to be developed to implement these principles. Secondly, there is increasingly political attention on the entrenched socio-economic inequalities experienced by indigenous communities and long-term dependency on welfare and transfers. There is also recognition of the history of institutionalised discrimination and assimilation that contributes to it. This is apparent in national debates in Australia (e.g. the so-called stolen generations where indigenous children were taken from families and communities into state care), and similar issues with residential schools in Canada. Thirdly, there is a growing awareness of the important role that indigenous communities play in economic development and adaptation/mitigation to climate change (Olsen 2016). This is most apparent in rural remote areas, for example, in the Arctic region in relation to resource extraction, and is reflected in arctic policies recently released by the EU and a number of Nordic countries.

Policies for indigenous peoples have begun to shift toward approaches that are designed to mobilise potential. For example, unlocking the economic value of land has also been an area of policy change. This includes improving access to capital and shared equity schemes to promote home ownership, and mechanisms for indigenous communities to negotiate social and economic benefits from private sector investment. Job creation is also a focus through a mix of initiatives that seek to stimulate private and public sector employment. This includes improving support services and access to capital for indigenous entrepreneurs and businesses, setting targets for indigenous employment in public sector agencies, and facilitating the involvement of indigenous-owned businesses in public procurement opportunities. Initiatives in relation to human and social capital include programmes to lift school attendance, improve pathways into vocational training and employment, and leadership and corporate governance training. However, there are few cases across OECD countries where these initiatives are designed within the framework of place-based approach that generates local ownership, links indigenous communities to the surrounding region, and tailors/adapts initiatives to a particular geographic context.

The OECD has also engaged in work related to indigenous peoples, and this also provides an indication of the key public policy issues affecting them (Table 4). There has been a focus across a number of OECD Directorates on issues related to the socio-economic inequalities experienced by indigenous peoples, and how policies related to employment, health, SMEs, and education and skills can be adjusted to achieve more inclusive growth. In addition, a number of pieces of work have been undertaken on issues surrounding the rights that indigenous peoples have in relation to land and water resources. These have important implications for climate change adaptation/mitigation, the management of forests and fresh water resources, and fisheries. These are critical for countries such as Norway, Australia, Canada, and Chile where mining, agriculture, fisheries and aquaculture, and forestry play key roles in national economies. Traditional settlement or communal areas, within which indigenous communities have defined rights, mean that businesses and governments have to take a different approach to regulatory processes and investment proposals.

**Table 2. Initial review of OECD work related to indigenous peoples**

Directorate	Areas of work
Centre for Entrepreneurship, SMEs, and Local Development (CFE)	Tourism and enterprise development, role of community development finance institutions, and promoting more inclusive approaches to local economic development and employment policies (Canada and Mexico)
Development Centre (DEV)	Consultative processes in relation to extractive industries (Latin America)
Development Co-operation Directorate (DCD)	Engagement with indigenous communities in relation to investment, climate change mitigation/adaptation, and inclusive growth (including Lao and Cambodia)
Directorate for Education and Skills (EDU)	Inequalities in education and training outcomes, and best practices in improving them for indigenous communities (including Mexico, Australia, and New Zealand)
Directorate for Employment, Labour and Social Affairs (ELS)	Addressing inequalities in skills and labour force participation (particularly in rural and remote areas), and health inequalities (impacts of poverty, discrimination and poor access to services) (including Mexico, Australia and Colombia)
Directorate for Environment (ENV)	Role of protected indigenous lands in environmental protection and sustainable development (e.g. tourism), and the role of traditional knowledge in environmental management (including Brazil, Norway, Chile and Mexico).
Directorate for Financial and Enterprise Affairs (DAF)	Guidelines for engaging with indigenous communities to seek consent for investment, and responsible business conduct for stakeholder engagement for extractive industries.
Directorate for Public Governance and Territorial Development (GOV)	Role of indigenous communities in regulatory processes and impact assessments, inclusion of indigenous communities in water governance, rural development and food security, and citizen engagement (including Brazil, Colombia, Chile, and Norway).
Directorate for Trade and Agriculture (TAD)	Guidelines for businesses engaging with indigenous communities in terms of managing issues related to natural resource access, access to fisheries, and the role of communal land in agricultural development (e.g. Colombia).
Economics Department (ECO)	Addressing inequalities in socio-economic outcomes, and managing impacts of agriculture in traditional settlement areas (including Chile, Canada, Australia, Costa Rica)

Source: own analysis. Search conducted on OECD data base for the years 2011 – 2016 and has not been confirmed with respective Directorates.

## Indigenous peoples in a local and regional context

For those people living in a distinct indigenous community there is typically a clear separation between their society and that of the surrounding majority population. This separation takes on several forms. The first is differences in culture that can include different ways of valuing nature, social relations and land. Cultural differences have been reinforced in many instances by behavioural patterns that have led to mutual distrust. As a result, there have been asymmetric relationships between native and non-native communities. Finally, national governments have too often acted in an authoritarian manner that has created dependency problems in native communities and weakened the opportunity for local leaders to emerge. This has often led to pressures for indigenous people to assimilate into the mainstream culture and has included: efforts to suppress the use of native

languages or teaching of traditional culture, relocation from traditional settlements to more urban environments, and in extreme cases separating children from their community to break contact.

The separation between indigenous settlements and other settlements in rural areas is being overcome in some cases and this is due to a number of factors. One is a growing recognition that local development in rural areas now hinges on co-operation among nearby places. This is occurring because development is now both a more complex process that requires pooling of labour forces, co-ordination of infrastructure investments and provision of training services for workers. Successful indigenous communities, such as that described in Box 2 have been able to mobilise endogenous assets to establish improved income and employment opportunities both for their people and for residents of nearby communities. Second, in most rural areas the only communities with a growing population and the potential to replace the existing workforce are indigenous. This means that employers in the larger region will increasingly have to turn to indigenous people as the most likely source of replacement workers. For this to be an effective solution, investments in improving educational attainment will be required in indigenous communities and there will have to be much stronger efforts to link the two cultures. Third, the growing concern with sustainability and the increase in importance of non-consumptive uses of natural resources has resulted in a closer alignment of dominant values regarding natural resources with the traditional values of indigenous people.

#### **Box 2. Choctaw Tribe in Mississippi, United States**

The Choctaw tribe in Mississippi is a good example of a long-term approach to regional and rural development with a focus on workforce development and skills. This has contributed to reducing unemployment rates on the reservation from about 80% in 1969 to under 2% in 2007 while increasing the tribe's population from 3 000 members to almost 9 700 in the same period. Initially the tribe had mainly low skill workers, with the majority of members having less than a secondary school education. Early development efforts targeted firms that could use these workers, but at the same time the tribe invested its resources in: improving education, targeted training to provide firms with skills they currently required and broader skill development to attract firms with higher skill needs than the first round of employers. This strategic approach was important in allowing the Choctaws to overcome the loss of most of their first round of employers to Mexico after the NAFTA trade agreement was implemented in 1996. In response the tribe shifted to a tourism-based strategy that created a wide range of jobs from low-skilled to high skilled. In addition to tourism the steady improvement in workforce skills has allowed higher skill manufacturing to remain an important source of employment.

The Choctaw nation provide compelling evidence that linking economic development strategies and workforce training programs in an integrated and evolving way can contribute to improved standards of living and retaining local populations. While the Choctaw had some advantages in the form of access to funds restricted to indigenous people, they also faced some clear disadvantages in the form of high rates of poverty, low skills, a remote rural location and prejudice. A key point in the strategy is that the tribe recognised the necessity to partner with other organisations that could provide complementary workforce training resources including, firms, local community colleges, and state and federal agencies as the levels of skill they were trying to develop increased beyond their own capability.

Source: OECD (2009) Designing local skills strategies, OECD Publications: Paris.

## Linking indigenous communities with rural and regional development

Weak connections between rural and regional development strategies and indigenous peoples generate missed opportunities to improve regional economic development and wellbeing. Central to the OECD's approach to rural and regional development is a bottom-up approach whereby public, private and third sector organisations identify local assets, bottlenecks and enablers of growth, and an integrated strategy to facilitate growth and development. In turn, this is dependent upon alignment and co-ordination from national and subnational governments to help enable this place-based approach. The following section focuses on the OECD approach to rural development and how it can be adapted to be more inclusive of indigenous communities. This could potentially deliver a range of benefits (some of which are already being realised across OECD countries), and many of these principles would also be applicable in an urban context.

## Indigenous communities and rural and regional development

Across advanced OECD countries such as Canada, Australia, and New Zealand indigenous communities are increasingly recognised as an important part of the dynamics of rural and regional development (Beer et al. 2003; OECD 2014). Indigenous peoples generally have legal recognition of their rights to land, sea and resources which mean they need to be included in regional development. This is particularly important for rural areas with comparative advantages in agriculture, tourism, and mining. In many rural areas indigenous communities are younger and growing more strongly than the non-indigenous population. For these communities facing issues related to employment and skills mismatches, indigenous people represent an important labour resource. These issues are also apparent in an urban context where indigenous land can be within urban boundaries or adjacent to them, and/or indigenous communities live in close proximity to community institutions and schools. Within an urban or a rural context, in many countries, there are often weak connections between indigenous communities, agencies responsible for indigenous affairs, and constituencies and agencies involved in rural and regional development strategies. Some of the reasons for this are outlined below.

- **Challenging and difficult historical context:** the historical context of assimilation, dispossession and conflict contributes to a lack of trust in mainstream institutions. Indigenous communities can still be seen as an impediment to economic development (e.g. conflicts over mining and infrastructure projects), and engagement processes by government and private sector can be designed in ways which are not culturally appropriate (OECD 2013, 2015).
- **Weak multi-level governance and low community capacity:** There is variability in the institutional capacity of indigenous communities, and sometimes lack of coherence in governance and representation of community interests. There can also be a lack of multilevel governance with state and regional/local administrations, which is often governed by bilateral relationship with the national agency responsible for indigenous affairs. The governance and regulation of indigenous land is sometimes separate from its surrounding regional context, and in some cases sub-national governments do not have a strong relationship with the indigenous community or the national agency with responsibility for indigenous affairs.
- **Barriers to realising policy complementarities.** Policy complementarities are based on the principle that mutually reinforcing policies generate higher returns. Programmes for indigenous peoples are delivered through sectoral ministries at a national and subnational level with some level of co-ordination (e.g. between employment and training policies), and adaptation of programmes based on their geographic location (e.g. for rural remote areas). However, the multi-level governance issues identified above mean that programmes and investments for indigenous communities are not effectively integrated at a place-based level, and complementarities with wider regional development strategies are not being fully realised.

- **Lack of local area data and capacity to use it.** In some jurisdictions data about the population, employment and business characteristics of indigenous peoples are not available or of poor quality. For example, there are no commonly agreed figures about the Sami population across Finland, Norway, Sweden and Russia or their contribution to local, regional and national economies. As such, it is difficult to determine the role of indigenous communities in regional economies, and develop strategies to effectively target policies for these communities.

## The OECD approach to rural development

Improving socio-economic outcomes for indigenous peoples at a regional level depends upon empowering these communities to work with private and public sector actors, and adapting/integrating policy responses for them at this scale. This is a key characteristic of how OECD governments are approaching rural and regional development; however, indigenous communities are often not connected to this place-based approach. The OECD has long advocated for a place-based approach to rural development, which takes into consideration the prosperity and wellbeing of rural areas. The New Rural Paradigm, endorsed in 2006 by OECD member countries, proposed a conceptual framework that positioned rural policy as an investment strategy to promote growth in rural territories. This work has been instrumental in starting a process of rethinking rural development practices across OECD countries. This approach recognises that rural regions have evolved into far more diverse and complex socio-economic systems. All government policies are now less isolated and are held to more rigorous accountability standards. With better data and analysis, it is possible to have a better understanding of rural regions and move away from the presumption that all rural places are alike. Table 3 below summarises the approach to ‘Rural Policy 3.0’.

**Table 3. Rural Policy 3.0**

	<b>Old Paradigm</b>	<b>New Rural Paradigm (2006)</b>	<b>Rural Policy 3.0 –Implementing the New Rural Paradigm</b>
<b>Objectives</b>	Equalisation	Competiveness	Well-being considering multiple dimensions of (i) the economy (ii) society and (iii) the environment
<b>Policy Focus</b>	Support for a single dominant resource sector	Support for multiple sectors based on their competitiveness	Low density economies differentiated by type of rural
<b>Tools</b>	Subsidies for firms	Investments in qualified firms and communities	Integrated rural development approach - spectrum of support to public sector, firms and third sector
<b>Key Actors &amp; Stakeholders</b>	Farm organisations and national governments	All levels of government and all relevant departments plus local stakeholders	Involvement of (i) public sector - multi-level governance, (ii) private sector - for-profit firms and social enterprise, and (iii) third sector – non-governmental organisations and civil society
<b>Policy Approach</b>	Uniformly applied top down policy	Bottom-up policy, local strategies	Integrated approach with multiple policy domains
<b>Rural Definition</b>	Not urban	Rural as a variety of distinct types of place	Three types of rural: i) embedded in metropolitan region, ii) adjacent to metropolitan region, and iii) far from metropolitan regions

Source: OECD (2016).

Approaching indigenous issues through the lens of the Rural Policy 3.0 has a number of potential benefits. The first is an integrated view of development which encompasses social, environmental and economic issues and how these dynamics differ between types of rural places. This is particularly important for indigenous communities who are embedded in and have deep attachment to place, whilst also recognising they are part of a broader economic region. The second is the shift from sector specific subsidies and transfers to investments (with conditionalities) in rural economies which align with a broader growth strategy. This strategic focus would help enable a shift over time away from subsidies and transfers. The third is a collaborative approach which is inclusive of different interests and actors within a region, and seeks to improve alignment and co-ordination across and between different public sector agencies. This focus would help better include indigenous communities and policies with other sectors (private, public and third sector), and policy areas. For this shift to occur a number of conditions would need to change in rural and regional policies, and for indigenous communities. Three key areas for change have been identified: (i) strengthening institutional linkages; (ii) improving policies and data; and, (iii) supporting a bottom up approach. These would form the initial areas of focus for further work by the OECD on this issue.

### *(1) Strengthening institutional linkages*

Indigenous communities present a unique context for developing these institutional linkages as part of economic development strategies. Institutional linkages may be weak because of a lack of trust due to a legacy of colonial rule and dispossession, a lack of institutional structures and capacities, and formal decision making and engagement processes which are not culturally appropriate (OECD 2013, 2015). As discussed already, there is also likely to be a separation of responsibilities between government agencies responsible for regional development and indigenous affairs (Beer et al. 2003). The knowledge and expertise embedded in indigenous communities is generally different with information passed through folklore and people's traditions (Odok 2013). There may be complex legal arrangements in relation to communal ownership of land and water resources, and conflicts in the use and exploitation of natural resources by business (Beer et al. 2003, Jordan 2013). There are also asymmetries in power between indigenous communities and governments, which places importance of ways to empower these communities and designing culturally appropriate forums for decision making.

In this context 'informal' co-ordination mechanisms are likely to be important in terms of improving efficacy of institutional arrangements and linking indigenous communities with broader regional development strategies. Within rural development strategies partnerships between governments, businesses, not for profits and communities are designed to create a space for brokering agreement on priorities, actions and resources (Considine and Giguere 2008). Informal co-ordination can be strengthened by 'brokers' who work across different sectors to help develop relationships, set behaviours, and blend different groups that may have various goals, interest, and norms (Sullivan and Skelcher 2002, Pope and Lewis 2008). This collaboration enables critical self-reflection and recognition of interdependence amongst actors therefore allowing localities to better adapt to rapid and uncertain change (Considine and Giguere 2008). Further work in this area should focus on the role of these brokers and social entrepreneurs who can work across sectors and build linkages with political institutions and markets for indigenous communities.

Formal co-ordinating mechanisms will also play a role in better linking indigenous communities with rural and regional development. This includes clarifying the roles and responsibilities (and complementarities) of different levels of government and agencies in developing these linkages. At the moment in many countries community level organisations, national representative bodies, municipal, subnational and national governments, and different agencies within these governments can all play a role in working with indigenous communities. In some cases these roles are not clearly defined or co-ordinated. Better clarifying roles and responsibilities and ensuring different agencies

have the skills and capacities to undertake their role is also likely to be a focus of future work. There may also be opportunities to devolve resources to a regional or local level, and examine the role of central agencies in improving horizontal and vertical co-ordination within government. Incentives are also likely to play a role in terms of how public funding can be structured to ensure a more co-ordinated approach to indigenous communities within rural and regional development strategies.

## *(2) Improving policies and data*

Central to the Rural Policy 3.0 is the idea that regional stakeholders work together to identify assets, growth enablers and bottlenecks, and identify strategies to promote growth and wellbeing. This requires policy makers to engage with a broad range of interests to build support and constituents for change, and mobilise resources. It is important that indigenous communities are part of this process and support is given to regional development practitioners to incorporate indigenous issues and aspirations into our understanding of regional economies and policies. This includes assessing the economic potential of indigenous communities within a regional context (including enabling conditions whilst incorporating traditional values). In turn, this will require better quality data and information about indigenous populations, labour markets, education and skills, and businesses. Indigenous communities will also need networks and capabilities to effectively use this data and information within policy development processes.

There are many examples of innovative policy instrument and tools that are being applied across OECD countries to increase the participation of indigenous communities in the economy. Supporting entrepreneurship and business growth is an increasing focus and seen as a way to reduce dependency on transfers over time. This includes improving access to capital and financial intermediation (e.g. micro credit). One of the key foundations for economic participation is skills and education, and many jurisdictions are developing approaches in partnership with communities to improve school attendance, and develop pathways into work and vocational training. This includes incentives such as conditions through the welfare system, and 'soft measure' including mentors and brokers. There is also significant economic potential in the use of land which in many cases is currently underutilised. The economic potential of land can be unlocked by clarifying and simplifying leasing arrangements and land use administration on indigenous land. Economic and social benefits can also flow from involving indigenous communities in natural resource management, and creating frameworks for negotiating binding agreements related to resource extraction projects.

An important factor in realising the full benefit of these various programmes and initiatives is how well they are tailored and integrated to a coherent regional growth strategy. For example, initiatives to build skills in an indigenous community will not deliver their full benefit unless they align with the needs of local businesses. Similarly, improvements to local skills without complementary actions to improve the business environment will result in more people with skills and capabilities leaving that community to work elsewhere and there will be no incentive for people with skills to move there. A lack of job opportunities and depletion of human capital further compounds the socio-economic disadvantage experienced by that community making it more difficult to reduce their dependency on subsidies and transfers over time. Programmes to support entrepreneurs and SMEs will also not succeed if the connecting infrastructure is not adequate for them to access new markets. Negotiations and regulatory approvals for investment on indigenous land will also be more difficult without effective local governance arrangements that are integrated with other public, private and third sector actors. Policies to improve the economic participation of indigenous peoples are more likely to succeed if they are designed within the context of a place-based approach which can take account of these linkages, how they differ across regions, and local capacities to implement them.

### *(3) Supporting a bottom up approach*

The Rural Policy 3.0 framework emphasises the importance of reducing dependency on exogenous investments and transfers, and places more emphasis on mobilising endogenous assets and knowledge. Creating the conditions for individuals and entrepreneurs to engage in these endogenous growth processes is dependent on institutions that facilitate trust and co-operation between local actors. This has been a key feature of rural development strategies across the OECD, for example, the LEADER programme across the EU which is based on engagement with local actors. Developing this institutional capacity encourages local actors – residents, businesses, faith groups, non-profit organisations, industry/business associations and so on – to work together and mobilise resources to invest in enabling factors for productivity and growth (OECD 2016). The existence of these social and institutional conditions within a region or locality also enables governments to more effectively adapt and tailor policies to the conditions of that place.

This local institutional capacity can be understood through the concept of social capital. Since the mid-1990s there has been growing interest in public policy in the concept and benefits of social capital. Although the conceptual literature is still evolving social capital is broadly defined as ‘a resource that facilitates co-operation within or between groups of people’ (Australian Productivity Commission 2003). These resources accrue through networks, and generally three types of networks are identified:

- Bonding – within groups that have similar characteristics such as family and friends;
- Bridging – ties across similar groups such as where people live, clubs and voluntary associations; and,
- Linking – relations with individuals and groups that have power and wealth such as business opportunities and to democratic institutions (Australian Productivity Commission 2003).

A balance of these different types of networks is important in determining the capacity of a community to work effectively with public or private sector actors. For example, bonding networks without other types of networks can have negative effects, for example in terms of normalising criminal behaviour, and the exclusion of marginalised groups (Lincoln 2000). Bridging networks are important in terms of the transmission of information and knowledge, and also to the functioning of labour markets in terms of the job search process (Ziersch and Arthurson 2005). Linking networks are important because they connect individuals and organisations to institutions that make decisions about the management and distribution of resources (Woolcock 1998). Strong and inclusive linking networks is shown to have three key benefits: (i) builds collective efficacy (the belief that problems can be resolved collectively); (ii) leads to better planning and resource allocation that matches the assets and preferences of that community; and, (iii) produces a mechanism to mobilise resources within the community and get things done (Victorian Department of Planning and Community Development 2011).

Building the capacity of indigenous communities is essential to better linking them with rural and regional development initiatives. Indigenous communities generally have a deep attachment to place and a strong sense of identity and belonging to a group. These characteristics are often underpinned by strong bonding networks which are an important source of emotional support and wellbeing. However, in the absence of a diversity of ‘weak ties’ (in terms of bridging and linking networks) it can reinforce exclusion and a lack of participation in decision making. As a result indigenous communities can lack the institutional structures and capacities to promote their interests and shape policies that affect them (OECD 2015). There are a number of strategies which governments can employ to strengthen institutions and make them more inclusive, which include: encouraging citizens and voluntary organisations to get involved in democratic decision making (i.e. citizens juries and

community workshops), and establishing community owned investment vehicles that can mobilise financial resources (e.g. Community Development Finance Corporations, and Community Enterprises) (Productivity Commission 2003). In designing these initiatives there are particular issues for indigenous communities that need to be taken into account such as managing the risk of overload on a small number of community leaders, and designing culturally appropriate forums to facilitate involvement in decision making (OECD 2015).

## Principles and approach to future work

The initial review of the literature and approach to rural development by the OECD suggests six key principles to guide this work:

1. Sustainability - promoting endogenous development over the medium and long term phasing out dependency and external transfers
2. Bottom-up – empowering communities, building capacity and strengthening institutions
3. Evidence-based – basing decisions on a diagnostic and assessment about the potential of the local economy and the identification of enabling factors
4. Place-based – setting realistic targets and monitoring progress at a regional level
5. Partnerships – involvement of different sectors and levels of government
6. Integrated – *co-ordinating* policies and adapting them to the needs of different places

Future work by the OECD in this area would be a collaboration approach with government authorities and indigenous communities in setting aims, deliverables and methodology for the work. The initial review of existing practices across OECD countries suggests a number of areas this work is likely to focus on, which include:

- Improving data and information about indigenous communities;
- Identifying areas of comparative advantage, and initiatives to build skills, employment and opportunities for entrepreneurship;
- Building the capacity of indigenous leaders and communities, and better linking them with multi-level governance arrangements (thereby better linking top-down and bottom-up initiatives);
- Better clarifying roles and responsibilities (and complementarities) between different levels of government and public agencies, and improving mechanisms and incentives for alignment and coordination;
- Reforming and adapting regulatory frameworks to help unlock the value of indigenous owned assets and increase their participation in decision making; and,
- Identifying and promoting service delivery innovations which deliver improved outcomes in areas such as education and skills.

Future work would apply a territorial approach to understanding these issues. This includes analysing the role of indigenous communities within their regional economy, the policies which help improve and mobilise enabling factors for growth, and how to organise and deliver these initiatives through appropriate governance arrangements. Importantly, participating communities and policy actors involved in this process would have access to the expertise of the OECD in different areas and the peer review mechanism through the RDPC.

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