OECD Rural Policy Reviews

Linking Indigenous Communities with Regional Development

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Preface

We are pleased to have provided leadership and guidance on this report – the first ever global study of its kind on Indigenous economies and regional development. This work has directly involved Indigenous communities and leaders throughout. It is also timely. As Indigenous peoples worldwide achieve growing legal recognition of their rights as well as title to land and sea, it is imperative that we overcome the implementation gap and translate these rights into better outcomes. Reconciliation involves addressing Indigenous land title along with the meaningful engagement of the original people in planning the protection and sustainable use of lands, water, natural resources and wildlife. It also demands the inclusion of Indigenous peoples and perspectives in governance and policy design at all levels.

We are stewards of the lands and waters – a responsibility given to us by the Creator. All life relies on the gifts that Mother Earth has provided by plant-life, waters, animal beings, air and the grandfather stones. We must balance our use and need of these gifts in a sustainable and environmentally responsible way. Indigenous peoples have survived on the lands and hold an innate knowledge and connection to the lands that we have occupied for millennia. This is a worldview that is critical for all peoples to understand and embrace in order to sustain the earth for generations to come. That is why it is so integral to link Indigenous peoples to regional decision-making and development.

Historic injustices have prevented Indigenous peoples from exercising their rights to development in accordance with their own needs and interests. Indigenous peoples have been colonised, dehumanised, subjugated and dispossessed of their lands and resources. Where treaties were entered into with Indigenous governments to share the lands and resources, they have too often been breached. Fortunately, in some places, reconciliation is starting to take root. The United Nations Declaration on the Rights of Indigenous Peoples and the successive International Labour Organization conventions (no. 107/1957 and no. 169/1989) are being adopted and incorporated in the laws of many countries throughout the world who recognise the richness that Indigenous peoples can bring to the social and economic fabric of a country. Despite the many socio-economic challenges we face, Indigenous peoples are building capacity, creating businesses, undertaking economic development, contributing to regional economies and sharing the beautiful values of our culture.

The capacity for Indigenous peoples to create secure and sustainable wealth is fundamental to the universal Indigenous quest for self-determination. It is therefore imperative for Indigenous peoples to decide how that should proceed on the principles of free, prior and informed consent. We want to navigate our own way in a modern economy where we ensure the correct balance of our customary and cultural obligations to self, community and country while at the same time activating our natural tangible and intangible assets to grow our strength and independence. In the end, we want to resume responsibility and "own our risk".

This report demonstrates the value of sharing lessons between Indigenous peoples across countries. It shares some of our leading practices such as the fisheries initiatives of Indigenous peoples in Alaska, the mining project of the Gumaj Corporation in Northern Australia, the parliament structure of the Sámi in Sweden or the models of Indigenous financial institutions in Canada. We have Indigenous communities worldwide that have built their own economies through community-owned businesses, managing their own lands, training their own people and strengthening their own governance practices while incorporating their unique cultural traditions. We look forward to the future as we build on each other's successes, share our stories and cheer on our accomplishments.

This report demonstrates that Indigenous peoples can be full participants and equal beneficiaries in economic development. We are pleased with how this report underlines the importance of re-establishing and strengthening governance structures that empower Indigenous communities. From regional policies and programming to better statistics, it provides a roadmap to fulfil the needs and aspirations of Indigenous peoples. It is also a roadmap for OECD member and non-member countries to meet the rights and aspiration of Indigenous peoples and communities so that they can realise their vast potential.

Miigwetch, Giitu, and *Gala Mabu* to the OECD for embarking on this path with us!

Dawn Madahbee Leach	***Lars-Anders Baer***	***Peter Yu***
General Manager – Waubetek Business Development Corporation, and Vice-Chair of the National Indigenous Economic Development Board of Canada	*Chairperson of the Working Group for Indigenous Peoples to the Barents Euro-Arctic Co-operation*	*Chief Executive Officer of Nyamba Buru Yawuru Ltd and Chair of the Indigenous Reference Group to the Northern Ministerial Council*

Foreword

There are approximately 38 million Indigenous people living in 12 OECD member countries. Indigenous peoples make an important contribution to the culture, heritage and economic development of these member countries. Their diverse spiritual beliefs and worldviews are rooted in kinship and strong connections to land and nature, emphasising its stewardship. Indigenous worldviews thus contribute to illuminating the path to sustainable development.

Historical events have shaped the well-being of Indigenous peoples today. European settlements, for example, severely shrunk and permanently altered the land and resources available for Indigenous peoples to sustain their traditional economies. Dependency relationships with states and religious institutions further resulted in Indigenous economic activities being determined within a framework set by non-Indigenous peoples. As a result, the economic agency of Indigenous peoples was diminished, negatively affecting their well-being, language and culture.

For the first time, this OECD report provides comparative empirical analysis of Indigenous well-being at national and subnational levels for five OECD member countries: Australia, Canada, Mexico, New Zealand and the United States. It shows that across far too many indicators – income, employment, life expectancy and educational attainment – there are significant gaps between Indigenous and non-Indigenous populations. Indigenous peoples have, for example, an annual household income that is on average about 30% lower than that of the non-Indigenous population. Indigenous rates of secondary school completion are 20 percentage points lower and employment participation is 13 percentage points lower compared to the non-Indigenous population. Improving the well-being of Indigenous peoples in these and other areas is critical to achieving inclusive development and the promise of the Sustainable Development Goals "to leave no one behind".

Moreover, Indigenous peoples are often concentrated spatially, making geography a key factor in shaping well-being outcomes. Gaps in well-being between Indigenous and non-Indigenous peoples are typically larger in rural areas: the gap in the employment rate is, for example, at 8.6 percentage points in urban regions, while it is more than double – 18.4 percentage points – in rural regions. At the same time, Indigenous peoples' strong attachment and belonging to territories and traditional knowledge often remains an untapped asset for generating regional economic opportunities, mainly because Indigenous peoples are often disconnected from efforts to promote regional and rural development. This disconnect contributes to continued disparities in their socio-economic outcomes and often affects their ability to carry out their traditional way of life.

Over recent decades, many Indigenous peoples have asserted their rights to determine their own economic destinies and developed innovative partnerships to promote regional development. These efforts show that vibrant Indigenous economies are fundamental to self-determination. This OECD report provides recommendations in four main areas to strengthen the enabling environment for Indigenous economies and build on these achievements:

1. Improving Indigenous statistics and data governance.
2. Creating an enabling environment for Indigenous entrepreneurship and small business development at the regional and local levels.
3. Improving the Indigenous land tenure system to facilitate opportunities for economic development.
4. Adapting policies and governance to implement a place-based approach to economic development that improves policy coherence and empowers Indigenous communities.

This OECD report provides actionable recommendations for governments to work in partnership with Indigenous peoples to develop vibrant Indigenous economies in regional areas. It contributes to the work programme of the OECD on regional and rural development, and was approved by the Regional Development Policy Committee on 28 February 2019.

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Abbreviations and acronyms

ABS	Australian Bureau of Statistics
AIFS	Australian Institute of Family Studies
AFI	Aboriginal Finance Institution
AUD	Australian Dollar
BHP	Broken Hill Proprietary
BSAI	Bering Sea and Aleutian Islands
CAD	Canadian Dollar
CCP	Comprehensive Community Planning
CDFI	Community Development Finance Institution
CDQ	Community Development Quota
CFE	Centre for Entrepreneurship, SMEs, Regions and Cities
CIRNAC	Crown-Indigenous Relations and Northern Affairs Canada
COAG	Council of Australian Governments
DGIC	Director General of the Investment Committee
EA	Environmental assessment
EDA	Economic Development Administration
GIS	Geographic Information System
FAO	Food and Agricultural Organisation
FPIC	Free, prior and informed consent
FLERC	Frog Lake Energy Resource Corporation
FMG	Fortescue Metals Group
FNLM	First Nations Land Management Act
FSC	Forest Stewardship Council
HKKAR	He Kai Kei Aku Ringa
ICCA	Indigenous and Community Conserved Area
ICCPR	International Covenant on Civil and Political Rights
IEED	Office of Indian Energy and Economic Development
IFC	International Finance Corporation

ILO	International Labour Organisation
ILRS	Indian Lands Registry System
ILSC	Indigenous Land and Sea Corporation
IN	Intermediate
INEGI	National Institute of Statistics and Geography
IPS	Indigenous Protected Areas
IUCN	International Union for Conservation of Nature
JBNQA	James Bay Northern Quebec Agreement
MOU	Memorandum of Understanding
MPA	Marine Protected Area
NCAI	National Congress of American Indians
NRS	Natural Reserve System
NSPA	Northern Sparsely Populated Areas
NSW	New South Wales (Australia)
NTI	Nunavut Tunngavik Incorporated
NWT	North West Territories
NZD	New Zealand dollar
NZIER	New Zealand Institute of Economic Research
PES	Payments for environmental services
PIAAC	Programme for the International Assessment of Adult Competencies
PR	Predominantly rural
PU	Predominantly urban
RA	Reconciliation Australia
RAP	Reconciliation Action Plan
RDA	Regional Development Australia
RDP	Rural Development Programme
RDPC	Regional Development Policy Committee
REACHE	Northern Responsible Energy Approaches for Community Heat and Electricity Programme
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RFR	Right of First Refusal
SDG	Sustainable Development Goals
SPI	Strategic Partnerships Initiative

SSRP	South Saskatchewan Regional Plan
STEM	Science, technology, engineering, and mathematics
SWOT	Strengths, weaknesses, opportunities and threats
TKUA	Traditional Knowledge and Use Assessment
TL	Territorial level
UNDP	United Nations Development Programme
UNPFII	United Nations Permanent Forum on Indigenous Issues
USD	United States Dollar
WPRUR	OECD Working Party on Rural Policy

Executive summary

Assessment

Indigenous peoples have unique assets and opportunities but continue to face exclusion and inequalities, and addressing them is critical to achieving the promise of the Sustainable Development Goals to "leave no-one behind"

Indigenous peoples are defined by the United Nations as those who inhabited a country prior to colonisation and who self-identify as such due to descent from these peoples and belonging to social, cultural or political institutions that govern them. Across 12 OECD countries, there are approximately 38 million Indigenous peoples. Indigenous peoples also live in a number of non-member countries that work closely with the OECD (e.g. Brazil, Costa Rica and Peru).

Indigenous peoples have unique assets and knowledge that address global challenges such as environmental sustainability and that contribute to stronger regional and national economies. Traditional knowledge (a living system of knowledge and practices developed by Indigenous peoples over millennia that continues to develop and change) supports better natural resource management, innovations in food production and harvesting, and the utilisation of biological resources for health and well-being. Indigenous peoples are taking control of resources to develop competitive businesses in areas such as mining, tourism, and arts and creative industries. Beyond these many achievements and contributions, they make a significant contribution to the world's cultural and linguistic diversity.

Across far too many indicators – income, employment, life expectancy and educational attainment – there are significant gaps between Indigenous and non-Indigenous populations in many countries. According to the United Nations, while Indigenous peoples represent about 5% of the world's population, they comprise 15% of the world's extreme poor and one-third of the rural poor. The analysis in this report shows that these gaps are larger in rural and remote areas. For example, gaps in the employment rate between Indigenous and non-Indigenous peoples living in urban regions is on average 8.4 percentage points across a sample of OECD member countries (Australia, Canada, Mexico, New Zealand, Sweden and the United States) whereas it is 20.2 percentage points in rural regions.

Vibrant Indigenous economies are fundamental to self-determination

Indigenous entrepreneurship and business growth are fundamental to addressing the challenges facing Indigenous peoples in rural areas. Entrepreneurship gives Indigenous peoples the opportunity to use assets and resources in ways that align with their objectives for development and can generate opportunities for own-source revenues. It supports self-determination by reducing dependency relationships with government institutions and on transfers, and increases their scope to make decisions about matters that affect them. Vibrant Indigenous economies are achievable through the leadership and innovation of Indigenous communities with governments supporting them to deliver on their objectives

for development. Activating these opportunities depends on four interconnected elements: i) good data; ii) enabling policies for entrepreneurship; iii) instruments to mobilise land for development; and iv) effective and inclusive governance. Across these four elements, a place-based approach is critical to match these elements with the diverse needs and aspirations of Indigenous peoples across different types of regions and empowering them to take a leadership role in regional and rural development strategies.

Recommendations

1. Improve Indigenous statistics and data governance

- Develop and apply an agreed national definition of Indigenous peoples that is inclusive and consistent with the principles of the (ILO) Indigenous and Tribal Peoples Convention 169 (self-identification, descent and belonging to a group).
- Include Indigenous territories in the standard geographic classification for the collection and reporting of statistics.
- Include Indigenous representatives in the governance of national statistical agencies to provide advice on strategic and operational issues impacting on Indigenous peoples (e.g. the design of well-being indicators and data collection methods).
- Provide regular reporting of Indigenous well-being outcomes (economic, social and environmental dimensions) at the national and subnational levels (disaggregated by urban, rural and remote regions) and by gender and age dimensions (that are internationally comparable and in line with the SDGs).

2. Create an enabling environment for Indigenous entrepreneurship and small business development at the local and regional levels

- Introduce a consistent Indigenous business identifier into the system of national statistics.
- Enable a place-based approach to economic development by providing frameworks, guidance and tools for community-led economic development plans that are based on Indigenous values and perspectives.
- Providing Indigenous-specific equity and loan facilities that address imperfections (such as less competition, lack of collateral and discrimination) in credit markets for Indigenous communities (from micro-enterprises to established businesses).
- Increase the effectiveness of financial intermediation by supporting the formation of locally owned Indigenous institutions that can provide financial and business development support services to local communities (thereby by building capacity within communities and better matching business support to local conditions).
- Improve public procurement policies targeted at Indigenous businesses by using a combination of targets and set-asides to facilitate the inclusion of Indigenous owned businesses in public procurement markets and provide regular reporting on outcomes.

3. Improve the Indigenous land tenure system to facilitate opportunities for economic development

- Ensure Indigenous tenure is reflected in statutory instruments, in accordance with existing obligations under national law.
- Create opportunities for Indigenous peoples to benefit from surface and sub-surface resources by clarifying property rights over natural resources and providing commercially viable pathways to exploit these resources and/or lease them to third parties.
- Implement agreements that support the inclusion and leadership of Indigenous peoples in conservation and natural resource management, and give opportunities for Indigenous peoples to generate economic development opportunities from them (e.g. land stewardship, ecosystem services and cultural and tourism activities).
- Develop a national framework for consultation with Indigenous groups about project development that aligns with international standards of Free, Prior and Informed Consent (UN Declaration on the Rights of Indigenous Peoples, 2007).
- Support the implementation of benefit sharing agreements by developing accessible databases that systematically record and publish benefit-sharing agreements (excluding commercial-in-confidence information), in order to ensure more transparency and, ultimately, more accountability.

4. Adapt policies and governance to implement a place-based approach to economic development that improves policy coherence and empowers Indigenous communities

- Develop or enhance national strategic frameworks for Indigenous economic development that incorporate Indigenous values and perspectives about development, recognise the need to be place-specific and define measurable outcomes, which provides a basis for learning, evaluation and feedback.
- Clarify the roles and responsibilities of different actors involved in Indigenous economic development and build capacities of public officials at the local level to broker and facilitate solutions (rather than just managing programmes and administrative matters).
- Establish meaningful protocols and obligations for engagement with Indigenous peoples on policies that affect them and strengthen the capacity of Indigenous leaders and organisations to participate in decision-making.
- Support community brokers who can build relationships with public and private institutions, take advantage of development opportunities and address complex challenges.
- Foster alliances between Indigenous communities to increase economies of scale and address issues of common interest (e.g. services provision, consultation on major projects and procurement).

Assessment and recommendations

Assessment 1: Better Indigenous statistics and data governance provide the basis for more informed decisions about development and support self-determination

There are an estimated 38 million Indigenous peoples across 12 OECD member countries with unique assets and knowledge

Indigenous peoples live in 12 OECD member countries and a number of non-member countries that work closely with the OECD (e.g. Brazil, Costa Rica and Peru). There are approximately 38 million Indigenous people across OECD member countries, which is equivalent to the total population of Poland, the 12th largest OECD member country in terms of the size of population. The subnational analysis focuses on five OECD member countries that have disaggregated data available on Indigenous peoples (Australia, Canada, Mexico, New Zealand and the United States). These countries present 94% of the total Indigenous peoples across OECD member countries.

Indigenous peoples have unique assets and knowledge that can help address global challenges, achieve the Sustainable Development Goals (SDGs) and develop stronger local, regional and national economies. Traditional knowledge (a living system of knowledge and practices developed by Indigenous peoples over millennia that continues to develop and change) provides the means to improve natural resources management, develop innovations in food production and harvesting, and the utilisation of biological resources for health and well-being. Indigenous peoples are taking control of resources to develop competitive businesses in areas such as mining, tourism, and arts and creative industries. Beyond these many achievements and contributions, they make a significant contribution to the world's cultural and linguistic diversity.

Indigenous peoples are more likely to live in rural areas and experience poorer socio-economic outcomes

The well-being of Indigenous peoples is also a key inclusive growth challenge and critical to achieving the promise of the Sustainable Development Goals "to leave no-one behind". According to the United Nations, while Indigenous peoples represent about 5% of the world's population, they comprise 15% of the world's extreme poor and 33% of the rural poor. At a national level, significant gaps exist between Indigenous and non-Indigenous populations in terms of income, employment, life expectancy and educational attainment. Across Australia, Canada, Mexico, New Zealand and the United States, Indigenous people on average have USD 7 720 less in annual income, which is 27% lower than the non-Indigenous population. On average, they also live six years less than non-Indigenous populations. Indigenous rates of upper secondary school attainment are 20 percentage points lower and the employment rate is 13 percentage points lower than the non-Indigenous population.

Indigenous peoples are distributed unevenly across national territories, and are concentrated mainly in rural areas compared to non-Indigenous populations. Approximately 75% of the total Indigenous population of these five countries is concentrated in 37 largest regions (e.g. provinces in Canada), which accounts for one-third of the largest regions in these countries. At the scale of smaller regions across these countries, 44% of the Indigenous population live in predominantly rural regions (19 percentage points more than the non-Indigenous population) compared to 30% in urban areas (25 percentage points less than the non-Indigenous population). Indigenous peoples constitute 8% of the total rural populations and 5% of the total urban populations in these five countries. Indigenous peoples are increasingly urbanised due to migration and increases the propensity to self-identify.

Gaps in socio-economic outcomes between Indigenous and non-Indigenous populations are higher in rural areas than in cities. For example, gaps in the employment rate between Indigenous and non-Indigenous peoples living in urban regions is on average 8.6 percentage points in Australia, Canada, Mexico, New Zealand and the United States as compared to 18.4 percentage points in rural regions. In the case of the unemployment rate, the average difference is 5.2% (urban) and 10.2% (rural). In addition, there are some significant gaps within countries. For example:

- In Australia, the Indigenous employment rate in predominantly rural regions is 40%, which is 35 percentage points less than the non-Indigenous employment rate in those regions.
- In Canada, the unemployment rate for Indigenous peoples in predominantly rural regions is 21%, which is 13 percentage points more than for non-Indigenous people in those areas.

Factors associated with better outcomes in the labour force participation rate for Indigenous peoples in rural regions include a larger share of higher skilled people, a lower share of Indigenous populations and a higher share of younger people. Rural remote regions with large Indigenous populations tend to face greater challenges than other types of regions in terms of socio-economic inequalities between Indigenous and non-Indigenous populations. These findings suggest the importance of place-specific policy responses.

Inclusion of Indigenous peoples in data governance will enable better data that incorporateS their values and perspectives

The formal definition of Indigenous peoples is not always consistent or inclusive and this contributes to poor and fragmented data regarding them. The United Nations defines Indigenous peoples as those who inhabited a country prior to colonisation and self-identify due to ancestry, and belonging to Indigenous social, cultural or political institutions. Not all countries apply this inclusive definition and use different objective criteria (language, occupation, blood quantum and legal registration) to define Indigenous peoples. Definitions are not applied consistently in statistical systems across different state agencies and between levels of government. Combined with lower levels of trust regarding public institutions and data collection, this contributes to poor or fragmented data about Indigenous peoples.

Better Indigenous statistics and data governance can inform better policies for Indigenous peoples across all types of regions. A number of strategies are suggested to improve Indigenous statistics and governance, including: adapting well-being measures to better reflect Indigenous values and perspectives; developing survey instruments specific

to addressing knowledge gaps; incorporating traditional territories in geographic classifications for statistics; and supporting Indigenous data sovereignty. Moreover, international and national well-being frameworks can be more inclusive of Indigenous values and perspectives. This includes the incorporation of measures related to Indigenous languages, kinship relations, discrimination based on Indigenous identity, subsistence economies and representation in public institutions.

Recommendation 1: Improve Indigenous statistics and data governance

Indigenous statistical frameworks can be improved by:

- Developing an agreed national definition that is consistent with the principles of the International Labour Organization (ILO) Indigenous and Tribal Peoples Convention 169 (self-identification, descent and belonging to a group).
- Applying the agreed national definition consistently across different government agencies and between levels of government.
- Including Indigenous territories in the standard geographic classification for the collection and reporting of statistics.
- Providing regular reporting of Indigenous well-being outcomes (economic, social and environmental dimensions) at the national and subnational levels (disaggregated by urban, rural and remote regions) and by gender and age dimensions (internationally comparable and in line with the SDGs).
- Implementing specific population-based surveys on issues that are important to Indigenous peoples and that can address gaps in the statistical framework (e.g. subsistence, health, business, and leadership and governance).

Indigenous data governance can be strengthened by:

- Including Indigenous representatives in the governance of national statistical agencies to provide advice on strategic and operational issues impacting on Indigenous peoples (e.g. definitions for statistical purposes, the design of well-being indicators and data collection methods).
- Implementing protocols and agreements to enable the pooling of data between different agencies to increase sample sizes and the availability of data.
- Adapting data collection methods to the needs of Indigenous peoples through interview-administered surveys in Indigenous languages that include communities in the data collection process.
- Providing tools and capabilities for Indigenous organisations to collect their own data on issues that are important to their communities, and support more informed decision-making about development.

Assessment 2: A place-based approach that promotes Indigenous entrepreneurship and small business development is key to mobilising assets and addressing exclusion and inequalities

Indigenous entrepreneurship can unlock own-source revenues and support businesses that respect and incorporate traditional knowledge and values

Indigenous entrepreneurship and business growth are fundamental to addressing the challenges facing Indigenous peoples across different regions. Entrepreneurship presents Indigenous peoples the opportunity to use assets and resources in ways that align with their objectives for development and can generate opportunities for own-source revenues. However, Indigenous peoples have lower rates of entrepreneurship than non-Indigenous populations. Typical market failures such as asymmetric information and the inefficient allocation of credit are often more pronounced in the Indigenous small business sector. This is due to the indivisible nature of Indigenous lands (often held collectively in trust), discrimination and poor credit histories. In addition to these traditional arguments about government intervention, a proactive approach to Indigenous business growth supports self-determination by reducing dependency relationships and increasing decision-making autonomy.

Indigenous-owned businesses are embedded in a different cultural context, often shaped by traditional knowledge and connected with natural resources. Indigenous entrepreneurship also exists in an institutional context that emphasises the importance of kinship relations, the reproduction of traditional knowledge, language and culture, and linking business to community economic development. Across OECD member countries there are generally inconsistent practices or gaps regarding the identification of Indigenous businesses and producing statistics about them. This creates challenges in terms of understanding the size, growth trends and structure of the Indigenous business sector. Existing evidence shows a higher share of establishments in primary sectors and construction and a lower share of establishments in producer and consumer services. This means Indigenous peoples are more likely to be engaged in lower value-added activities and less likely to be engaged in sectors that are growing and generate high wage jobs.

Geography shapes the resources and markets available to Indigenous entrepreneurs and, across different types of rural regions, Indigenous peoples are exploiting business opportunities in the traded and non-traded sectors

Geography is fundamental to understanding the Indigenous business sector. Rural areas with a large Indigenous population have a very different economy than the average region within a country due to very small and remote settlements, traditional culture and livelihoods, and greater reliance on primary industries. Distance to cities and accessibility to natural resources and amenities shapes the potential resources and markets available to Indigenous entrepreneurs. The following typology is used to help understand potential development trajectories for Indigenous economies in rural areas: rural areas close to cities (with or without natural resources and amenities) and rural remote areas (with or without natural resources and amenities).

Across these different types of rural regions, Indigenous peoples are developing competitive businesses in the tradeable sector. This includes the production of traceable and territorially differentiated food and beverage products, mining and extractive industries, land management and environmental services, cultural and ecotourism, arts and creative industries, and renewable energy. These are a source of competitive advantage for

rural regions and can help maximise their growth potential. The report identifies a number of examples of where Indigenous entrepreneurs and communities have combined local assets (land, culture and traditional knowledge) to create competitive businesses that meet the community's objectives for development and benefit the wider region. Opportunities also exist for Indigenous communities to use social enterprise models to meet local demand, and achieve social and environmental objectives.

A place-based approach to development can help create an enabling environment for entrepreneurship – this needs to be Indigenous-led with governments playing a supportive and facilitating role

A place-based approach for development that identifies competitive advantages, engages stakeholders and mobilises and co-ordinates relevant policy instruments is needed. Crucially these priorities must be led by local Indigenous institutions that can develop consensus on future development objectives, mediate and resolve internal conflicts, and represent the community in negotiations with outside parties on development issues. These local institutions can also create mechanisms that link Indigenous business growth with community economic development and well-being. For example, Indigenous communities can use trust structures to set up businesses and invest own-source revenues to deliver community development programmes and to support the creation of new enterprises.

Governments can create an enabling policy environment for a place-based approach to Indigenous entrepreneurship by simultaneously addressing supply and demand side factors that generate bottlenecks to business growth. Coherent policy packages are needed, which are matched to the circumstances of different places and: i) increase access to finance; ii) build business capabilities; and iii) improve market access through preferential procurement policies. These economic development policies are more effective if they are tailored to the unique circumstances and needs of Indigenous peoples (e.g. support for subsistence activities) and Indigenous leaders and organisations participate in the design and implementation of them. A comparative assessment of key lessons and good practices in delivering these policies across OECD countries is undertaken.

Recommendation 2: Create an enabling environment for Indigenous entrepreneurship and small business development at the local and regional levels

- Improve the quality and reliability of **Indigenous business data** by introducing a consistent Indigenous business identifier into the system of national statistics.
- Ensure better **cultural and intellectual protection** for Indigenous products and services by supporting initiatives to certify authentic Indigenous products and services within countries and implement mechanisms for monitoring and enforcement.
- Enable a **place-based approach** to economic development by:
  - Providing frameworks, guidance and tools to support community-led economic development plans that are based on Indigenous values and perspectives.
  - Integrating policies and investments in enabling factors (infrastructure, skills and innovation) for different places, their development objectives and levels of development.

- Increase **access to finance** for Indigenous business by:
  - Incorporating Indigenous values and perspectives into the design of economic development programmes (e.g. objectives such as the strengthening of Indigenous language and culture, addressing social needs and support for subsistence activities).
  - Providing Indigenous-specific equity and loan facilities that address imperfections (such as less competition, lack of collateral and discrimination) in credit markets for Indigenous communities in rural areas (from micro-enterprises to established businesses).
  - Ensuring these equity and loan instruments have flexibilities that reflect the characteristics of Indigenous economies in rural areas such as lower levels of collateral, variability in cash flow and substituting wage income with subsistence and seasonal business activities.
  - Increase the effectiveness of financial intermediation by supporting the formation of locally owned Indigenous institutions that can provide financial and business development support services to local communities (thereby by building capacity within communities and better matching business support to local conditions).
  - Ensure these institutions are at the right geographic and population scale to be viable and support the creation of mechanisms that enable them to pool risk and resources for larger loans.
  - Providing mechanisms and infrastructure, and reducing regulatory barriers to encourage the formation of social impact markets (financing of activities that deliver social and/or environmental outcomes and a return on investment) for Indigenous entrepreneurs.
- Build **entrepreneurial skills and capacity** by:
  - Providing coaching and mentoring support to develop business plans and access technical advice for emerging entrepreneurs.
  - Promoting success stories of individual and community-owned firms.
  - Providing access to resources and tools that can build financial literacy in Indigenous communities.
  - Providing targeted business development services that are packaged with grants that contribute to start-up and operational costs for Indigenous entrepreneurs and business owners.
- Improve **public procurement policies** targeted for Indigenous businesses (which are already operating in Australia, Canada and the United States) by:
  - Using a combination of targets and set-asides to facilitate the inclusion of Indigenous owned businesses in public procurement markets and provide regular reporting on outcomes.
  - Designing procurement packages in a way that reduces barriers to entry for micro and small businesses.

- Providing "wraparound" business development support for Indigenous businesses in the public procurement market (mentoring and joint ventures, certification training, and targeted equity and loan instruments).
- Providing information about the scheduling of future public works between different levels of government at the regional level to provide greater certainty for Indigenous-owned businesses.

Assessment 3: The system of land tenure and the availability of mechanisms and instruments to mobilise development opportunities shape the limits and possibilities of economic development for Indigenous peoples

Land rights and security of tenure are a foundation for economic development and different models of Indigenous land management exist across countries

Indigenous land rights and clear property rights provide the basis for economic development. Indigenous lands are territories and waters that Indigenous peoples traditionally use or occupy. These lands have a unique legal status where Indigenous peoples have formal recognition as "first peoples". Clarification of property rights over land and waters is critical for Indigenous peoples to mobilise assets and achieve self-determination. There is a range of statutory Indigenous property rights across countries which confer different rights regarding ownership, exclusion of others, use and transfer. Effective Indigenous land tenure systems require transparent and fair procedures to recognise rights, allocate them to groups, demarcate and title land, and protect from intrusion.

There are different forms of Indigenous land management that govern the conditions under which Indigenous peoples use land and may mobilise it for development. Indigenous peoples use the land for a spectrum of activities that includes subsistence hunting and fishing, cultural practices and the commercial exploitation of natural resources. Indigenous peoples may manage these activities with different agencies and levels of government (e.g. agencies responsible for agriculture, fisheries, mining, water and land use). Indigenous land management encompasses the processes whereby these agencies and different levels of government make decisions about the use of Indigenous lands. Three types of Indigenous land management are defined based on the degree of autonomy granted to Indigenous peoples: self-governance, joint management and co-existence.

There are a number of different legal and governance instruments that are available to facilitate economic development opportunities on Indigenous lands

The report identifies a range of instruments that can be deployed to enable Indigenous peoples to mobilise the economic development potential of the land. Because of these different land management models, there is no single set of instruments and good practices. The different instruments are:

- Indigenous land use planning: delegating land use planning competencies to self-governing Indigenous nations and ensuring that there are mechanisms to include traditional knowledge and Indigenous interests in local municipal and regional land use planning.
- Natural resource conservation and management: governance instruments that support the inclusion of Indigenous peoples in the management of land and water resources, which create jobs, enable funding and capacity-building to carry out

these responsibilities and facilitate co-ordinated decision-making with relevant agencies.

- Control over surface and sub-surface resources: regulatory instruments that enable Indigenous peoples to earn own-source revenues by ensuring they have the means to quantify the size and value of natural resources, have control over licensing procedures, manage competing uses and utilise natural resources for commercial ventures (e.g. minerals, hydrocarbons, forests, fishing).
- Land leasing, acquisition and co-ordination: a suite of tools embedded in the Indigenous land tenure system that increases the development potential of land by facilitating access to credit, giving the means to expand Indigenous lands and consolidating smaller plots.

Mechanisms to have a say in project assessment and to negotiate with project proponents can lead to better development outcomes

Indigenous peoples should have a say in the assessment of projects that affect their lands, traditional activities, livelihoods and commercial interests. Evaluation of these projects (primarily infrastructure, mining and energy developments) usually occur through environmental approvals processes. The inclusion of Indigenous communities in these decision-making processes can be improved by governments and Indigenous peoples agreeing on the definition of consultation, facilitating dialogue at the pre-approval stage, strengthening the assessment of socio-economic and cumulative impacts, adapting processes to account for Indigenous decision-making processes and compensating for costs.

In some jurisdictions, mechanisms may also exist for Indigenous communities to negotiate monetary and non-monetary benefits with project proponents for developments on their lands. The efficacy of these benefit-sharing agreements can be improved with dialogue and agreement up-front regarding procedural rules, Indigenous communities having a proactive strategy to link the project with their development objectives and an agreed mechanism to monitor and enforce the agreement. Governments can play a value-adding role in supporting benefit-sharing agreements by providing guidance about the negotiating process, template agreements, data and by registering agreements.

Recommendation 3: Improve the Indigenous land tenure system to facilitate opportunities for economic development

Recognise and protect **Indigenous land rights** by:

- Ensuring Indigenous tenure is reflected in statutory instruments, in accordance with existing obligations under national law.
- Providing specific procedures to address conflicts related to existing treaties and agreements with Indigenous groups and unresolved land rights issues with Indigenous groups.

Support the **allocation of land rights** by:

- Adopting technical rules for demarcation processes in collaboration with Indigenous peoples and have Indigenous peoples participate in the delimitation of boundaries.
- Recording Indigenous land rights in registry systems that are transparent and easily accessible, in order to prevent competing land claims and facilitate access to data.
- Ensuring efficient and timely administrative processes for land demarcation, titling and registration.
- Providing technical support for Indigenous communities to collect data about land and water resources and map it to inform regulatory decision-making and to identify opportunities for economic development.

Activate and support economic development opportunities on Indigenous lands by:

- Providing Indigenous communities with the authority, data and support to develop land use plans, land codes and zoning maps that clearly identify areas of protection on ecological and cultural grounds, and for potential economic development (applicable under the self-governance model).
- Ensuring mechanisms are in place for Indigenous communities to have meaningful consultation on land use planning municipal and other authorities that have jurisdiction on or near their traditional territories (applicable under all models).
- Creating opportunities for Indigenous peoples to benefit from surface and sub-surface resources by:
    - Developing and updating data that provides information on the quantity and quality of these resources.
    - Ensuring that traditional knowledge and practices are incorporated into decision-making about natural resource management including planning and licensing.
    - Clarifying property rights over natural resources and providing commercially viable pathways to exploit these resources and/or lease them to third parties (applicable under the self-governance and joint management models).
- Creating agreements that support the inclusion and leadership of Indigenous peoples in **conservation and natural resource management** and give opportunities for Indigenous peoples to generate economic development opportunities from them (e.g. land stewardship, ecosystem services and cultural and tourism activities) (applicable under the self-governance and joint management models).
- Introducing efficient tools and processes into Indigenous land tenure regimes that **facilitate investment and open up markets for land**:
    - Support for the acquisition of lands that can be used for traditional purposes and to generate own-source revenues (including freehold and public lands).
    - Long-term leasing of land parcels that are transferrable.
    - Revision of succession rules and support for land consolidation that overcome problems of fragmentation (applicable to the self-governance model).

Ensure the **participation of Indigenous peoples in decisions about projects** (e.g. infrastructure, energy, and mining projects) that affect their traditional territories by:

- Supporting and encouraging project proponents to engage in dialogue and meetings with Indigenous groups prior to submitting projects for approval and agreeing upfront on the terms and procedures for engagement (e.g. timing, location, language and translation, and financial support).
- Increasing the scope of environmental impact assessments to include traditional knowledge and socio-cultural issues, and to assess the cumulative and wider impacts of projects on Indigenous people's cultural values and traditional activities.
- Developing a national framework for consultation with Indigenous groups about project development that seeks alignment with UN international standards of Free, Prior and Informed Consent (FPIC) and thus comprises:
  - Reduced or no costs associated.
  - Broad and early consultation.
  - Clear information and informed engagement.
  - Possibility to present alternatives.
- Supporting the implementation of **benefit sharing agreements** that:
  - Are guided by common tools and templates, and best practice examples.
  - Provide opportunities for third-party advice and support to Indigenous groups.
  - Combine monetary and non-monetary benefits that are linked to objectives for the community's long-term development and well-being.
  - Establish agreed timing and an action plan for implementation.
  - Have mechanisms for addressing disputes and/or revising the terms of the agreement.
  - Include provisions for project closure and remediation.
  - Provide regular reports on progress and outcomes to community members.
- Developing **accessible databases** that systematically record and publish benefit-sharing agreements (excluding commercial-in-confidence information), in order to ensure more transparency and, ultimately, more accountability.

Assessment 4: Strengthening multi-level governance and partnerships with Indigenous peoples is needed to implement a place-based approach

A tradition of spatially blind policy settings for Indigenous development has generated governance challenges such as lack of coherence and capacity to implement a place-based approach

Policies have to adapt to spatial differences and empower Indigenous communities to deliver on their objectives for development and contribute to stronger regional economies. As documented earlier, well-being outcomes for Indigenous peoples differ across regions with particular challenges in rural areas. Proximity to cities and access to natural resources and amenities shapes the potential markets and opportunities available to

Indigenous entrepreneurs with remote areas facing particular challenges. The quality of local institutions is critical in determining the capacity of communities to promote economic development. Land use instruments need to be combined with investments in human capital, infrastructure and business support to activate a development process. This requires a shift toward a place-based approach and away from one that is spatially blind, sectoral, and top-down and government-led.

Historical approaches that were spatially blind and based on the principle of assimilation has resulted in four governance challenges that inhibit the implementation of a place-based approach. This analysis is based upon an assessment of a sample of five countries (Australia, Canada, New Zealand, Sweden and the United States) and each jurisdiction has specificities and differences (e.g. unitary vs. federal systems, the use of treaties, and the allocation of constitutional responsibilities). Within the context of this diversity of experience and different historical trajectories, four key governance challenges are identified:

1. Lack of coherence in the delivery of services and programmes for Indigenous peoples at the local level (this can be generated due to small populations with high needs receiving multiple programmes and services across ministries health, education, labour market, industry, etc.).
2. Insufficient co-ordination across and between levels of government and sectors to realise policy complementarities (this can be caused by differences in who is responsible for Indigenous lands between levels of government, which means services are not provided or co-ordinated due to these jurisdictional responsibilities).
3. Limited opportunities for Indigenous organisations and communities to shape policy planning and resource allocation decisions (can be due to the lack of political representation, inconsistent protocols for meaningful consultation and culturally inappropriate methods of engagement).
4. Lack of Indigenous community capacity including the quality and depth of leadership, financial management and sustainability, and lack of scale (Indigenous peak and representative organisations may be relatively young, have a high dependency on scarce public funding, and face many competing demands).

Governments and Indigenous communities have made significant progress in addressing these four governance challenges and a range of good practices and lessons in relation to each of them have been identified

Governments are seeking to improve the coherence of policies by designing frameworks that adapt policies to different places, combine multiple policy sectors, integrate Indigenous values and perspectives, and link funding to the achievement of outcomes. Progress in addressing these issues is uneven by countries and good practices are identified from Australia (Indigenous Affairs Evaluation Framework), Canada (First Nation Fiscal Management Act) and New Zealand (The Crown-Māori Economic Growth Partnership). For example, the New Zealand Māori Economic Growth Partnership recognises *whānau* (extended family or community) as the foundation of the Māori economy and the need to increase Māori participation in regional economic governance.

To address co-ordination challenges governments are clarifying roles and responsibilities between agencies, creating co-ordinating agencies, building the brokering capacities of local staff and establishing regional agreements. These

initiatives can help overcome problems such as the fragmentation of programmes and services, and administrative and regulatory burdens on Indigenous organisations. Good practices include mapping local service providers and developing a shared online platform for scheduling, Australia's approach of allocating Indigenous Affairs to the Prime Minister's Department to strengthen whole-of-government co-ordination and the Strategic Partnership Initiative in Canada that co-ordinates federal investment to maximise opportunities for Indigenous business and employment participation.

Opportunities to engage in equal partnerships are fundamental to giving Indigenous peoples a voice in decision-making about development. Across many countries, historical approaches to Indigenous policies and governance did not provide this opportunity to participate in decision-making. A number of good practices that seek to address this issue are identified such as cultural competency training for civil servants in Australia, programmes to build community capacity and developing protocols for engagement in Canada and the Natural Resource Management and Local Government Acts in New Zealand.

Self-determination can be advanced if Indigenous organisations and communities take a leadership role in regional and rural development strategies. Governments need to shift from primarily controlling and administrating resources and regulations toward playing a more supportive and enabling role. Governments can do this by strengthening Indigenous-led institutions and supporting the formation of networks and alliances that help Indigenous peoples shape decision-making and access resources. A number of tools to achieve this outcome, such as Indigenous advisory services and Indigenous community brokers, are identified and discussed.

Recommendation 4: Adapt policies and governance to implement a place-based approach to economic development that improves policy coherence and empowers Indigenous communities

Facilitate **policy coherence** by developing (or enhancing) national strategic policy frameworks for Indigenous economic development that:

- Incorporate Indigenous values and perspectives about development into policy frameworks.
- Align policy outcomes across levels of government and sectors and articulate differences in development challenges and opportunities for Indigenous peoples in urban, rural and remote regions.
- Incentivise the use of mechanisms and tools that support the implementation of a place-based approach and better link Indigenous peoples with regional development efforts (e.g. local area data, community brokers and participation in existing regional governance structures).
- Define short-, medium- and long-term outcomes that can be measured (and disaggregated across different types of regions) to enable evaluation, learning and feedback.

Align implementation and **enhance co-ordination** between levels of government and across different sectoral policies as well as with Indigenous communities by:

- Clarifying the roles and responsibilities of different actors involved in Indigenous economic development.

- Strengthening co-ordination mechanisms across ministries and agencies and between levels of government for Indigenous economic development programmes and projects.
- Building capabilities at the local level for public officials to broker and facilitate solutions (rather than just managing programmes and administrative matters).
- Using formalised agreements between levels of governments and Indigenous communities to address issues of strategic importance and monitor their implementation.

Create opportunities for **meaningful participation** in government decision-making for Indigenous peoples by:

- Establishing protocols and obligations for engagement of Indigenous peoples across the policy cycle (definition of the problem, the development of policies as well as implementation and evaluation of outcomes).
- Addressing asymmetries of power in engagement processes and strengthening the capacity of Indigenous leaders and organisations to participate in decision-making about development.
- Developing cross-cultural competencies within public institutions at all levels.
- Supporting the recruitment and progression of Indigenous staff in public institutions.

Strengthen capacity of Indigenous-led organisations by providing resources and tools that enable the:

- Creation of regional advisory services and innovation hubs, and support for co-development institutions (e.g. governance and leadership, research and development, and advocacy organisations).
- Emergence of Indigenous community brokers who can build relationships with public and private institutions, take advantage of development opportunities and address complex challenges.
- Building of alliances between Indigenous communities to increase economies of scale and address issues of common interest (e.g. on service provision, engaging with project proponents on major projects and procurement).

Note on methodology

Objective of this note

This note explains the process and methods used to produce this report and the analytical framework used by the OECD to develop policy recommendations for linking Indigenous communities with regional and rural development.

Formation and initial scoping

Over a number of years, the OECD Working Party on Rural Policies (WPRUR) has engaged with Indigenous issues, including through the *OECD Rural Policy Review: Chile*, the *10th OECD Rural Development Conference* in Memphis, United States (2015), and the *OECD Territorial Review of the Northern Sparsely Populated Areas* (NSPA) (OECD, 2014[1]; 2015[2]; 2017[3]). Engagement with Indigenous leaders revealed the complexities and differences of Indigenous world-views about development, the importance of territory to the reproduction of Indigenous languages, culture and livelihoods and their lack of visibility in regional and rural development strategies. This engagement demonstrated the need to better link Indigenous peoples and communities with regional and rural development efforts.

With the support of several member countries, the OECD Secretariat prepared a scoping paper about how to better link Indigenous communities with rural and regional development (OECD, 2016[5]). The paper identified the importance of Indigenous peoples to regional and rural development because of their unique place-based assets and the need to address disparities in socio-economic outcomes within regions. Based on this initial review of the literature, a number of potential priorities were identified to support the implementation of a place-based approach to Indigenous economic development:

- 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 community-led initiatives).
- Clarifying roles and responsibilities (and complementarities) between different levels of government and public agencies, and improving mechanisms and incentives for alignment and co-ordination.
- Reforming and adapting regulatory frameworks in order to help unlock the value of Indigenous-owned assets and increase their participation in decision-making.
- Identifying and promoting service delivery innovations in order to deliver improved outcomes in areas such as education and skills.

Dialogue and engagement with Indigenous peoples and governments

In order to inform the WPRUR about Indigenous perspectives on development and frame the approach to the topic, the Sámi Parliament of Sweden and the Indigenous Peoples Secretariat of the Arctic Council participated in the 19th meeting of the OECD WPRUR in November 2016.

The OECD WPRUR and supporting countries gave clear guidance that the OECD's engagement in this topic should be based on the principle of "nothing about us without us" meaning that Indigenous peoples should play a central role in the project. The OECD was encouraged to focus on its strengths in data collection, country comparative peer review and the identification of good practices – and to be humble in terms of opening up a respectful dialogue with Indigenous peoples about development in rural areas. This included a focus on learning from and including Indigenous peoples in the process through direct engagement and peer review. In this sense, a participatory research methodology was employed which created mechanisms for reflection and learning between all the actors involved.[1]

Further dialogue with policymakers and Indigenous leaders commenced in 2017, which included a survey to member countries in order to understand their preferences for such a project. This initial engagement culminated in a three-day workshop at Wendake First Nation in Quebec, Canada, in September 2017.[2] Policymakers and Indigenous leaders from Australia, Canada, Colombia, Peru, Sweden and the United States participated in this workshop. Four initial research questions were proposed based on feedback from governments and Indigenous leaders, the OECD framework for regional and rural development, and initial engagement with the academic and grey literature:

1. What is the role and contribution of Indigenous peoples to regional/national economies and which factors constrain/enable their economic participation at a regional level?
2. What are the key features of governance arrangements that enable Indigenous communities to realise the development potential of land and related natural resources, including negotiating benefits with investors to create sustainable business and employment opportunities?
3. What policies help promote Indigenous entrepreneurship and innovation opportunities in rural areas, particularly in the tradeable sector?
4. What incentives and mechanisms should be implemented to support an integrated place-based approach to development that is inclusive of and empowers Indigenous communities?

Participants endorsed a focus on these four questions (which continued to be refined throughout the project), the delivery of advice at a global level and within countries, and emphasised the importance about the inclusion of Indigenous peoples in the process of data collection and analysis (OECD, 2017[3]).

Developing the analytical framework

The first substantive task was to develop a robust analytical framework for the project. The project team drafted four OECD policy papers that addressed the key questions identified above. The objective was to incorporate existing literature about Indigenous economic development into the OECD framework in order to create an analytical framework to guide

the empirical analysis. In this case, the project team set up a conceptual dialogue between the OECD approach to regional and rural development and the literature on Indigenous development issues.

The conceptual starting point for this work was the OECD programme of work on regional and rural development policies, which has been developed over the past 40 years (OECD, 2019[6]). This work has shown that subnational regions strongly differ in their performance and growth rates (Garcilazo and Oliveira Martins, 2013[7]; OECD, 2016[8]). Across the OECD, these differences persist over time suggesting that regional level factors yield significant differences in productivity and consequently income levels among regions. In the past, these policies tended to focus on addressing disparities between regions through the provision of subsidies to compensate them for lower incomes. This approach was seen as increasingly ineffective as it created dependency relationships rather than a development process. The new approach to regional policies emphasises a focus on competitiveness and empowering all regions to unlock their growth potential. A basic principle is that, in any place, local people should set their own development strategies because they typically have the best knowledge about what they want and are best positioned to know how to go about achieving it (OECD, 2018[9]).

The literature on Indigenous peoples is large, diverse and difficult to summarise. Historically, policies of assimilation have driven Indigenous research agendas with health and anthropological disciplines playing a prominent role. Research was done *to* Indigenous peoples and generally supported these political agendas and as such was part of the overall colonisation process. As organised resistance to these policies strengthened, there was a growing recognition of the need to decolonise research methodologies and to better link research agendas with Indigenous values and aspirations (Smith, 2012[10]). A cursory search of the most cited academics papers on Indigenous peoples reveals the continued dominance of health disciplines and of legal scholars examining human rights issues. Human rights issues are incredibly important because they strengthen the institutional frameworks that make it possible to have development that is inclusive of Indigenous peoples (United Nations, 2007[11]).

This study takes a different approach. It focuses on locating Indigenous peoples in regional economies and examines how regional development policies can be made more inclusive for them. The basic "bottom-up" logic of the OECD approach to rural development is aligned with the existing literature on Indigenous economic development. For instance, the work of the Harvard Project on American Indian Economic Development has found that Indigenous control over Indigenous affairs (practical self-rule), a set of capable governing institutions and a suitable cultural match are key to development success (Cornell, 2003[12]; 2006[13]). The work at the Australian National Universities Centre for Aboriginal Economic Policy Research echoes these findings (Moran, 2009[14]). In addition, their work demonstrates how Indigenous economies are a mix or hybrid of formal market activity, traditional subsistence and government support (Altman, 2001[15]). This reinforces the need to avoid spatially blind policies and have a development approach that is adapted to the geographic context and led by Indigenous peoples.

This initial conceptual dialogue revealed learnings both ways. For the OECD, it revealed learnings such as the existence of functional geographies (i.e. traditional territory of a clan or tribe), the spiritual value of land and the role of kinship relations in shaping decision-making and engagement with outsiders. The OECD could add to this significant body of knowledge by better understanding the development dynamics of Indigenous economies across different types of regions (urban, rural and remote); developing advice about how to

create an enabling environment for local entrepreneurship; and creating multi-level governance systems that enable the adaptation of policies to local needs. Drafts of these papers were circulated and peer-reviewed by countries. The initial framework developed by the OECD is outlined in the table below.

Table 1. Initial analytical framework: Linking Indigenous Communities with Regional Development

Dimension	Key themes
Indigenous trends and statistics	● Functional Indigenous geographies, differentiated by type of region (urban, rural and remote) ● Identification of local assets and bottlenecks ● Strengthening linkages to regional, national and international markets ● Assessing well-being and progress (with similar types of regions)
Indigenous entrepreneurship and small business	● Defining Indigenous entrepreneurship (individual, collective and linked to community well-being) ● Importance of developing the tradeable sector ● Establishing local vision and priorities for development ● Creating an enabling environment for entrepreneurship (e.g. access to finance and preferential procurement policies)
Indigenous lands: recognition, management and development	● Land rights and security of tenure ● Models of Indigenous land governance (based on level of autonomy) ● Mechanisms to resolve conflicts and negotiate benefit sharing
Strengthening governance and partnerships	● Importance of a place-based approach to policies ● Cultural match and dialogue ● Strengthening Indigenous governance capacities ● Multi-level governance systems that facilitate coherence and alignment of policies

Collecting and analysing the data

The unit of analysis for the study was defined as place-based Indigenous communities (groups sharing a common sense of belonging and identity and attachment to a territory) in a regional economy (subnational geography based on administrative boundaries or functional relationships). The role of Indigenous communities in regional economies is a complex phenomenon with many variables and factors of potential interest. Although a theoretical framework was defined, it would demand multiple sources of evidence to be bought together to draw valid conclusions. As a result, the study employed a mixed methods approach by simultaneously drawing together different quantitative and qualitative research methods.[3] Core elements included case studies of different Indigenous communities, which was chosen as a research strategy in order to enable in-depth investigation of the issues and direct engagement with Indigenous peoples (Yin, 2003[16]). These cases were selected on the basis that the participating Indigenous communities: gave their consent; had made progress in addressing economic development issues; and were located across different types of regions (urban, rural close to cities and rural remote). This case study research was complemented by questionnaires, as well as documentary and statistical analysis in order to make broader generalisations about national policies. The different methods employed in this study are outlined below.

Surveys and desktop data collection

Based on the analytical framework, a questionnaire was designed in order to collect quantitative and qualitative data from national governments (and select

Indigenous organisations in some cases). National governments were also encouraged to distribute the survey to peak and representative Indigenous organisations. Thirteen countries responded to a survey: Argentina, Australia, Canada, Chile, Colombia, Denmark/Greenland, Finland, Mexico, New Zealand, Norway, Peru, the Russian Federation, Sweden and the United States. A catalogue of policy documents and reports from national and subnational governments, communities and representative Indigenous organisations was also developed. Furthermore, data about Indigenous peoples at a national and subnational level was collected and organised for the five OECD member countries where it was available (Australia, Canada, Mexico, New Zealand and the United States). This included a large amount of quantitative data (on Indigenous demography, educational attainment, land use, labour market issues and business ownership), which was organised into a single database.

OECD fieldwork to Indigenous communities

Throughout 2018, the OECD carried out four fact-finding missions for this project to Australia, Canada and Sweden together with policymakers from national governments and Indigenous leaders. A total of 25 working days were spent on these fact-finding missions and it is estimated that during this fieldwork the OECD team directly engaged with over 600 people. Semi-structured interviews and workshops were conducted where the project team spent time visiting and engaging with local Indigenous leaders and community members, representative bodies (e.g. representative organisations, statutory authorities and trusts), ministries of national and subnational governments, municipalities, and not-for-profit organisations. Further, communities were included in shaping meeting agendas prior to the visits, sometimes leading to significant changes based on their input. Agendas were also translated into local languages where necessary. A summary report of each trip was then provided back to participants for their records and further feedback. In addition, another engagement was undertaken to Alaska in the United States in April 2018, which focused on innovation and natural resource-based development, and this allowed for discussions with local Indigenous and government representatives.

There is no single way to define an "Indigenous community" and in our own understanding, the project team directly engaged with 36 different Indigenous communities during this project.

Table 2. OECD fieldwork to Indigenous communities

	First Nations and local communities
Australia	Alice Springs, Northern Territory Yilpara (Baniyala), Northern Territory Broome (Yawuru), Western Australia Gunyangara (Gumatj), Northern Territory Dampier Peninsular (Ardyaloon, Djarindjin, Lombadina, and Mercedes Cove), Western Australia NPY/APY Lands, Northern Territory and South Australia Ntaria (Aranda People), Northern Territory Shepparton/Goulburn Valley (Yorta Yorta Nation), Victoria Western Sydney, New South Wales Yirrkala (Rirratjingu), Northern Territory
Canada	Hamlet of Gjoa Haven (phone-based), Nunavut Millbrook First Nation, Nova Scotia Kahnawá:ke Mohawk Territory, Quebec 4 leaders of Mi'kmaq Nations from Nova Scotia and New Brunswick

	Mashteuiatsh First Nation, Quebec
	Matawa Tribal Council (represents nine First Nations including Neskatanga), Ontario
	Mississaugas of the New Credit, Ontario
	Neskatanga First Nation, Ontario
	Pangnirtung, Nunavut
	St'át'imc Nation, British Colombia (phone-based)
Sweden	Gällivare, Norrbotten
	Jokkmokk, Norrbotten
	Umeå, Vasterbotten
	Lycksele, Vasterbotten
United States	Kotzebue, Alaska

OECD workshops

Over the course of the project, the main preliminary findings of the study and its analytical framework were shared at workshops. A workshop was held in Brussels with the Directorate-General for Maritime Affairs on "Indigenous peoples in the European Arctic" in June 2018 (OECD, 2018[17]). This included representatives from the Government of Greenland, Sámi Parliaments of Finland, Norway and Sweden, and the Working Group of Indigenous Peoples of the Barents Euro-Arctic Council. A side meeting was also held on this project at the 17th UN Permanent Forum on Indigenous Issues in April 2018. Finally, in November 2018 a "zero draft" of the four chapters was presented to national delegates and Indigenous leaders in Paris, who provided feedback and input. This incredibly rich dialogue with Indigenous peoples and policymakers was inspiring and provided us with intelligence and know-how that significantly enriched the work.

Peer review

Central to the work of the OECD is the principle that each member reviews the other on an equal basis. This principle was operationalised in this project through peer reviewers from Australia, Canada, New Zealand, Sweden and the United States. This included government officials and Indigenous leaders who formed part of the mission team. The inclusion of Indigenous peer reviewers had the added benefit of strengthening relationships and providing opportunities for knowledge sharing beyond the project. In addition, countries and other OECD committees and directorates reviewed the project outputs.

Data analysis

The questionnaires, fieldwork, workshops and peer review process generated an enormous amount of qualitative data (notes, proceedings and documents). The analytical framework was used to organise this data and a content analysis was undertaken to identify common themes to begin answering the research questions. The quantitative research included the collection and organisation of data as well as its statistical analysis including trend analysis, measures of central tendency and dispersal, and bivariate and multivariate analysis.

Key learnings and refining the analytical framework

The process of undertaking the study revealed a number of insights and lessons, which changed the analytical framework, set out in the table below. The main points are:

- The fieldwork demonstrated the sheer diversity of local Indigenous communities and the most obvious point that a one-size-fits-all or spatially blind approach to

policies is unlikely to be effective. This is particularly the case for remote Indigenous communities, which have a very different development context due to high transport costs and the hybrid nature of local economies. This point is developed further in Chapters 2 and 3 of this report.

- Indigenous economies are embedded in unique institutional contexts and there is a need for different measures and indicators about development. In these contexts, kinship relations, the continuity of language, traditional knowledge about the land and customary practices play a central role. The choices made by Indigenous peoples in terms of the production, consumption and management of resources is shaped by a complex negotiation between these traditions and the dominant norms in settler societies. This has practical implications in terms of how development or progress is defined with greater weight given to cultural and environmental factors. Chapter 1 includes a discussion about the incorporation of Indigenous values and perspectives in well-being frameworks.
- Research has traditionally been done *to* Indigenous peoples and development defined *for* them. This approach tends to ignore traditional knowledge and values; indeed, it is based on a logic of assimilation. There is strong evidence that if partnerships with Indigenous peoples are absent or weak then policies are unlikely to deliver long-term improvements in Indigenous well-being. This is particularly the case in terms of data, and there is a need to re-conceive the governance of data in ways that include Indigenous peoples in the collection, storage, use and analysis of it. Chapter 1 includes a discussion about data governance and Indigenous data sovereignty.
- In some jurisdictions, the protected and indivisible nature of Indigenous lands does create challenges in terms of economic development because there are limits to its transferability. However, this problem is not insurmountable and different jurisdictions have developed innovations in Indigenous land governance and through instruments such as long-term leasing to deal with it. Different instruments to mobilise the economic potential of Indigenous lands are outlined in Chapter 3.
- Opportunities to build entrepreneurial capabilities and financial literacy are an important part of the mix in creating an enabling environment for Indigenous entrepreneurs. Support for Indigenous peoples to develop these "soft skills" is needed alongside investment in economic infrastructure, measures that improve access to capital and improve access to markets through preferential procurement policies. This topic is addressed further in Chapter 2.
- Indigenous-led local intermediaries and brokers play a vital role in Indigenous economic development and this was not fully apparent in the existing literature. This may include an Aboriginal Financial Institute (AFI), a social enterprise running activities such as arts and culture, retail and health services, and/or a community trust managing and investing resource revenues. They play key roles in translating government actions and policies to the community, matching capital and resources to entrepreneurs, articulating a vision for development and resolving local conflicts. The effectiveness of these intermediaries is an important factor in Indigenous economic development and they are discussed further in Chapter 4.

As a result, this study has led to a change in the analytical framework, which can guide future international collaboration and analysis on this topic.

Table 3. Linking Indigenous Communities with Regional Development – Analytical framework

Dimension	Key themes
Indigenous economic development well-being: statistics and data governance	● Geographic distribution of Indigenous peoples across different types of regions (urban, rural and remote) ● Well-being outcomes (Indigenous and non-Indigenous) at the national level and across different types of regions ● Factors influencing Indigenous economic outcomes across different types of regions ● Incorporation of Indigenous values and perspectives into well-being frameworks and geographic classifications ● Indigenous data governance and data sovereignty
Promoting Indigenous entrepreneurship and small business development in partnership with communities	● Defining Indigenous entrepreneurship (individual, collective and linked to community well-being) and innovation (including traditional knowledge) ● Domestic efforts to improve cultural and intellectual protection and certification of Indigenous goods and services ● Structural characteristics of the Indigenous business sector (size, growth, sectoral specialisation and use of trust arrangements) ● Differentiation of growth and opportunities and constraints across different types of rural regions (close to cities and remote) ● Assessing competitive advantages in the tradeable sector and opportunities for social entrepreneurship in the non-traded sector across different types of rural regions ● Local strategies for economic development and creating an enabling environment for entrepreneurship and small business (through increasing access to finance, building financial literacy and business capabilities, and preferential procurement policies)
Indigenous lands: recognition, management and development	● Definition of statutory Indigenous property rights within countries and size and nature of the Indigenous estate ● Procedures for the allocation and protection of land rights (registration, mapping, and land titling and demarcation) ● Model of Indigenous land management within countries (self-governance, joint management and co-existence) ● Instruments to mobilise the economic development potential of land (e.g. land use planning, land acquisition, leasing, and regulation of natural resources) ● Inclusion in project elaboration and environmental licensing procedures ● Mechanisms to negotiate benefit-sharing with project proponents (energy, mining developments)
Toward a place-based approach to Indigenous economic development: strengthening governance and partnerships	● Coherence of the national policy framework for Indigenous economic development including the incorporation of Indigenous values and perspectives, differentiating policies for different regions and measurable outcomes ● Co-ordination mechanisms that support alignment of objectives and implementation across ministries and between different levels of government ● Mechanisms and tools provided by governments to foster partnerships and participation in decision-making across all dimensions of the policy cycle ● Measures to empower Indigenous organisations to lead and manage regional economic development (strengthening capabilities and building scale)

Outcomes

This report delivers on the global analysis promised at Wendake First Nation in September 2017. The objectives of this report are to: i) identify lessons and leading practices from across OECD member countries about linking Indigenous communities to regional and rural development; and ii) provide recommendations to support future policy development and implementation. This is not a "one-size-fits-all" approach and recognises the diversity of relations with Indigenous peoples, their land rights, socio-economic status, and progress towards self-determination. Rather, it presents a set of options for consideration by

Indigenous peoples and governments to create an enabling environment for Indigenous economic development.

The report is organised around four substantive chapters:

- **Indigenous economic development and well-being – statistics and data governance:** assesses Indigenous economic development and well-being outcomes at the national and subnational levels and provides recommendations about how to improve Indigenous statistics and empower Indigenous peoples to use it.
- **Promoting Indigenous entrepreneurship and small business development in partnership with communities:** identifies lessons and leading practices related to creating an enabling environment for Indigenous entrepreneurs and small businesses in rural areas, including access to finance, business capabilities and procurement.
- **Indigenous lands – recognition, management and development:** assesses leading practices and lessons related to the clarification of Indigenous property rights, the availability of tools in the Indigenous land tenure system to mobilise development opportunities and mechanisms to negotiate effectively with project proponents.
- **Towards a place-based approach to Indigenous economic development – strengthening governance and partnerships:** focuses on identifying good practices and lessons about governance mechanisms and tools for implementing a place-based approach to Indigenous economic development.

This study aims to contribute to an ongoing global dialogue about better rural and regional development policies in collaboration with Indigenous peoples.

Notes

[1] There is a large literature on participatory research methodologies, for example, see Alvesson and Sköldberg (2018[18]) and Reason and Bradbury (2008[20]). In essence, this involves the transfer of power from the research to the research participants. There were a number of techniques employed in this study to operationalise this idea, which included the inclusion of Indigenous peoples in the framing of the study, enabling communities to change agendas and semi-structured interview questions, giving opportunities for participants to ask questions of the OECD team and providing records of meetings back to participants and opportunities for further feedback.

[2] The objectives of the workshop were to: i) share policy lessons and insights in relation to Indigenous economic development; ii) discuss project outputs, methodology and timeline; and iii) determine the next steps for the project. The proceedings can be found here: http://www.oecd.org/regional/regional-policy/Indigenous-project-launch-Proceedings.pdf.

[3] For further information please see Johnson, Onwuegbuzie and Turner (2007[19]) and Small (2011[21]). This was particularly important given the exploratory nature of some of the topics in this study and the importance of tacit knowledge embedded in kinship systems to Indigenous societies. The systematic analysis of the qualitative data also ensured Indigenous perspectives were assessed and incorporated into the analysis and recommendations.

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Chapter 1. Indigenous economic development and well-being: Statistics and data governance

The objective of this chapter is to assess Indigenous economic development and wellbeing outcomes at the regional level. The chapter begins discussing definitions of Indigenous peoples and statistical frameworks to collect data about them. The chapter then presents socio-economic data about Indigenous peoples at a sub-national level identifying differences in outcomes with non-Indigenous populations. Factors associated with these differences across different types of regions are also assessed with particular challenges identified for rural remote areas. The chapter finishes with an assessment of how to improve statistical frameworks and empower Indigenous peoples through changes to data governance.

Key findings and recommendations

Key findings

- Indigenous peoples are defined by the United Nations as those who inhabited a country prior to colonisation, and self-identify as such due to descent from these peoples and belonging to social, cultural or political institutions that govern them.
- Definitions within countries are not applied consistently in statistical systems across different state agencies and between levels of government. Combined with lower levels of trust regarding public institutions and data collection, this contributes to poor or fragmented data about Indigenous peoples.
- There are approximately 38 million Indigenous peoples who live in 12 OECD member countries, which is equivalent to the total population of Poland, the 12th largest OECD member country in terms of the size of population.
- Subnational analysis in this chapter focuses on five OECD member countries that have disaggregated data available on Indigenous peoples (Australia, Canada, Mexico, New Zealand and the United States). These countries present 94% of the total Indigenous peoples across OECD member countries.
- Across these five countries, Indigenous peoples are distributed unevenly across national territories and are concentrated in rural areas, as compared to non-Indigenous populations.
- There are significant gaps in economic outcomes between Indigenous and non-Indigenous populations, and these gaps are larger in rural areas than national averages.

Recommendations

Indigenous statistical frameworks can be improved by:

- Developing an agreed national definition that is consistent with the principles of the International Labour Organization's (ILO) Indigenous and Tribal Peoples Convention 169 (self-identification, descent and belonging to a group).
- Applying the agreed national definition consistently across different government agencies and between levels of government.
- Including Indigenous territories in the standard geographic classification for the collection and reporting of statistics.
- Providing regular reporting of Indigenous well-being outcomes (economic, social and environmental dimensions) at the national and subnational levels (disaggregated by urban, rural and remote regions) and by gender and age dimensions (that are internationally comparable and in line with the Sustainable Development Goals [SDGs]).
- Implementing specific population-based surveys on issues that are important to Indigenous peoples and can address gaps in the statistical framework (e.g. subsistence, health, business, and leadership and governance).

Indigenous data governance can be strengthened by:

- Including Indigenous representatives in the governance of national statistical agencies to provide advice on strategic and operational issues impacting on Indigenous peoples (e.g. definitions for statistical purposes, the design of well-being indicators and data collection methods).
- Implementing protocols and agreements to enable the pooling of data between different agencies to increase sample sizes and the availability of data.
- Adapting data collection methods to the needs of Indigenous peoples through interview-administered surveys in Indigenous languages that include communities in the data collection process.
- Providing tools and capabilities for Indigenous organisations to collect their own data on issues that are important to their communities, and support more informed decision-making about development.

Introduction

The objective of this chapter is to assess Indigenous economic development and well-being outcomes at the regional level. This assessment involves five elements. First, the chapter discusses definitions of Indigenous peoples and frameworks to collect statistics across OECD member countries. Second, the chapter evaluates the distribution of Indigenous populations across OECD member countries, along with their distribution at the subnational level. Third, the chapter discusses Indigenous well-being and presents data about well-being outcomes at the national and subnational level. Fourth, the chapter identifies the factors associated with economic development outcomes across different types of regions (urban, intermediate and rural). Finally, the chapter concludes with a discussion about data governance that focuses on how to improve Indigenous statistical frameworks in ways that empower Indigenous peoples.

Definitions and overview

International definition of Indigenous peoples

In recent decades there have been efforts to develop a clearer international legal framework for the rights of Indigenous peoples (Daes, 2008[1]). In general, the concept of Indigenous peoples is not straightforward as the term "Indigenous" can have different connotations depending on the context, has changed over time and can be applied differently across and within countries. These changes and differences can generate divisions within Indigenous societies, affect the collection of statistics and therefore impact the effectiveness of public policies.

International conventions and declarations have been formative in developing globally encompassing definitions of Indigenous peoples. For instance, the ILO's Indigenous and Tribal Peoples Convention 169 proposes that self-identification as Indigenous or tribal shall be regarded as a fundamental criterion for determining the groups to which its provisions apply, which include:

- Tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations.
- Peoples in independent countries who are regarded as Indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonisation or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions (ILO, 1989[2]).

Table 1.1 presents how selected OECD member and non-member countries define Indigenous peoples in their legal frameworks and the statistical criteria for Indigenous identity. The majority of OECD member countries and selected partner countries apply the ILO Convention 169 definition framework in their legal and statistical frameworks.

At the national level, Australia bases its definition of Indigenous peoples on three criteria: ancestry, self-identification and community acceptance. Similarly, countries such as Canada tend to define their Indigenous population based on self-identification. However, definitions that use community acceptance might, in some cases, be problematic as some Indigenous peoples may identify themselves as Indigenous, have Indigenous parents but not be part of any Indigenous community for some reason. It may result in some people who self-identify as Indigenous not having the same legal rights and access to resources and services that others have. This type of complexity has been experienced in Canada where some people who have ancestry in First Nations are not recognised as having "Indian[1] status" under the Indian Act[2] (even though they self-identify themselves as Indigenous) due to weak or absent linkages with an ancestral Indigenous community.

Definitions of Indigenous peoples in northern European countries include specific objective characteristics of Indigenous culture such as when Indigenous language was spoken in the family home and their occupation. For example, Finland, Norway and Sweden attach specific legal rights to the traditional Sámi practice of nomadic reindeer herding. According to (Lantto and Mörkenstam (2008[3]), nomadic reindeer herding is only relevant to a small proportion of the Sámi people today. Particular objective characteristics in the legal definition mean that some Sámi who self-identify are not recognised as Indigenous peoples under the national law, which can create divisions within Indigenous societies (OECD, 2019[4]).

In the United States, self-identification (as American Indian, Native Hawaiian or Alaskan Native) is used as the fundamental criteria for collecting statistics. However, different definitions are used in relation to the application of laws related to Indigenous peoples and access to services and programmes. The legal definition framework of the United States differs from frameworks used in other countries since state governments are able to use their own definitions and procedures. This type of system is complex, as an individual can be recognised as "Indian" under the federal laws but not under the state laws and vice versa. The Federal government recognises 573 tribes and state governments can recognise tribes which are not recognised by the federal government. For example, the definition used in the Bureau of Indian Affairs includes the requirements mentioned above plus other specifications: Indian is an individual, who is qualified to use its services, as an individual who is a "member" of an Indian tribe, band, or community that is "recognised" by the federal government; who lives on "or near" a reserve; and has one-quarter or more Indian ancestry.[3]

Table 1.1. Legal definition of Indigenous peoples across selected OECD member and non-member countries

	Legal definition
	Selected OECD member countries
Australia	An Aboriginal or Torres Strait Islander is a person of Aboriginal and Torres Strait Islander *descent* who *identifies* as an Aboriginal or Torres Strait Islander and is accepted as such by the *community* in which he or she lives.
Canada	Indigenous people is a collective name for the original peoples of North America and their descendants. In the Census of Population, "Aboriginal identity" refers to whether the person identified with the Aboriginal peoples of Canada. This includes those who are First Nations (North American Indian), Métis or Inuk (Inuit) and/or those who are Registered or Treaty Indians (that is, registered under the Indian Act of Canada), and/or those who have membership in a First Nation or Indian band. Aboriginal peoples of Canada are identified in the Constitution Act, 1982, Section 35 (2) as including the Indian, Inuit and Métis peoples of Canada.
Chile	Indigenous peoples of Chile are the descendants of the human groups that exist in the national territory since pre-Columbian time, which retain their own ethnic and cultural manifestations. The law recognises nine Indigenous groups.
Finland	In the Sámi Parliament Act 17.7.1995/974, a Sámi person is defined as a person who identifies him- or herself as Sámi person, provided that he or at least one of his/her parents or grandparents have learnt Sámi language as his/her first language; or s/he is descendant of a person who has entered in a land, taxation or a population register as mountain, forest or fishing Lapp/Lappish; or at least one of his/her parent is entered or could have been registered as a voter to Sámi Delegation or Sámi Parliament elections.
Mexico	Indigenous peoples are those that descend from populations that inhabited the current territory of the country at the beginning of colonisation and that preserve their own social, economic, cultural and political institutions, or part of them.
New Zealand	Māori means a person of the Māori race of New Zealand, and includes any descendant of such a person.
Sweden	Sámi refers to a person who considers him/herself to be Sámi (subjective) and ensures that he or she has or have had the Sámi language spoken at home, or ensures that any of his or her parents or grandparents have or have had the Sámi language spoken at home, or has a parent who is or has been listed on the electoral roll of the Sámi Parliament. This definition refers to eligibility to vote in elections for the Sámi Parliament.
United States	Self-identification as American Indian or Native Alaskan for the purposes of collecting statistics. Different criteria used at federal and state level in relation to legal rights, and access programmes and services.
	Select non-member countries
Argentina	People that are recognised as belonging to or descendant of an Indigenous people or a native of Argentina. Argentina recognises 34 Indigenous groups that speak 10 different languages.
Colombia	Belonging to an Indigenous group, identification with Indigenous culture and physical traits, and language spoken at home. There are 87 recognised different Indigenous groups in Colombia that speak 65 languages.
Peru	Indigenous peoples are recognised in the constitution but different definitions are used across the national census, population censuses for the Amazon, and the national agrarian census.
Russian Federation	Russian legislation recognises Indigenous peoples using the following six criteria: ethnic self-identification (self-awareness as an independent ethnic community); preservation of an original territory or habitat; preservation of a special economic space through the doing of folk crafts; preservation of the original culture; keeping a native language common to all; and have a population in Russia less than 50 000 people.

Source: Elaboration based on survey responses by countries.

Statistical frameworks used in OECD countries

The simplest statistical definition is one that aligns with the ILO 169 convention in terms of self-identification based on descent and/or belonging and acceptance by a group. Many countries align with this principle and use simple self-identification questions in their statistical frameworks (Table 1.2). This is the case for Australia, Canada, New Zealand and the United States. As discussed in the previous section, other countries also place various types of conditions and restrictions on the characteristics of Indigenous identity (e.g. linguistic, status and occupational, registration or recognition of groups by the state, and geography). Some countries do not collect statistics about Indigenous peoples because of laws prohibiting ethnic identification.

Table 1.2. The statistical framework to identify Indigenous peoples

	Statistical identification method	Question	Changes in the statistical definition
Selected OECD member countries			
Australia	Self-identification question based on origin.	"Are you of Aboriginal or Torres Strait Islander origin?"	The 1996 Census was the first Census to allow people's origins to be recorded as both Aboriginal and Torres Strait Islander, prior to this only one or the other could be recorded.
Canada	Self-identification question with respect to ethnic or cultural identity.	Is this person an Aboriginal person, that is, First Nations (North American Indian), Métis or Inuk (Inuit)? Respondents could respond "Yes, First Nations (North American Indian)", "Yes, Métis", "Yes, Inuk (Inuit)" or "No, not an Aboriginal person" by checking off the appropriate mark-in circle. As well, respondents can also respond "No" or "yes" as to whether they had Registered or Treaty Indian Status or membership in a First Nations or Indian band.	This criterion was first used in 1996. Prior to that, the Indigenous population was defined on the basis of reported ancestry.
Chile	Self-identification question with respect to ethnic origin.	Do you consider yourself a member of a community of Indigenous peoples?	..
Finland	Indigenous people are identified by their first language.	..	The criteria have not changed in the past 10-20 years.
Mexico	The National Institute of Statistics and Geography (INEGI) of Mexico use language registration and self-identification with respect to identity asked to every individual age five and older as statistical identification of the Indigenous population of Mexico.	..	Prior to that, the main criterion to define Indigenous population was the Indigenous language spoken at home.
New Zealand	Self-identification with respect to identity.	Which ethnic group do you belong?	Descent/ancestry unchanged since 1991, Ethnicity (w.r.t Māori) unchanged since 1986.
Sweden	Statistics Sweden does not have any legal basis on which to collect or disseminate statistic on individuals with regards to ethnicity.	..	..

	Statistical identification method	Question	Changes in the statistical definition
United States	Self-identification question with respect to ethnic identity.	The American Indian and Alaska Native population includes people who marked [on the 2010 Census form/Exhibit 1] the "American Indian or Alaska Native" checkbox or reported entries such as Navajo, Blackfeet, Inupiat, Yup'ik, or Central American Indian groups or South American Indian groups.	..
Select non-member countries			
Argentina	The criterion used has been the population that is recognised as belonging to or descendant of an Indigenous people or originating in Argentina.	..	..
Colombia	Self-identification with respect to cultural identity.	..	..
Peru	Self-identification with respect to their identity.	..	First time used in 2017 Census.
Russian Federation	Self-identification related to national group.	What is your national identity?	

.. : Missing value or not available.
Source: Own elaboration based on survey responses from countries.

Statistical identification methodologies based on specific objective characteristics are less inclusive and less likely to produce accurate estimates. Specifically, statistical identification based on population's ancestral territories, or embeddedness in traditional cultures and practices, can lead to underestimation of Indigenous population whenever attachment with traditional groups is lost after migrating to urban areas. Additionally, the addition of linguistic criteria can lead to exclusion (Box 1.1).

Box 1.1. Use of linguistic criteria to define Indigenous peoples, the cases of Finland and Mexico

Although Indigenous language has been acknowledged as a crucial part of Indigenous identity, it does not serve as a good proxy for Indigenous identity since it is not inclusive. In some regions, the Indigenous language has been replaced with the dominant language. Moreover, Indigenous peoples have a greater likelihood to face discrimination, which may force them to give up their first language and to adapt to the mainstream culture. Historically, Indigenous peoples were also coerced into not using their own language (for example through the school system). As a result, the total size of Indigenous populations may be underestimated (Barbary, 2015[5]).

Mexico utilises two definitions, which produces different conclusions about the size of the Indigenous population. Based on self-identification the Indigenous population of Mexico is 25.7 million people or 21.5% of the population. Based on the criteria of speaking an Indigenous language at home, the Indigenous population of Mexico is 12.3 million people or 10.1% of the population. The National Commission for the Development of Indigenous Peoples of Mexico uses both Indigenous language and self-identification as criteria for

identification. The linguistic criterion is based on the principle that language is fundamental to the reproduction of Indigenous culture.

Although the collection of statistics based on ethnicity is not permitted in Finland, the National Statistical Office of Finland has estimated the size of the Sámi population to be around 2 000 people. This is based on individuals who have listed the Sámi language as their first language. However, the population estimate made by the Sámi Parliament is five times higher than the estimate of the Statistical Office Finland.

Sources: Own elaboration based on multiple sources; Barbary, O. (2015), "Social inequalities and indigenous populations in Mexico: A plural approach", http://dx.doi.org/10.1007/978-3-319-20095-8_11.

Another way the scope of Indigenous data collection is restricted is the limitation of self-identification to specific groups that are legally recognised. This can be problematic depending upon the requirements and procedures put in place to achieve this recognition. The occupation of traditional territory, engagement in traditional occupations and practices, and use of Indigenous languages may all restrict the groups which are recognised. It may also relate to how customary law, kinship relations and traditional knowledge are recognised in state law. Some Indigenous groups in remote areas may also have very limited contact with the state and reliable information about them may be lacking.

Some countries also explicitly forbid the collection of statistics on ethnic identity. Finland, Norway and Sweden are examples of countries that apply this rule. As a result, other forms of data collection become the primary way of recognising and collecting statistics about Indigenous peoples. In Sweden, far more is known about Sámi who participate in what are considered traditional livelihoods and who live in the reindeer husbandry area situated in the Swedish parts of Sápmi (foremost the regions of Jämtland-Härjedalen, Norrbotten, Västerbotten) and the northernmost part of the region of Dalarna, because these activities are captured by reindeer industry codes in official statistics (as opposed to ethnic identification).[4] However, it has been estimated that less than 20% of the Sámi population is connected to reindeer herding (Axelsson and Sköld, 2006[6]).

Although some countries have a well-defined statistical framework for Indigenous people, they are not used by all the bodies of government and other organisations that collect data on Indigenous peoples. A common challenge can be the sharing of data between different agencies of government. For example, there may be protocols or rules regarding privacy which inhibit data sharing with Indigenous populations so they can make informed decisions. This may include data about the use of health and education services, law enforcement and justice, land use and environmental assessments, public investment and tax collection.

Data collection and sharing challenges also exist across different levels of government. In federal countries, subnational governments may have responsibility for some of the key areas impacting Indigenous well-being (for example the delivery of health and education services in the case of Australia and Canada). However, disaggregated data regarding how Indigenous peoples use these services and the results generated from them may not be shared between levels of government, or with Indigenous communities. Reducing these barriers to enable better data sharing can result in better policies and more informed decision-making.

The geographic distribution of Indigenous people in OECD regions

There are approximately 38 million Indigenous peoples across 12 OECD member countries, which is equivalent to the total population of Poland, the 12th largest OECD member country in terms of the size of population. Countries that work closely with the OECD, some of whom are on in the process of membership or accession, also have significant Indigenous populations (e.g. Argentina, Brazil, Colombia, Costa Rica, Indonesia and Peru).

A better understanding of the well-being of Indigenous peoples is an important global issue and for OECD countries. The subnational analysis focuses on five OECD member countries that have disaggregated data available on Indigenous peoples (Australia, Canada, Mexico, New Zealand and the United States). These countries present 94% of the total Indigenous peoples across OECD member countries (see Table 1.3).

Table 1.3. Indigenous peoples in selected OECD countries

Country	No. of Indigenous people
Australia	798 381
Canada	1 673 785
Mexico	25 699 111
New Zealand	692 300
United States	6 706 210
Total	**35 569 787**
Total OECD	**38 026 969**

Note: The Indigenous population data of the United States refers to the Indigenous population identified as American Indian and Alaska Native, alone or in combination. Total Indigenous population is based on estimates of the number of Indigenous people in OECD countries (see Table 1.4).
Sources: Data is based on Australian Bureau of Statistics (2017[7]) Feature Article 1: Aboriginal and Torres Strait Islander Population Estimates, 2016 for Australia; Statistics Canada (n.d.[8]), 2016 *Census of Population for Canada*; INEGI (n.d.[9]), *Encuesta Intercensal* [*Intercensal Survey*], 2015 data for Mexico; Stats NZ (n.d.[10]), 2013 Census (database) for New Zealand; U.S. Census Bureau (n.d.[11]), 2012-2016 American Community Survey 5-Year Estimates, Table DP05 using American FactFinder for the United States.

National distribution

The size of Indigenous populations differs significantly across OECD member and non-member countries. Table 1.4 provides estimates of Indigenous populations for OECD member and selected non-member countries that report having Indigenous population. These population numbers are likely to be underestimated as they are highly dependent on the Indigenous peoples' identification method. At the national level, Indigenous peoples form a relatively small population group with regards to the dominant population. There is also a significant range in the proportion and size of the population. The country with the largest proportion of Indigenous peoples is New Zealand with 16.3% and the smallest is Japan with 0.02%. The largest Indigenous population within OECD countries is found in Mexico with an estimated population of 12.3 million (based on the spoken language of Indigenous household). If the definition is extended to those who self-identify as Indigenous, the estimated size is 25.7 million or 21.5% of the population (Table 1.4).

Table 1.4. Estimated Indigenous populations in OECD member and select non-member countries

OECD member countries	Indigenous peoples	Population	Percentage of national population
Australia	Aboriginal and Torres Strait Islanders	798 381	3.3
Canada	First Nation/Inuit/Métis	1 673 785	4.9
Chile	Various	2 185 722	9
Denmark (Greenland)*	Inuit	50 220	(85)
Finland	Sámi	10 000	
France (New Caledonia)*	Kanak	104 958	(39.1)
Japan	Ainu	28 782	0.02
Mexico	Various	12 250 947-25 699 111	10.1-21.5
New Zealand	Māori	692 300	16.3
Norway	Sámi	50 000-65 000	1-1.3
Sweden	Sámi	20 000	0.2
United States	American Indian/Alaskan native/Native Hawaiians	3 739 506-6 706 210	1.2-2
Total population		38 026 969*	
Select non-member countries			
Argentina	Various groups	955 032	2.4
Colombia	Various (65 Amerindian languages)	1 392 623	3.4
Costa Rica	Various incl. Bruca and Bribri	104 143	2
Brazil	Various incl. Guarani	896 917	0.47
South Africa	San people and Khoekhoe	529 819	1
Peru	Various incl. Quechua and Aymara	4 000 000	4
Russian Federation	Various	257 895	0.2
Total select non-member		**8 136 429**	
Total Indigenous population		**46 163 398***	

*: Estimate of the total Indigenous population. For the United States, the first population figure refers to race alone and the second to race alone or in combination. For Mexico, the first population figure refers to the population that speaks Indigenous language/s and the second one to the population that self-identify as Indigenous.

Note: Population data for Greenland refers to population born in Greenland. Greenland is defined as an autonomous country within Denmark, whilst New Caledonia is a special collectively of France. Data refer to 2017 for Chile; 2016 for Australia, Canada and the United States; 2015 for Mexico; 2014 for France; 2013 for New Zealand; 2011 for Costa Rica; 2010 for Brazil; 2005 for Colombia.

Sources: Data is based on Australian Bureau of Statistics (2017[7]), *Feature Article 1: Aboriginal and Torres Strait Islander Population Estimates, 2016* for Australia; Statistics Canada (n.d.[8]), *2016 Census of Population* for Canada; National Institute of Statistics Chile (2018[12]), *2017 Census Results* [*Resultados Censo 2017*] for Chile; Sámi Parliament Finland (n.d.[13]), *The Sámi in Finland* for Finland; National Institute of Statistics and Economic Studies of New Caledonia (2015[14]) for France;, Statsbank Greenland (2018[15]), *2018 Population in Greenland* for Denmark, The Food and Agriculture Organization (FAO) (n.d.[16]), Indigenous peoples (country data) for Japan, Norway, Argentina, Peru, South Africa and Russian Federation; INEGI (n.d.[9]), *Encuesta Intercensal* [*Intercensal Survey*], 2015 data for Mexico; Stats NZ (n.d.[10]), *2013 Census (database)* for New Zealand; Sámi Parliament (2018[17]), *Background: The State and the Sami Parliament* for Sweden; U.S. Census Bureau (n.d.[11]), 2012-2016 American Community Survey 5-Year Estimates, Table PEPASR6H & PEPASR5H, using American FactFinder for the United States; National Institute of Statistics and Census of Costa Rica (n.d.[18]) Census 2011 Ethnic groups [Grupos étnicos - raciales] for Costa Rica; The Government of Colombia's National Administrative Department of Statistics (DANE) (n.d.[19]), *2005 Census* for Colombia; and The Brazilian Institute of Geography and Statistics (IBGE) (n.d.[20]), *2010 Census* for Brazil.

Subnational distribution of Indigenous peoples: The importance of rural areas

In most countries, Indigenous people are highly concentrated in specific locations. For instance, Indigenous people populate the northern areas of Finland, Sweden and Norway. In Denmark and France, Indigenous populations are respectively in the territories of Greenland and New Caledonia. Although the Ainu constitute a very small proportion of Japan's total population they are concentrated in their ancestral home on the island of Hokkaido.

This section discusses the distribution of Indigenous peoples across Territorial Level 2 (TL2) and Territorial Level 3 (TL3) regions, and across types of TL3 regions (see Box 1.2). The OECD extended typology has also classified TL3 regions into four categories: predominantly urban, intermediate, predominantly rural close to a city and predominantly rural remote.

Box 1.2. OECD TL3 regional typology

OECD regional levels and their classification

Territorial Level 2 (TL2) and Territorial Level 3 (TL3) regions are two main territorial levels used by the OECD for comparative statistical analysis across member countries. TL2 regions consist of macro-regions within each OECD country, such as states in the United States of America or provinces in Argentina. TL3 regions consist of smaller micro-regions within TL2 regions. The OECD has developed a regional typology of Territorial Level 3 (TL3) regions to compare regional performance across member countries.

The OECD taxonomy defines TL3 regions as predominantly urban (hereafter referred to as urban), intermediate and predominantly rural (hereafter referred to as rural). This taxonomy, established in 1991, is designed for facilitating international comparability of data. With this aim, it applies the same criterion and selects comparable units among OECD member countries. The OECD scheme distinguishes between two levels of geography within countries: a local community level and a regional level. Local communities are defined as basic administrative units or small statistical areas. They are classified as either rural or urban using a population density threshold. In a second step, TL3 regions, which correspond to larger administrative units or functional areas, are defined as predominantly urban, intermediate or rural with a criterion measuring the share of the population living in rural communities.

The first step in the OECD territorial typology is that of classifying "local units" (administrative entities at a geographical level lower than TL3) as rural if their population density is below 150 inhabitants per km^2. In a second step, the local units are aggregated into TL3 regions and classified as "predominantly urban", "intermediate" and "predominantly rural" using the percentage of population living in rural local units. A third step takes into account possible reclassification of predominantly rural and intermediate units based on the population size of their main agglomeration.

Source: Brezzi, M., L. Dijkstra and V. Ruiz (2011[21]), "OECD Extended Regional Typology: The Economic Performance of Remote Rural Regions", http://dx.doi.org/10.1787/5kg6z83tw7f4-en.

This typology has been created for statistical purposes because each of these types of regions tends to have different kinds of development challenges and opportunities. Rural areas can be classified into different types according to their proximity to urban centres for the purpose of defining specific challenges and opportunities related to their geographic location (Table 1.5).

Table 1.5. Summary of challenges and opportunities by type of rural region

Type	Challenges	Opportunities
Rural inside functional urban area (FUA)	Loss of control of future-activities concentrate in core. Loss of rural identity.	More stable future-potential to capture benefits of urban, and avoid negatives.
Rural outside, but in close proximity to an FUA	Conflicts between new residents and locals. May be too far away for some firms, but too close for others.	Potential to attract high-income households seeking a high quality of life. Relatively easy access to advanced services and urban culture. Good access to transport.
Rural remote	Highly specialised economies subject to booms and busts-limited connectivity and large distances between settlements. High per capita costs of services.	Absolute advantage in production of natural resource-based outputs. Attractive for firms that need access to an urban area, but not on a daily basis. Can offer unique environments that can be attractive to firms and individuals.

Source: OECD (2016[22]), *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, https://dx.doi.org/10.1787/9789264260245-en.

Territorial Level 2 (TL2) distribution

The high geographical concentration and the share of Indigenous people highlight the significant role of Indigenous peoples in some OECD regional economies. Approximately three-quarters of all Indigenous peoples concentrate in one-third of all TL2 regions in the five selected countries (38 TL2 regions). Table 1.6 highlights the significance of Indigenous peoples in certain regions. Within these regions, the share of Indigenous population varies from 1.66% (California) to 85.86% (Nunavut). In regions such as Nunavut (Canada), Oaxaca (Mexico), Yucatán (Mexico) and Northwest Territories, Indigenous people represent more than 50% of the total regional population. Defined by the number of Indigenous populations living in the region, the region with the largest estimated number of Indigenous peoples is found in the State of Mexico, Mexico with its total Indigenous population of 2 751 672.

Table 1.6. Regional distribution of the Indigenous population in five study countries, regions with the greatest share and size of Indigenous peoples

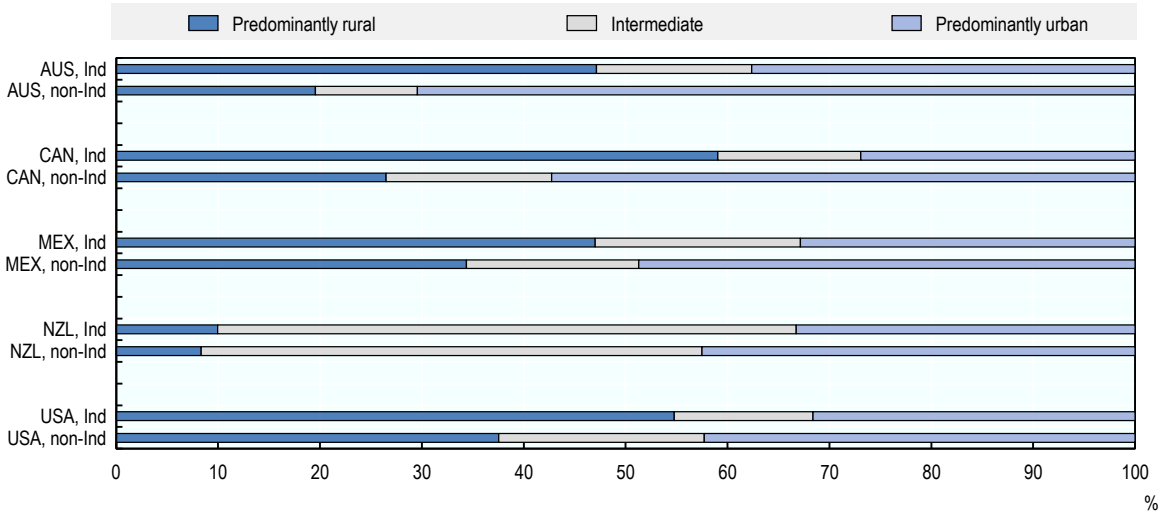
OECD member countries	Top TL2 region	Population	% Indigenous population of the region	% of total national Indigenous population
Australia	Northern Territory	58 806	27	9
	New South Wales	216 000	3	34
Canada	Nunavut	30 550	86	2
	Ontario	374 395	3	22
Mexico	Oaxaca	2 608 093	66	10
	State of Mexico	2 751 672	17	11
New Zealand	Gisborne	19 683	49	3
	Auckland Region	163 920	12	24
United States	Alaska	139 762	18	2
	California	1 026 741	3	15

Note: The Indigenous population data of the United States refers to the Indigenous population identified as American Indian and Alaska Native, alone or in combination.
Sources: Data is based on Australian Bureau of Statistics (ABS) (n.d.[23]), *Census of Population and Housing, 2016* (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), *2016 Census of Population* for Canada; INEGI (n.d.[24]), *Estimadores de la Población Total y su Distribución Porcentual Según Autoadscripción Indígena por Entidad Federativa, Sexo y Grandes Grupos de Edad [Total Population Estimators and Their Percentage Distribution according to Indigenous Self-identification]*, 2016 for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), 2012-2016 American Community Survey 5-Year Estimates, Table PEPASR5H, using American FactFinder for the United States.

Territorial Level 3 (TL3) distribution

Across Australia, Canada, Mexico, New Zealand and the United States a larger proportion of Indigenous people live in predominantly rural regions (compared to the non-Indigenous population). On average, 44% of the Indigenous peoples in these five countries live in predominantly rural areas (Figure 1.1). Moreover, Indigenous peoples in rural areas represent about 8% of the total rural population. On the contrary, 30% of the total Indigenous populations of the five OECD countries live in urban areas, about 25 percentage points less than the share for the non-Indigenous population living in urban areas. About 5% of the total urban population across these five countries is Indigenous.

Figure 1.1. Distribution of Indigenous population by type of region and country, 2016



Ind: Indigenous.
Non-Ind: Non-Indigenous.
Sources: OECD calculations based on data from on Australian Bureau of Statistics (ABS) (n.d.[23]), 2016 C ensus of Population and Housing (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population for Canada; Minnesota Population Center (2018[25]) INEGI Population census 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[26]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables B01001A, B01001B, B01001C, B01001D using American FactFinder for the United States.

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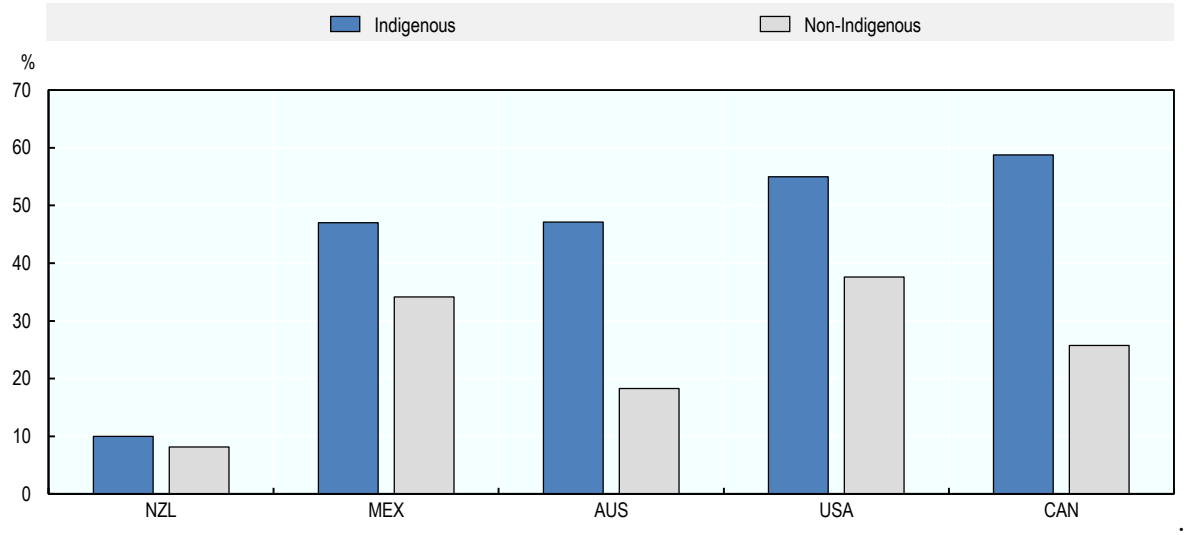
Indigenous peoples represent much higher shares in rural regions than non-Indigenous peoples. Around 44% of the Indigenous population live in predominantly rural regions across the selected countries, 19 percentage points more than the average of 25% for the non-Indigenous population (Figure 1.2). Canada holds the largest share of Indigenous peoples in rural areas: in 2016, 59% of the Indigenous Canadians lived in rural areas, representing a difference of 33 percentage points compared to the share of non-Indigenous peoples living in rural areas. A large difference also occurs in Australia: 48% of the total Indigenous population and only 34% of non-Indigenous peoples are living in rural areas (a difference of 14 percentage points).

Figure 1.2. Indigenous and non-Indigenous peoples in predominantly rural regions



Sources: OECD calculations based on data from on Australian Bureau of Statistics (ABS) (n.d.[23]), 2016 C ensus of Population and Housing (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population for Canada; Minnesota Population Center (2018[25]) INEGI Population census 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[26]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables B01001A, B01001B, B01001C, B01001D using American FactFinder http://factfinder2.census.gov for the United States.

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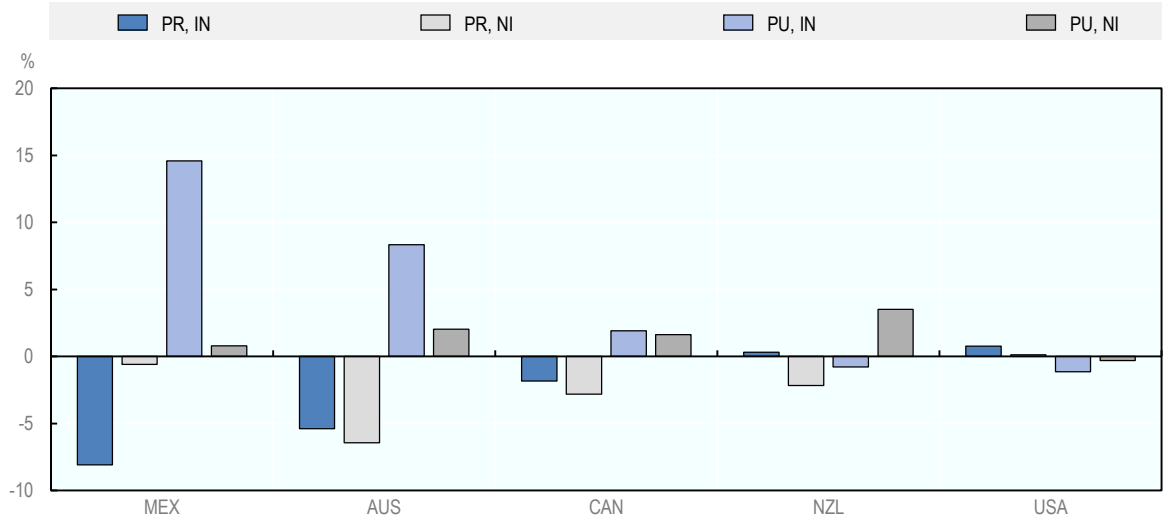
However, recent trends show that Indigenous populations are becoming increasingly urbanised. While the majority of the Indigenous population still lives in rural regions, the share of Indigenous people in urban regions increased (4.6%), particularly in Australia and Mexico during 2010-16, and it is expected to keep rising. Simultaneously, rural regions have experienced falling rates (-2.8%) of peoples who self-identify themselves as Indigenous during 2011-16. For example, the share of Indigenous peoples in urban regions of Mexico has increased by approximately 15% and the share of Indigenous peoples in rural regions has decreased by 8% (Figure 1.3). A similar pattern is observed in the change in the distribution of non-Indigenous peoples over the same time period: urban regions experienced an increase in the share of the population of non-Indigenous peoples (1.5%) while rural regions experienced a decrease (-2.3%) in the share of the non-Indigenous population.

Figure 1.3. Growth rates of Indigenous and non-Indigenous populations in urban and rural regions, 2011-16



PR: predominantly rural; PU: predominantly urban; IN: Indigenous; NI: non-Indigenous.
Note: Data refers to 2010 and 2015 for Mexico; 2006 and 2013 for New Zealand; and 2010 and 2016 for the United States.
Sources: OECD calculations based on data from on Australian Bureau of Statistics (ABS) (n.d.[23]), Census of Population and Housing, 2011 and 2016, TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population and 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]) INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2006 and 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[26]), American Community Survey, 2006-2010 American Community Survey 5-Year Estimates and 2012-2016 American Community Survey 5-Year Estimates, Tables B01001A, B01001B, B01001C, B01001D using American FactFinder http://factfinder2.census.gov for the United States.

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Two reasons may explain this urbanisation trend. First, Indigenous peoples migrate from rural areas to cities as people seek employment opportunities and access to public goods and services. In developing and middle-income countries, this can also occur in the context of decreased demand for labour in rural regions as a result of modernisation in the agricultural sector. Second, the higher propensity to self-identify as Indigenous may be more concentrated in urban areas. Australia, Canada, New Zealand and the United States experienced a large increase in the number of people self-reporting an Indigenous ancestry in recent census waves that cannot be explained by population growth alone (Balestra and Fleischer, 2018[27]). For example, the increase in the urban population of Indigenous people in Canada is mainly due to increases in self-identification, particularly for the Métis population (Survey response to OECD, Canada, 2018). These trends in Indigenous migration and population mobility are worthy of further investigation in future studies.

Indigenous well-being and development

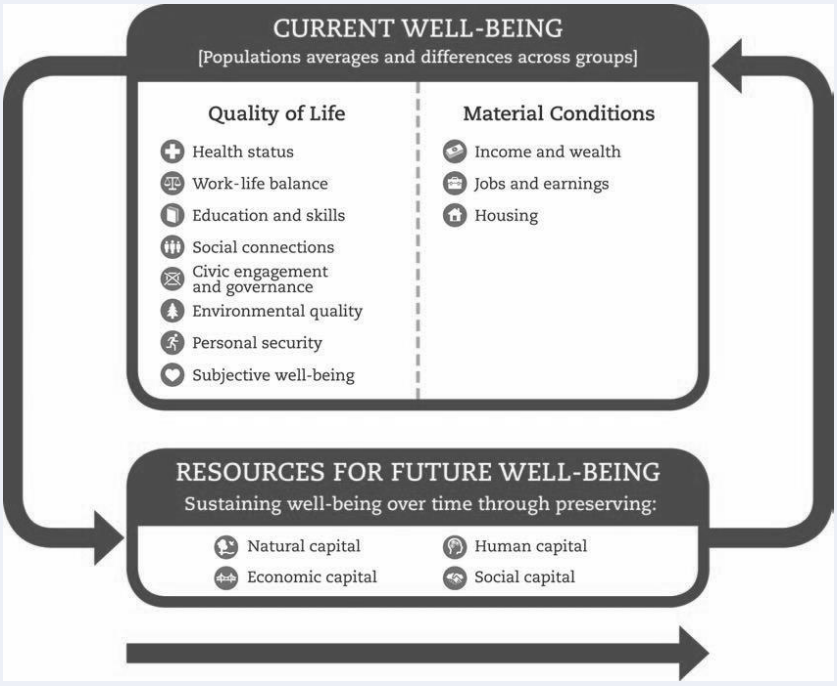
Frameworks to measure well-being

Well-being has gained attention as a regional development policy concept because it captures a number of factors that are important to the competitiveness of places, and helps to reinforce the importance of complementarities between different sectoral policies. Regional well-being can be assessed through the OECD well-being framework which encompasses 11 dimensions: income and wealth, jobs and earnings, housing, health, work-life balance, environment, education, safety, civic engagement and governance, social connections, and subjective well-being (see Box 1.3). In its adaptation to the regional context, access to services is additionally considered in the Well-being Framework. This multi-dimensional framework covers both material and non-material factors, focuses on people's quality of life instead of just the economic system. Well-being indicators related to this framework include both objective and subjective measures since perceptions are a complement of well-being as experienced by people. Along these lines, the importance of the distribution of resources both within and across societies is considered as an integral part of development.

Box 1.3. The OECD Well-being Framework

The OECD has established a well-being framework for measuring individual well-being which is developed from the capabilities approach that conceives development as a process that can expand individual's choices and opportunities to live the lives that they value (OECD, 2017[28]; Sen, 2005[29]). The approach for well-being is people-centric and the framework focuses on well-being outcomes rather than inputs (for example educational attainment rather than access to schools or the number of teachers) (Figure 1.4). The framework incorporates 11 dimensions of current well-being and 4 types of capital stocks (natural, economic, human and social) to guarantee the sustainability of future well-being.

Figure 1.4. The OECD framework for measuring well-being



Sources: OECD (2017[28]), *How's Life? Measuring Well-Being*, http://dx.doi.org/10.1787/how_life-2017-en; Sen, A. (2005), "Human rights and capabilities", http://dx.doi.org/10.1080/14649880500120491.

The values and perspectives of Indigenous peoples have generally not been incorporated into countries well-being frameworks and policy agendas. Current debates and perspectives about how to better reflect Indigenous values and perspectives in the Sustainable Development Goals is a good example of this (see Box 1.4) (ILO, 2015[30]). Only a few countries have created frameworks that focus on the well-being of Indigenous people from their perspective (Stats NZ, 2013[31]). The incorporation of Indigenous values and perspectives into well-being frameworks is vital as it helps policymakers to better tailor policies to the needs and aspirations of Indigenous peoples, and monitor progress over time.

Box 1.4. Global approaches to measuring well-being and Indigenous peoples

International legal instruments provide another starting point for considering how to measure well-being and development outcomes for Indigenous peoples. The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) was endorsed in 2007 by 144 nations as a universal framework for the basic rights and well-being of Indigenous peoples. The UNDRIP has 46 articles which identify a number of elements which are important when considering place-based economic development issues for Indigenous peoples. This includes rights to participate in decision-making about development, facilitating cross-border trade and economic activities, free, prior and informed consent about development on Indigenous lands, measures that ensure productivity and conservation of Indigenous lands, and maintaining distinct institutions. It also identifies a number of aspects that should be considered when measuring

Indigenous well-being such as traditional knowledge and cultural practices, and the maintenance of language.

The UNDRIP was also developed in the context of increasing recognition of the need to go beyond gross domestic product (GDP) and other economic measures to develop a better understanding of how societies are performing. This recognition is reflected in the United Nations (UN) Sustainable Development Goals (SDGs). The SDGs were adopted by member countries in 2015 and outline shared development goals and indicators across 17 different areas (Figure 1.5).

Figure 1.5. The Global Goals for Sustainable Development (2015-30)

Source: UN (n.d.[32]), *About the Sustainable Development Goals*, www.un.org/sustainabledevelopment/sustainable-development-goals.

The SDGs include a commitment to "leave no one behind" which is particularly relevant given the poorer socio-economic outcomes generally experienced by Indigenous peoples across different countries. Indigenous peoples make up only 5% of the global population; however, it is estimated that they make up 15% of the world's poor and about one-third of the world's 900 million extremely poor rural people (UN Department of Economic and Social Affairs, 2019[33]). The SDGs include six specific references to Indigenous peoples including SDG2 (agricultural output of Indigenous small-scale farmers) and SDG4 (equal access to education for Indigenous children). The UN Permanent Forum on Indigenous Issues has identified a number of ways to strengthen the Indigenous perspectives within the SDGs including developing indicators of land use, disaggregation of measures for Indigenous populations and strengthening the capacity of Indigenous peoples to participate in reporting on the implementation of the SDGs (UN, 2018[34]). The subnational dimension is particularly important given the heterogeneous conditions facing Indigenous peoples across national territories.

Sources: Elaboration based on multiple sources; (UN, 2018[34])

Across countries, significant gaps between Indigenous and non-Indigenous populations have been identified with respect to life expectancy, child development, food security and employment outcomes, among others. For example, a study for Australia, Canada, New Zealand and the United States found that while these countries have high human development according to the United Nations Development Programme (UNDP), their Indigenous populations have only medium levels of human development (Cooke et al.,

2007[35]). The key economic development issues identified in the literature on Indigenous communities across a group of developed countries including Australia, Canada, New Zealand and the United States are: high poverty and deprivation rates, low diversity in the sources of income and high dependency on government transfers, low integration in the labour market, substance abuse, mental health issues and high suicide rates, among others (OECD, 2016[36]). In Latin American countries, Indigenous peoples rank at the bottom of multi-dimensional poverty and deprivation indicators, and the areas where Indigenous lands are located often lack basic infrastructure such as access to clean water and sewage systems (World Bank, 2015[37]). The difference in the intensity of economic activity generated by Indigenous peoples compared with national and regional economies could be due to a higher emphasis on customary activities and subsistence relative to market activities, and/or it could be indicative of lower opportunities available and different kinds of barriers (education levels, health, location and inter-generational poverty).

National well-being outcomes

This sub-section of the chapter provides an overview of the level of well-being outcomes and differences in the well-being of Indigenous and non-Indigenous people at a national level, based on the selected dimensions (income and wealth, jobs and earnings, housing, health status, and education and skills) of the OECD Well-being Framework. The analysis focuses on countries where disaggregated data on Indigenous peoples are available: Australia, Canada, Mexico, New Zealand and the United States. The selection is limited by data availability and for this reason, the quantitative analysis conducted in this chapter leaves out important aspects of Indigenous people's well-being such as the importance of social connections. The section focuses on the dimensions and indicators specified in Table 1.7.

Table 1.7. Indicators comparing Indigenous well-being across countries

Domain	Indicator
Material conditions	Median income
	Rooms per person (housing)
	Employment rate
	Unemployment rate
Quality of life	Life expectancy at birth
	Educational attainment rate

Material conditions

An individuals' material living conditions include household disposable income, labour market outcomes such as employment and unemployment rates, and housing conditions. Levels of income and wealth have a major impact on living standards. Without an adequate level of income, people have lower capabilities and choices about their lives. More importantly, with low levels of income, it is challenging for individuals to meet their basic needs such as sufficient housing and good nutrition.

Income and wealth

Indigenous people in all countries tend to have lower levels of income. Factors contributing to differences in household income between Indigenous peoples and non-Indigenous people are low labour market force participation rates, high unemployment rates, low wages among Indigenous peoples and higher levels of participation in the informal

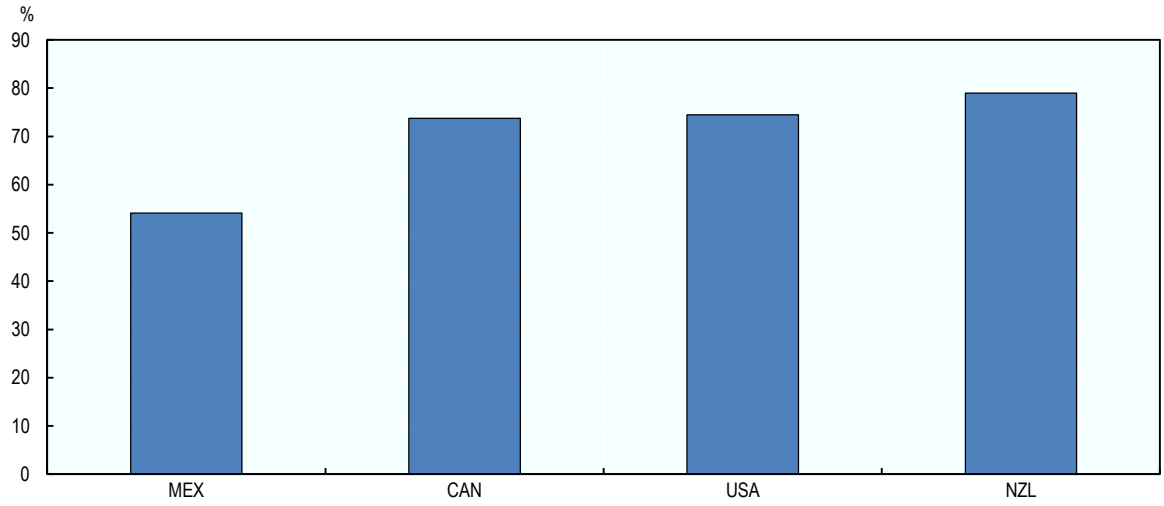
economy. Figure 1.6 illustrates income levels of Indigenous and non-Indigenous peoples in four countries (Canada, Mexico, New Zealand and the United States). The income gap is greatest in Mexico (USD 11 600) and smallest in New Zealand (USD 4 000).

Across the most recent intercensal period, the median Indigenous income increased in Canada, New Zealand and the United States.[5] In Canada the growth of median income was greater than in other countries, the median Indigenous income grew by 23.3%. Simultaneously, the median household income of non-Indigenous peoples increased, but the growth was more moderate than the growth of Indigenous peoples' median income, which led to a smaller Indigenous and non-Indigenous people's income gap. In Canada, the income gap decreased by five percentage points in the most recent intercensal period.

The income figures analysed here do not include non-monetary income of Indigenous peoples. Non-monetary sources of income include traditional activities such as subsistence hunting, fishing and farming. Usually, the market prices of these income sources cannot be estimated. This may be due to the reluctance of Indigenous populations to monetise these activities because of perceived risks associated with taxation of this income and intrusion of government institutions into customary and traditional activities (OECD – interviews on fact finding missions to Australia, Canada and the United States). Non-monetary income is likely to be more significant for the quality of life of Indigenous peoples than for non-Indigenous peoples, particularly in rural remote areas, due to the role of subsistence hunting, fishing and harvesting.

To address the disadvantaged situation of Indigenous peoples, many countries provide transfer payments for Indigenous people. As a consequence, Indigenous households are usually more likely to be dependent on government transfers than non-Indigenous households. Indigenous women are most/more likely than men to receive government transfers because of their role in managing households and caring for children. For example, statistics from Australia shows that Indigenous women have a higher likelihood of receiving transfers from the government than Indigenous men (Australian Health Ministers' Advisory Council, 2014[38]).

Figure 1.6. Ratio of Indigenous median income to non-Indigenous income by country, 2016 or latest year available



Note: The variable refers to: median total personal income for Canada; median household income for Mexico; median personal income for New Zealand; and median earnings for the United States. Non-Indigenous peoples' income corresponds to the median earnings of the total population of the United States. Data refer to 2013 for New Zealand and 2015 for Canada.
Sources: Calculation based on data drawn from Statistics Canada (n.d.[8]), 2016 Census Data Tables for Canada; survey responses from Mexico for Mexico; Stats NZ (2014[39]) *2013 Census Quick Stats about income* for New Zealand; and U.S. Census Bureau (n.d.[11]) American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables S2001, B20017C using American FactFinder for the United States.

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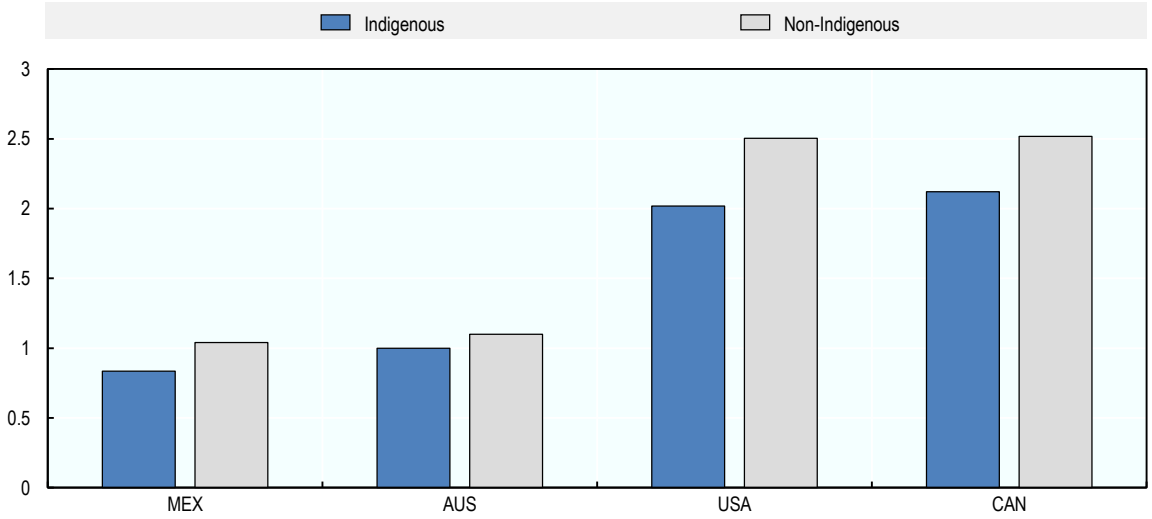
Housing

While the vast majority of non-Indigenous peoples across the OECD countries have adequate housing, Indigenous peoples have a higher tendency to live in overcrowded and lower quality housing, which contributes to serious challenges for Indigenous well-being. Housing has impacts on individuals' quality of life and well-being. The number of rooms per person is a standard measure of whether people are living in crowded conditions. As Figure 1.10 shows, the highest housing gap is reported in the United States and lowest in Australia and Mexico where the gap is about 0.1 rooms.

However, it should be noted that the figures below do not account for individuals living in unsuitable dwellings or homelessness and as such do not fully reflect the housing situation of Indigenous peoples. For instance, urban Indigenous peoples in Canada are eight times more likely to end up being homeless than non-Indigenous people living in cities (Homeless Hub, 2019[40]). Housing challenges among Indigenous peoples are most often a cause of a combination of low income, limited access to finance, low levels of inter-generational wealth, and challenges with land tenure.

Figure 1.7. Average number of rooms per person, Indigenous and non-Indigenous peoples by country, 2016 or latest year available



Note: Data of Mexico only considers dwellings that are built for housing.
Sources: OECD calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]) ABS Census of Population and Housing, 2016, TableBuilder for Australia; Minnesota Population Center (2018[25]), 2011 National Household Survey for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; Ruggles et al. (2018[41]). IPUMS USA: Version 8.0 American Community Survey 2016. Minneapolis, MN: IPUMS, 2018. https://doi.org/10.18128/D010.V8.0.

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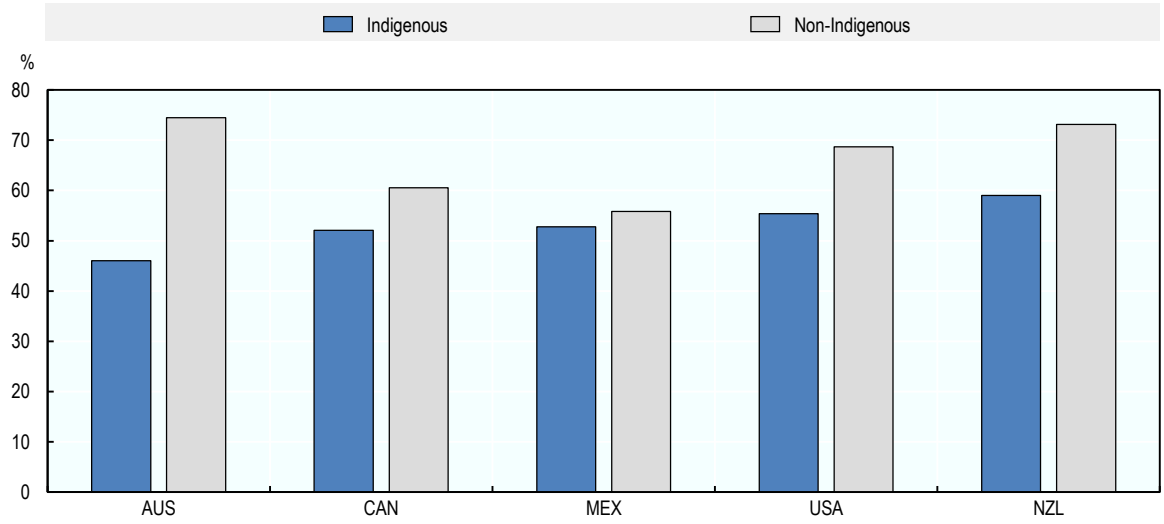
Employment rate

The employment rate is calculated as a ratio of the employed to the working age population and is an important indicator of economic participation. At the national level, Indigenous peoples have lower employment rates than rest of the population. Participation in the labour market has important implications in many Indigenous peoples' lives as it can provide economic security and increase quality of life. Finding a job and being employed under secure, well-paid and stable work conditions can help Indigenous peoples break dependency relationships with governments by giving them independent sources of income. Across the sample countries, the employment rate of Indigenous peoples averages 53%. New Zealand records the highest Indigenous employment rate of 59% and the lowest employment rate of Indigenous peoples is reported in Australia with 45%.

Although the employment rate of Indigenous peoples across the five countries is quite similar to one another, the employment rates of non-Indigenous peoples in these countries are more heterogeneous. The gap in employment rates of Indigenous and non-Indigenous peoples is largest in Australia, approximately 28 percentage points, followed by Canada, where the employment rate gap is 8 percentage points and Mexico with 3 percentage points.

Figure 1.8. Employment rates of Indigenous and non-Indigenous peoples by country, 2016 or latest year available

Employed people aged 15-64, as a percentage of the population of the same age



Note: The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the employment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

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The evolution of employment rates of Indigenous peoples is mixed across countries. It showed the largest decrease in New Zealand, where it changed by approximately five percentage points between 2006 and 2013. During the same period, the employment rate of non-Indigenous decreased by three percentage points, so the gap in the employment rate of Indigenous and non-Indigenous peoples decreased by three percentage points. In Canada, the employment rate for Indigenous people stayed the same between 2011 and 2016, while the employment rate of non-Indigenous showed a small decrease, resulting in a small decrease in the employment rate gap of less than one percentage points. Meanwhile, Australia recorded a slightly larger increase in the employment rate of Indigenous compared to non-Indigenous (1.75 percentage points versus 2.95 percentage points), leading to a decrease in the employment rate gap of 1.2 percentage points.

Unemployment

The unemployment rate is the number of unemployed people as a percentage of the labour force, where the latter consists of the unemployed plus those in paid or self-employment. Unemployed people are those who report that they are without work, that they are available for work and that they have taken active steps to find work. The criteria used to define

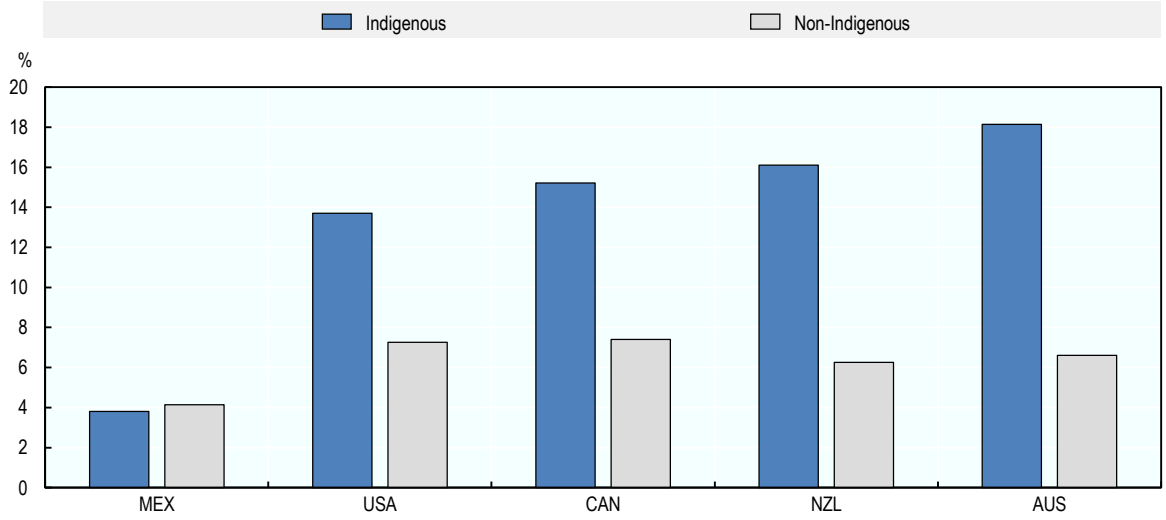
unemployment varies between countries. It is not a perfect measure of slack in the labour market because it excludes people who have given up looking for work.

Unemployment rates for Indigenous peoples are much higher than for non-Indigenous peoples in all the countries under study (Figure 1.9). The unemployment rate of Indigenous peoples is on average 16% and 10 percentage points higher than the average unemployment rate of non-Indigenous peoples. Australia has the highest Indigenous unemployment rate (18%). Among the five countries under study, Mexico is the only country where the unemployment rate of Indigenous peoples is significantly lower than the unemployment rate of non-Indigenous peoples. There, approximately 4% of the Indigenous labour force is unemployed.

The United States is the only country where the unemployment rate of Indigenous peoples decreased in a 5-year period while in the other countries the unemployment increased. The highest increase in unemployment rates of Indigenous peoples was in New Zealand, where the unemployment rate of Indigenous peoples changed from 11% to 16% between 2006 and 2013. In other countries, the change was more moderate or the rate has stayed unchangeable. Similarly, the unemployment rate of non-Indigenous did not change significantly. The biggest change was in unemployment rates of non-Indigenous peoples in New Zealand, where it increased by two percentage points. Respectively to the change of rates, the gap only widened in New Zealand by three percentage points from 2006-11 to 2013-16.

Figure 1.9. Unemployment rates of Indigenous and non-Indigenous peoples by country, 2016 or latest year available

Percentage of the labour force (15-64 age population) unemployed



Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, the unemployment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

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Quality of life

Quality of life encompasses participation in work, skills and competencies, and whether people are healthy and motivated enough to contribute to the economy and society. In advanced OECD economies, the level of skills attainment is becoming a more important predictor of accessing higher quality jobs. In the context of ageing populations, it is also important that people have the health to continue to participate in work and social activities.

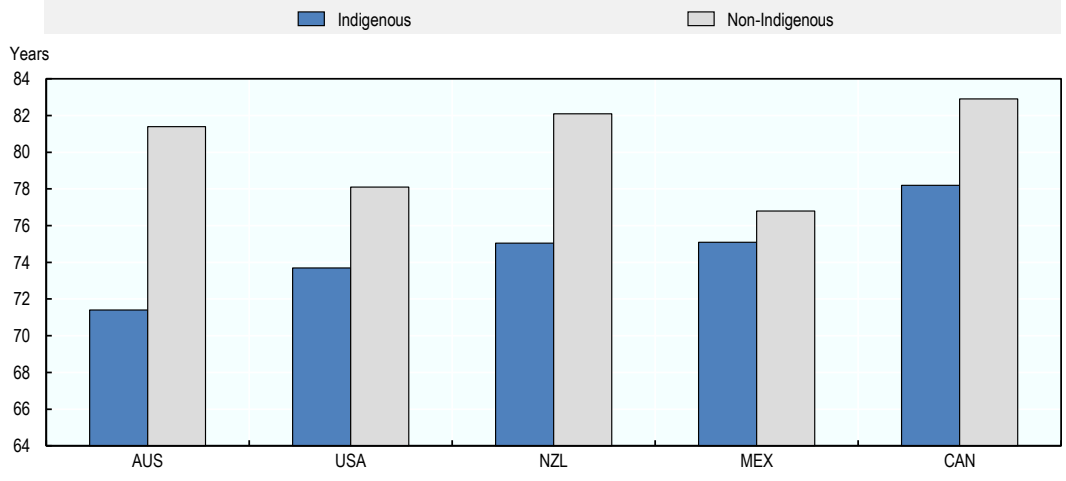
Health status

Health is one of those aspects that impact on every dimension of individuals' life and therefore it is a crucial element of well-being for every people of all ages. Poor health is associated with lower subjective well-being as well as the individual's ability to take part in the labour market and further education and training (OECD, 2015[42]).

The life expectancy of Indigenous peoples is more than 70 years in every country. In Canada, the life expectancy of Indigenous peoples is the highest, on average 78.2 years. On the contrary, the lowest life expectancy is reported in Australia, the life expectancy of Indigenous Australians is 4.1 years less than the average Indigenous Canadians life expectancy.

In all five studying countries, Indigenous peoples' life expectancy at birth is lower than non-Indigenous peoples. In Australia, the life expectancy gap between Indigenous and non-Indigenous peoples is 10 years (Figure 1.10). The life expectancy gap is smallest in Mexico where the average life expectancy gap is less than two years. Between different Indigenous groups, the life expectancy at birth varies widely. For example, in Canada, Inuit have the lowest life expectancy rates among the three Indigenous groups. In fact, the difference between Inuit and Métis estimated life expectancy at birth is 10 years (Statistics Canada, 2015[43]). As with the non-Indigenous population, Indigenous women have longer life expectancies than men.

Figure 1.10. Life expectancy at birth of Indigenous and non-Indigenous peoples by country



Note: The latest available year is 2009-11 for the United States; 2010 for Mexico; 2010-12 for Australia; 2012-14 for New Zealand; and 2017 for Canada.

Sources: Calculations based on data drawn from Australian Institute of Health and Welfare for Australia (2018[44]), *Deaths in Australia*, https://www.aihw.gov.au/reports/life-expectancy-death/deaths-in-australia/contents/life-expectancy; data provided by Statistics Canada; survey responses from Mexico for Mexico; data provided by Stats NZ on the 21th of December 2018; and Indian Health Service for the United States (2018[45]), *Disparities*, https://www.ihs.gov/newsroom/factsheets/disparities/.

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However, life expectancy is not informative about perceived health or whether individuals live healthy lives. Unfortunately, there is no internationally comparable data available on Indigenous people's perceived health. Nevertheless, empirical evidence from Australia shows that in 2015, only 40% of Aboriginals and Torres Strait Islanders reported having excellent or very good health. Compared to non-Indigenous Australians, Aboriginals and Torres Strait Islanders had a lower likelihood of reporting their health as excellent and more likely to report health as poor or fair (Australian Bureau of Statistics, 2016[46]). Moreover, Aboriginal women had a higher probability to report their health as poor than Aboriginal men.

Education

Education has an important role to play in improving Indigenous well-being outcomes and supporting the development of Indigenous communities. Individuals with at least upper secondary degree are more likely to be part of the formal economy, have higher income and have better health than individuals with lower or no degree.

Indigenous peoples with at least upper secondary degree vary widely across the five countries, New Zealand (60%) and the United States (79%) have more highly educated Indigenous population than other selected OECD countries. Indigenous peoples in Mexico are less likely to be educated; there, the share of Indigenous peoples aged 2564 with at least upper secondary degree is 20%.

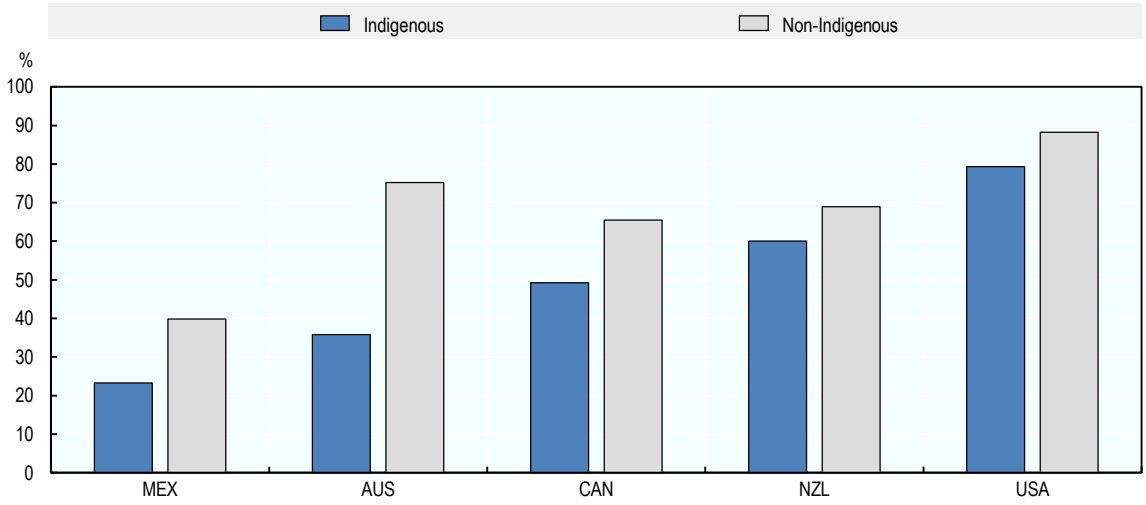
The educational attainment level of Indigenous is lower than that of the non-Indigenous population (in terms of upper secondary attainment) across all selected countries. The education gap is smallest in the United States (8.9 percentage points) and largest in Australia (39 percentage points) (Figure 1.11).

Despite the differences in educational attainment, evidence from census of population surveys shows that the share of Indigenous peoples with at least upper secondary education increased in all countries. The largest increase is reported in Mexico and New Zealand, where the educational attainment rate has changed by 7 percentage points between 2010 and 2015, and 2006 and 2013 respectively. In Canada and the United States, the change was smaller between 2011 and 2016. Yet, the increase in the share of Indigenous peoples did not lead to a significant change in the gap with the non-Indigenous population, except in New Zealand where the education gap increased by four percentage points.

These outcomes represent a disadvantage for Indigenous populations in terms of accessing high income "knowledge economy" jobs in the future. Succeeding in the labour market requires foundational skills (literacy, numeracy) along with high-level communication, interpersonal and problem-solving skills. Results from the 2012 OECD Survey of Adult Skills (PIAAC), indicated that on average Indigenous peoples in Canada had lower outcomes in literacy, numeracy and problem-solving in technology-rich environments than the average non-Indigenous Canadians. However, the gap in mean numeracy score was relatively small (4 points) compared to the gap in literacy score (13 points lower) (Aboriginal Affairs and Northern Development Canada, 2015[47]).

Figure 1.11. Educational attainment rates of Indigenous and non-Indigenous peoples by country, 2016 or latest year available

The share of adult population (25-64) with at least upper secondary education



Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, educational attainment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C15002A, C15002B, C15002C, C15002D using American FactFinder http://factfinder2.census.gov for the United States.

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Summary

At a national level, well-being outcomes of Indigenous peoples (in income and wealth, jobs and wages, housing, health, and education and skills) are significantly lower than non-Indigenous peoples. Table 1.8 highlights the observed gaps in outcomes between Indigenous and non-Indigenous peoples in five well-being dimensions and changes in the gaps in the country's most recent intercensal period. The results indicate mixed performance across countries in terms of reducing gaps in outcomes between Indigenous and non-Indigenous populations. In terms of median income, the average gap is USD 7 720. Canada and the United States reduced the gap in the most recent intercensal period between Indigenous and non-Indigenous peoples. Meanwhile, in New Zealand, the gap has increased (data not available for Australia and Mexico). The gap in the employment rate is 13 percentage points across the 5 sample countries. This gap has increased by 6.3 percentage points in the most recent intercensal period across these countries. The average difference in the unemployment rate is five percentage points and the average gap has increased by one percentage point. The gap reduced in Australia and Mexico but increased in New Zealand. The average gap in educational attainment is 20 percentage points but this gap has narrowed in Mexico and the United States and widened in New Zealand.

Table 1.8. Summary table of gaps in selected well-being indicators

Indicator	Average gap	Closing the gap	Gap widened
Median income	USD 7 720	Canada and United States	New Zealand
Room per person	0.3 rooms	..	..
Employment rate	13 percentage points	Canada	Australia, Mexico, New Zealand and United States
Unemployment rate	5 percentage points	Australia and Mexico	New Zealand
Life expectancy at birth rate	5.73 years	..	..
Educational attainment rate	20 percentage points	Mexico and United States	New Zealand

.. : Missing value.
Note: Average gap of median household income refers to after-tax median personal income for Canada; to median household income for Mexico; to median personal income for New Zealand; and to median earnings for the United States. The non-Indigenous peoples' income corresponds to the median earnings of the total population for the United States.

Subnational well-being outcomes

National averages tell only one side of the story – to understand the factors contributing to the differences in well-being and development outcomes between Indigenous and non-Indigenous peoples, it is necessary to look at the performance at the subnational level. This is because Indigenous communities are highly heterogeneous and embedded in different regional economies across national territories. This analysis utilises the OECD Well-Being Framework, which has been adapted to measure multi-dimensional well-being at the regional level and focuses on four dimensions (due to data availability) (Table 1.9).

Table 1.9. OECD Regional Well-being Indicators

Dimensions	Regional indicator	Indigenous analysis
1. Income and wealth	Regional disposable income per capita Household disposable income	X*
2. Jobs	Employment rate	X
	Long-term unemployment rate	
	Unemployment rate	X
3. Housing	Number of rooms per person	
4. Health status	Life expectancy at birth	
5. Education and skills	Educational attainment rate	X
6. Environmental quality	Air quality ($PM_{2.5}$)	
7. Personal security	Homicide rate	
8. Civic engagement and governance	Voter turnout	
9. Accessibility of services	Broadband connection	
10. Social connections	Quality of support network	
11. Subjective well-being	Self-evaluation of life satisfaction	

* Uses the poverty rate from the United States.
Source: OECD (2019[48]), *OECD Regional Well-Being*, https://www.oecdregionalwellbeing.org/ (accessed on 07 February 2019).

The analysis of each of these dimensions is organised as follows:

- At the TL2 level, it first examines each of the 4 well-being indicators across 37 TL2 regions from 5 countries. This analysis looks at the subnational variation across TL2 regions within and between countries, comparing it to the variation of the outcomes of non-Indigenous peoples. It also identifies the regions with the highest and lowest outcomes for each indicator.
- At the TL3 level, it covers 214 TL3 regions from 5 countries. Annex 1.A outlines the criteria for including regions. It first examines the outcome of well-being indicators across predominantly urban against predominately rural regions. It then examines the gaps in well-being indicators across predominantly urban, intermediate and predominantly rural regions within five countries in levels and growth rates over the period 2011-16.

The next section undertakes further analysis of the factors associated with higher labour force participation of Indigenous peoples.

Selection of regions

The analysis in this section exclusively considers a subgroup of TL2 and TL3 regions fulfilling predetermined criteria in terms of share or size of Indigenous populations. Annex 1.A contains the list of selected TL2 and TL3 regions.

TL2 regions where Indigenous peoples represent more than 10% of the total population of the region were selected,[6] leading to a subsample of 37 TL2 regions. TL3 regions were selected based on two criteria: the percentage share of the region's Indigenous population and the absolute size of Indigenous populations compared to the national averages. Regions included all exceed the national average in terms of size and percentage share. The population size criterion was used to include urban regions that may have relatively large Indigenous populations that only constitute a small proportion of the overall population. This selection process led to the selection of 214 TL3 regions in Australia, Canada, Mexico, New Zealand and the United States. Out of the 214 TL3 regions, 140 are predominantly rural, 27 is intermediate and 47 is predominantly urban (Table 1.10).

Table 1.10. Two hundred and fifteen TL3 regions selected for the subnational analysis of Indigenous well-being, by country

Country	Predominantly urban	Intermediate	Predominantly rural	Share of TL3 regions (%)
Australia	5	5	10	41
Canada	10	7	63	28
Mexico	19	11	53	40
New Zealand	1	4	1	43
United States	12	x	13	14
Total	**47**	**27**	**141**	**x**

x: Not applicable.

Sources: OECD analysis based based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables B01001A, B01001B, B01001C, B01001D using American FactFinder http://factfinder2.census.gov for the United States.

Material conditions

Income

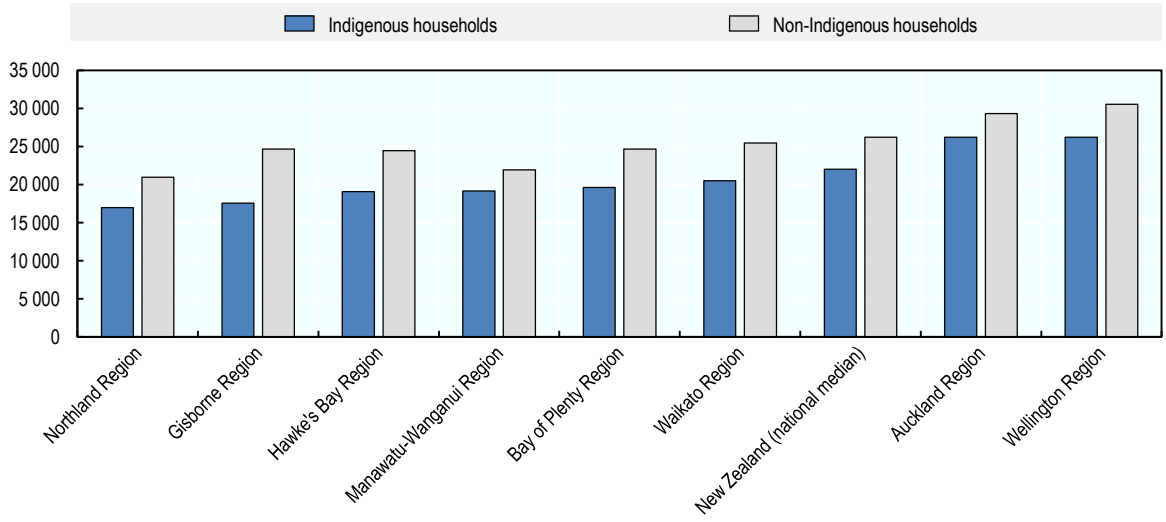
Data on household income between Indigenous and non-Indigenous peoples that are aggregated at the TL2 level is available for New Zealand. Income-related data at the TL3 level is only currently available for the United States and relates to poverty rates. Even under these data constraints, the evidence from New Zealand and the United States does reveal findings which can inform wider considerations about Indigenous household incomes such as the relatively poorer outcomes in regions with a larger Indigenous population and in rural areas.

New Zealand

Regional disparities in median household income emerge among New Zealand's Indigenous households. The median household income of Indigenous households varies from USD 16 982 to USD 26 220 in 2013 within the selected regions (Figure 1.12). The highest median household income was in Wellington Region and the lowest in Northland Region. Auckland Region and Wellington Region were the only regions in 2013 that had a higher median household income of Indigenous households than the national median household income of Indigenous households. The rest of the selected TL2 regions had lower Indigenous household income than the national median.

Figure 1.12. Median household income of Indigenous and non-Indigenous households across regions, 2013

USD at 2010 PPPs



Note: Household income is equivalised with the OECD-modified equivalisation scale so that household size is taken into account.
Source: Data provided by New Zealand on the 21th of December 2018.

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Indigenous household's median income is significantly lower than the median household income of non-Indigenous. The gap is largest in Gisborne Region, where the Indigenous household's median household income is USD 7 064 lower than the median household income of non-Indigenous households. On the contrary, the smallest gap is in Manawatu-Wanganui Regions where the difference was about USD 22 785 in 2013.

Across different types of regions, the median Indigenous household income is higher predominantly urban regions than in intermediate or predominantly rural regions. The median rural Indigenous household income was about USD 9 200 lower than the median urban Indigenous household income. Furthermore, all intermediate regions have a lower median Indigenous household income than the national level. The region with the lowest median Indigenous household income, Northland, is a predominantly rural region. On the other hand, Auckland and Wellington, the two regions with the highest median Indigenous household income, are predominantly urban regions.

While at a national and regional level, the median household income increased in 2006-13 in predominantly rural and intermediate regions, the income gap widened between Indigenous and non-Indigenous households, regardless of the higher median Indigenous household income in the regions. Wellington reported the highest increase in the median Indigenous household income in this period (an increase from USD 21 058 to USD 26 016). As expected, the lowest increase in the median Indigenous household income was in Northland, where the median income changes from USD 14 537 to USD 16 982. Due to increases in median income in Auckland and Wellington, the income gap between Indigenous and non-Indigenous households for New Zealand was reduced in the period 2006-13.

United States

The poverty rate is an important economic indicator that provides information about the material well-being of individuals for policymakers.[7] In the United States, poverty rates among Indigenous peoples are higher than non-Indigenous peoples. In 2016, the poverty rate[8] of Indigenous peoples was 14 percentage points higher than non-Indigenous peoples. Approximately, 28% of Indigenous peoples had an income lower than the poverty rate and in the 5 years to 2016, the poverty rate experienced a small increase (0.6 percentage points). The poverty gap between Indigenous and non-Indigenous peoples remained unchanged, as the increase of the national poverty rate of non-Indigenous peoples was similar to the increase of Indigenous peoples' poverty rate.

In 2016, the poverty in Indigenous peoples stood at 30% against 13% in non-Indigenous peoples, representing a gap of 17 percentages points within the selected large (TL2) regions. The smallest gap is found in Oklahoma where the difference in poverty rates of Indigenous and non-Indigenous peoples is 7 percentage points and the largest in South Dakota where the gap is almost 38 percentage points. The region with the highest Indigenous poverty rate is South Dakota, where almost half of Indigenous peoples have income below the poverty line. Otherwise, the poverty rate varies from 22.2% to 48.6%. Regions with a higher proportion of Indigenous population also tend to have higher poverty rates. This highlights the inequality between and within regions when considering Indigenous and non-Indigenous differences.

Indigenous peoples are worse off in rural areas compared to urban areas in the United States. The difference in poverty rates between rural and urban regions is seven percentage points. A greater share of Indigenous peoples living in urban areas has incomes above the poverty line than Indigenous Americans who live in rural areas. Furthermore, the

gap in poverty rates between Indigenous and non-Indigenous peoples is smaller in urban areas than in rural regions. In 2016, the difference between the poverty rates of Indigenous peoples and non-Indigenous peoples was 17 percentage points in rural areas and 10 percentage points in urban areas. Even though Indigenous peoples in urban areas are less likely to have income under the poverty rate than Indigenous peoples in rural areas, the poverty rate or urban Indigenous peoples experienced a greater increase between 2010 and 2016 than the poverty rate in rural areas (two percentage points compared to one percentage point change).

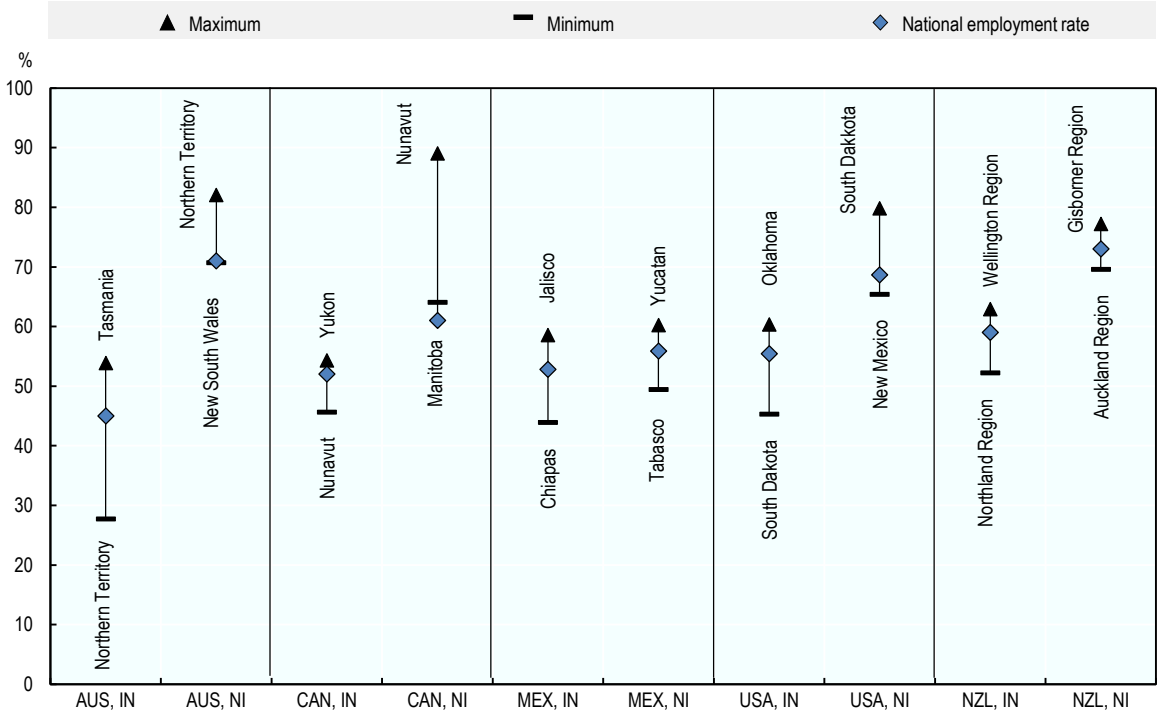
Employment rate

The previous section showed that in Australia, Canada, Mexico, New Zealand and the United States, the employment rate of Indigenous peoples is on average 53%, 13 percentage points lower than the employment rates of non-Indigenous peoples (Figure 1.13).[9] When looking at the employment rates of Indigenous and non-Indigenous peoples at the subnational level across the selected TL2 regions, a similar pattern emerges. Regional disparities in employment rates of Indigenous peoples are larger within the selected TL2 regions than disparities across the five countries at a national level (a difference of 26 percentage points). Northern Territory in Australia is the TL2 region with the lowest share of employed Indigenous peoples (29%) and Wellington in New Zealand is the region with the highest employment rate of Indigenous peoples (63%).

Inequalities between Indigenous and non-Indigenous peoples are also large within regions. The gap in the shares between employed Indigenous and non-Indigenous peoples is particularly large in Australia, Canada and the United States. In these countries, the TL2 region with the lowest rate of employment among Indigenous peoples is also the region that recorded the highest employment rates of non-Indigenous peoples (Northern Territory, Nunavut and South Dakota). In particular, in Northern Territory (Australia) and Nunavut (Canada), the share of employed Indigenous peoples is 56 and 43 percentage points lower than the share of employed non-Indigenous peoples.

Variations in the employment participation rate are also observed across different types of regions and rural and urban areas. Across the selected TL3 regions, Indigenous peoples have higher employment rates in urban and intermediate regions than in predominantly rural regions, on average Indigenous peoples in urban regions had 11 percentage points higher rate of employment than Indigenous peoples in rural regions in 2013-16. In rural areas, the highest share of employed Indigenous peoples is found in the United States where 53% of the working-age Indigenous peoples are employed and the lowest in Australia where 40% of Indigenous working age peoples are employed. The employment rates of Indigenous peoples in urban areas ranges from 54% (Australia) to 60% (New Zealand). Compared to the national average of the Indigenous employment rate, Indigenous peoples living in urban areas have also higher likelihood to be employed (on average about five percentage points higher) than average Indigenous citizen in the country. Conversely, the employment rate of rural Indigenous peoples is about seven percentage points lower than the national average.

Figure 1.13. Employment rates of Indigenous and non-Indigenous populations across regions, 2016 or latest year available



Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, the employment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

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When looking at the differences in employment rates between Indigenous and non-Indigenous peoples at a TL3 level, the gap in rural regions is systematically higher than the gap in urban regions in every country. In rural regions, the gap ranges from 5 (Mexico) to 35 (Australia) percentage points (Table 1.11). Respectively the gap in the employment rate between Indigenous and non-Indigenous peoples in urban regions ranges from 1 (Mexico) to 20 (Australia) percentage points. In urban Mexico, there is no significant difference between Indigenous and non-Indigenous employment rates. Australia, Canada and New Zealand have the widest gap in rural regions which can be explained by the high rate of non-Indigenous employment in rural regions.

Consistent with the national trends, employment rates of Indigenous and non-Indigenous peoples have decreased as well as the selected TL3 regions in the most recent intercensal period. The highest decrease in Indigenous employment rates in urban areas is reported in New Zealand where the difference in employment rates of Indigenous peoples in 2006-13 is six percentage points. Urban regions in Australia were the only regions where

employment rates of Indigenous peoples increased. Respectively, within rural regions, employment rates decreased everywhere else than in Canada (where the average employment rate of Indigenous peoples has remained unchanged). Similarly, as in urban regions, the highest decrease in rural regions is recorded in rural New Zealand where the share of employed Indigenous peoples was six percentage points lower in 2013 than in 2006. For more details on labour market outcomes for Australia and New Zealand, see Box 1.5.

Table 1.11. Employment rates for Indigenous and non-Indigenous peoples by type of region, 2016 or latest year available

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap
AUS	54	74	-20	46	76	-30	40	75	-35
CAN	58	62	-4	52	61	-9	45	60	-15
MEX	59	58	1	49	54	-5	45	50	-5
NZL	60	71	-11	57	75	-18	52	72	-20
USA	59	68	-9	59	72	-13	53	70	-17

Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, the employment rate refers to Aboriginal and non-Aboriginal populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Box 1.5. Labour market outcomes of Indigenous women: Evidence from Australia and New Zealand

Inequalities in labour market outcomes do not only emerge between Indigenous and non-Indigenous peoples but inequalities are also apparent between Indigenous men and women. Evidence from Australia and New Zealand shows that a gap also exists in average well-being outcomes between Indigenous women and men at the national and subnational level. Indigenous women tend to be worse off with regards to labour market outcomes.

Based on data drawn from a census of population surveys, In Australia and New Zealand, Indigenous women have on average lower labour force participation rates and therefore lower employment rates than Indigenous men. The gender gap is smaller in Australia than in New Zealand. In Australia, the difference between employment rates of Indigenous women and men is about three percentage points while in New Zealand the difference is nine percentage points. Similar trends are found when considering the gender gap of non-Indigenous peoples: non-Indigenous men in New Zealand are more likely to be employed than non-Indigenous women.

However, the gender gap in labour market outcomes decreased in these countries in 2011-16 (Australia) and 2006-13 (New Zealand). The gender gap in employment in Australia decreased due to the increase in Indigenous women employment rates. In

New Zealand, the change was caused by a greater decline in the employment rates of Indigenous men.

Subnational trends for gender gaps in labour market outcomes are similar to national trends. The largest gender gap in New Zealand occurs in rural regions, where the difference in Indigenous women and men employment is about eight percentage points. In contrast, in Australia, the largest gender gap of Indigenous and non-Indigenous peoples is found in urban regions. Indigenous women in urban regions have a higher likelihood to be employed than Indigenous women in intermediate or rural regions. On the contrary, Indigenous women in rural regions are less likely to be employed and more likely to be unemployed.

Labour market outcomes between women and men can differ due to family responsibilities and specialisation in unpaid work, larger negative association with a criminal record, and cultural and customary responsibilities (Savvas, Boulton and Jepsen, 2011[49]).

Sources: Authors' elaboration, based on data drawn from Australian Bureau of Statistics (n.d.[23]) 2011 and 2016 Census of Population and Housing (database), TableBuilder for Australia; and Stats NZ (n.d.[10]) 2006 and 2013 Census (database).

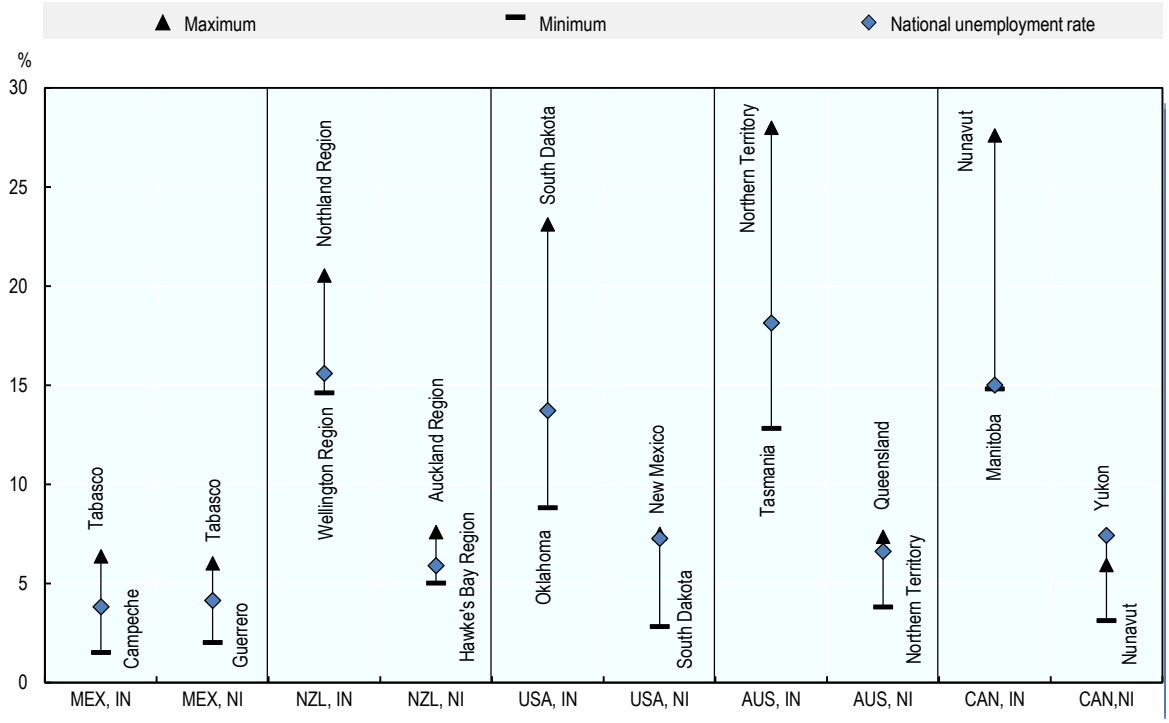
Unemployment

Unemployment rates are significantly higher for Indigenous peoples than non-Indigenous peoples at a subnational level in all countries with the exception of Mexico, where Indigenous peoples have equal shares of unemployed Indigenous and non-Indigenous peoples. In 2016, the regions with the highest share of unemployed Indigenous peoples was Northern Territory (Australia) and Nunavut (Canada) with a share of 28% of the Indigenous labour force unemployed (Figure 1.14).

Furthermore, regions with a high proportion of Indigenous people show significant variation in unemployment rates. In fact, the variation in unemployment rates of Indigenous peoples is higher than variation among non-Indigenous peoples' unemployment rates. The range between the regions with the highest unemployment rate of Indigenous peoples and the regions with the lowest unemployment rate is on average six percentage points higher than the regional disparities in unemployment rates of non-Indigenous peoples. Countries with the greatest regional variation in unemployment rates of Indigenous peoples are Australia, Canada and the United States, where the difference in Indigenous unemployment rates between the regions with the highest and lowest unemployment rates is about 12.8 percentage points.

Besides Mexico, the gap in the shares between unemployed Indigenous and non-Indigenous peoples is large in every country (on average 15 percentage points). In Australia, Canada and the United States, TL2 regions with the highest rate of unemployment among Indigenous peoples also recorded the lowest unemployment rates of non-Indigenous peoples (Northern Territory, Nunavut and South Dakota). In Nunavut, Canada, where the total Indigenous population is 85% of the total population, the unemployment rate of Indigenous peoples is 27.6% and of non-Indigenous peoples only 3%, representing a considerable gap of 24.6 percentage points.

Figure 1.14. Unemployment rates of Indigenous and non-Indigenous peoples across regions, 2016 or latest year available



Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, the unemployment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

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The variations across rural and urban regions are also notable. The lowest unemployment rate of Indigenous peoples is reported in urban regions and Indigenous peoples in rural regions have the highest unemployment rates. The unemployment rate of Indigenous peoples in urban regions varies from 3% (Mexico) to 16% (New Zealand) and in rural regions from 4% (Mexico) to 21% (Australia, Canada) (Table 1.12). The difference between the unemployment rate among urban and rural Indigenous peoples was on average about five percentage points in 2013-16. Indigenous peoples in urban regions have lower unemployment rates than the average Indigenous citizen in Australia, Canada and the United States (on average three percentage points lower). On the contrary, in rural regions of Australia, Canada, New Zealand and the United States, the average unemployment rate of Indigenous peoples is 4.4 percentage points higher than the national average unemployment rate of Indigenous peoples.

Australia has the widest gap between unemployment rates of Indigenous and non-Indigenous peoples in every TL3 region, which indicates a challenge in terms of

inequalities between Indigenous and non-Indigenous populations within regions. The difference in Indigenous and non-Indigenous peoples' unemployment rates is highest in predominantly rural regions in every country, with gaps ranging from 0 (Mexico) to 15 (Australia) percentage points. In urban regions, the unemployment gap between Indigenous and non-Indigenous peoples ranges from 1 (Mexico) to 9 (New Zealand) percentage points.

Unemployment rates have primarily increased in rural areas in Australia, Canada and New Zealand in 2011-16 from 1 (Canada) to 6 (New Zealand) percentage points. In urban areas, the unemployment rate increased only in New Zealand by five percentage points. Among non-Indigenous peoples, the unemployment rates increased notably in urban areas in Australia and New Zealand and rural areas in Australia, Canada and New Zealand. However, the rise in unemployment rates of non-Indigenous peoples was more moderate than in Indigenous peoples. As a consequence, the gaps in unemployment rates shrank in urban areas of Australia and widened in rural areas of Australia, Canada, Mexico and New Zealand.

Table 1.12. Unemployment rates for Indigenous and non-Indigenous peoples by type of region, 2016 or latest year available

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap
AUS	15	7	-8	19	7	-12	21	6	-15
CAN	12	7	-5	14	7	-7	21	8	-13
MEX	3	4	1	4	4	0	4	4	0
NZL	16	7	-9	17	5	-12	20	6	-14
USA	13	8	-5	13	7	-6	15	6	-9

Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, the unemployment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Quality of life

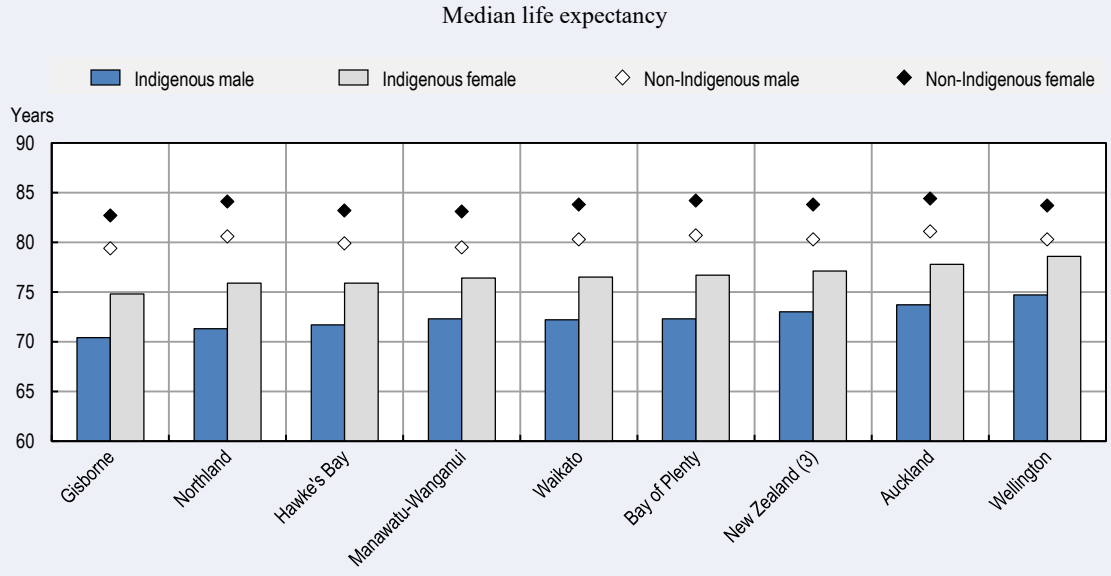
Health status

Data on health status between Indigenous and non-Indigenous peoples at the TL2 level is only available for New Zealand. National-level data indicates that while Indigenous peoples have lower life expectancy than non-Indigenous peoples, Indigenous women have a higher life expectancy (83.9 years) than Indigenous men (73 years). At a regional level, similar trends emerge. Non-Indigenous peoples have longer life expectancies, especial non-Indigenous women. The gender national differences between Indigenous men and women apply at the regional level. Box 1.6 contains more detail on the regional level.

Box 1.6. Life expectancy across regions – Evidence from New Zealand

Across regions, the life expectancy of Indigenous men and women vary from 70.4 years to 74.7 years and 74.8 years to 78.6 years. The regions with the highest life expectancy of Indigenous peoples are Auckland and Wellington, where the median life expectancy of Indigenous women was 78.6 years and median of Indigenous men was 74.7 (Figure 1.15). Even in the region with the highest level of life expectancy of Indigenous peoples, the median life expectancy is lower than the median life expectancy of non-Indigenous peoples at the national level. The difference was 5.2 years difference between Indigenous and non-Indigenous women and 9.9 years between Indigenous and non-Indigenous men. The large differences at the national level translate into large differences at the regional level. The region with the largest difference between both Indigenous and non-Indigenous women and Indigenous and non-Indigenous men was Northland in 2012-14, where the respective figures were 8.2 years and 9.3 years. Wellington was the region with the smallest differences (5.1 years and 5.6 years).

Figure 1.15. Life expectancy at birth of Indigenous and non-Indigenous peoples across New Zealand, 2012-14



Source: Data provided by New Zealand on the 21th of December 2018.

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When applying OECD TL3 typology, the results show that intermediate and rural regions have generally lower median life expectancy rates of Indigenous peoples than the national median, while the opposite applies to urban regions. An intermediate region (Gisborne) has the lowest life expectancy rates for Indigenous peoples while urban regions (Auckland and Wellington) the highest life expectancy rates. The largest difference between urban and rural regions was between Indigenous women in rural regions, approximately 2.7 years, and 3.4 years between Indigenous men.

Recent evidence indicates that the life expectancy of Indigenous peoples is rising. Between the two survey periods (2005-07 and 2012-14), the life expectancy of Indigenous men has increased by 3% while the life expectancy of Indigenous women increased by 2%.

The growth rate was as fast in every region as the national average and, therefore, there were no significant differences in the growth rates between urban and rural regions. Because of the general increase of life expectancy rate of Indigenous peoples, the gap in life expectancy of Indigenous and non-Indigenous peoples has narrowed. The gap decreased the most in an urban region (Wellington), from 6.8 years to 5.6 years between Indigenous and non-Indigenous men and from 6.2 to 5.1 years between Indigenous and non-Indigenous women.

Source: Authors' elaboration, based on data provided by New Zealand (2018[50]) on the 21st December 2018.

Education and skills

Country averages do not tell the complete story about the educational attainment of Indigenous peoples across the five sample countries. Although subnational results indicate that Indigenous peoples have lower educational levels than non-Indigenous peoples (in line with results from the national level), differences across selected OECD regions in terms of educational levels of Indigenous peoples are significant (Figure 1.16). The share of Indigenous peoples with at least upper secondary education varies widely across the selected regions, from 11% (Chiapas, Mexico) to 84% (Oklahoma, United States). This variation is larger than the variation in non-Indigenous education rates across the selected regions (30%-94%).

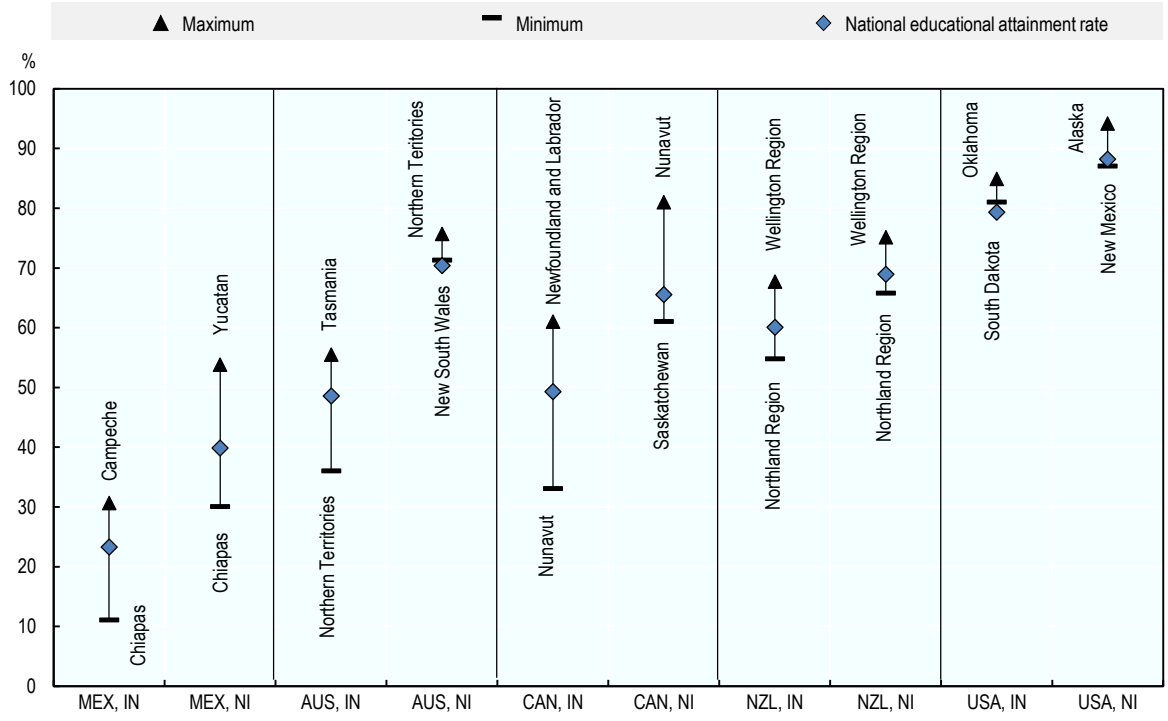
When looking at the regional differences within countries, the largest gaps between Indigenous peoples' education level is found in Canada (28 percentage points difference between the regions with the highest and lowest educational attainment rate) and smallest in the United States (11 percentage point difference). Again, inequalities within regions can be observed in Nunavut (Canada) (48 percentage point difference), and the Northern Territory (Australia) (40 percentage point difference). Northern Territory also has the lowest level of educational attainment for Indigenous peoples and the highest for the non--Indigenous population.

Analysis across different types of regions again reveals the challenge that Indigenous peoples face in rural areas with regards to education. Indigenous peoples in urban regions are generally more likely to obtain at least an upper secondary degree than Indigenous peoples in rural areas. The share of educated Indigenous peoples in urban areas ranges from 29% (Mexico) to 64% (New Zealand) while in rural regions it ranges from 17% (Mexico) to 54% (New Zealand) (Table 1.13).

When comparing the share of educated Indigenous peoples to the national average, Indigenous peoples in rural areas have generally lower educational attainment rates than the average Indigenous citizen (on average 7% lower). In urban areas, Indigenous peoples have higher educational attainment rates than the average Indigenous citizen (on average 4%). In rural regions, Indigenous peoples are less likely to have at least an upper secondary degree than Indigenous peoples in urban regions. On average Indigenous education attainment rate in rural areas is approximately 13 percentage points less than in urban areas.

For non-Indigenous peoples, the educational attainment rate is about 11 percentage points lower in rural areas compared to educational attainment rate in urban areas.

Figure 1.16. Educational attainment rates of Indigenous and non-Indigenous peoples across regions, 2016 or latest year available



Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia, Canada and the United States. For Canada, the educational attainment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C15002A, C15002B, C15002C, C15002D using American FactFinder http://factfinder2.census.gov for the United States.

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Educational attainment rates of Indigenous peoples have increased both in urban and rural areas, the only exception being urban regions in Canada where the educational attainment rate has decreased by one percentage point. On average, the educational attainment rate of Indigenous peoples in rural areas was approximately five percentage points higher in 2013-16 than it was in 2006-11 in Canada, Mexico and New Zealand. Similarly, the rate in urban areas was about six percentage points higher in 2013-16 than in 2006-11 in Mexico and New Zealand. The education gap increased in rural areas of Canada (one percentage point) and New Zealand (three percentage points). Similarly, the education gap reported in urban areas of Mexico and New Zealand widened on average by three percentage points.

Table 1.13. Educational attainment rates for Indigenous and non-Indigenous peoples by type of region, 2016 or latest year available

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap
AUS	44	78	-34	38	72	-34	28	65	-37
CAN	53	68	-15	51	63	-12	40	58	-18
MEX	29	48	-19	17	35	-17	17	32	-15
NZL	64	70	-13	54	67	-13	54	66	-12

Note: The latest available year is 2013 for New Zealand; 2015 for Mexico; and 2016 for Australia and Canada. For Canada, the educational attainment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; and Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand,

Current stage of Indigenous well-being and how it compares with non-Indigenous peoples

This section has set up a framework to assess Indigenous well-being and development at a subnational level. The evidence presented above reveals some of the challenges Indigenous peoples face, including limited access to economic opportunities, compared to non-Indigenous peoples across the sample countries. Indigenous peoples report lower outcomes in well-being at both the national and subnational levels: Indigenous peoples are more likely to: live in overcrowded houses; have lower income; higher dependency on government transfer payments; and have lower levels of education and poorer health than non-Indigenous peoples.

Inequalities do not only appear between Indigenous and non-Indigenous peoples but also between men and women, and Indigenous peoples across different types of regions. The evidence shows that Indigenous peoples, particularly in rural regions, are in the most disadvantaged position. The levels of measured outcomes for the average Indigenous citizen in rural regions are lower with respect to the non-Indigenous population in terms of employment, unemployment and educational attainment rates (Table 1.14). Moreover, the gaps between Indigenous and non-Indigenous peoples in outcomes are wider within rural regions than in other types of regions. Particularly, in rural areas in Australia, the gap is wider in all measured outcomes. By contrast, Indigenous peoples in urban regions appear to perform better. On average, Indigenous peoples in urban regions have higher well-being outcomes than the average Indigenous citizen in all countries.

Table 1.14. Average gaps in key indicators between Indigenous and non-Indigenous populations, urban and rural regions, across sample countries

Indicator	Gap in urban regions	Gap in rural regions
Employment rate	-8.6	-18.4
Unemployment rate	-5.2	-10.2
Educational attainment rate	-20.3	-20.5

Note: Gap refers to the percentage point difference between Indigenous and non-Indigenous populations.

Over the years, the gap in different outcomes between Indigenous and non-Indigenous peoples has either remained unchanged or worsened. This further highlights the need to move beyond national averages and develop a better understanding of why these differences in prosperity and well-being exist across different types of regions for Indigenous peoples.

Understanding how regional characteristics shape well-being outcomes in rural and urban regions

The impact of regional characteristics on labour market outcomes

The analysis in the previous section demonstrated inequalities in key economic and educational outcomes between Indigenous and non-Indigenous peoples across different regions within countries, particularly in the case of rural areas. Regional differences in development outcomes evidenced in wider OECD work are the result of a combination of interconnected factors such as demographics, access to markets and services, physical and human capital, infrastructure and the regions capacity to innovate (OECD, 2009[51]; 2012[52]).

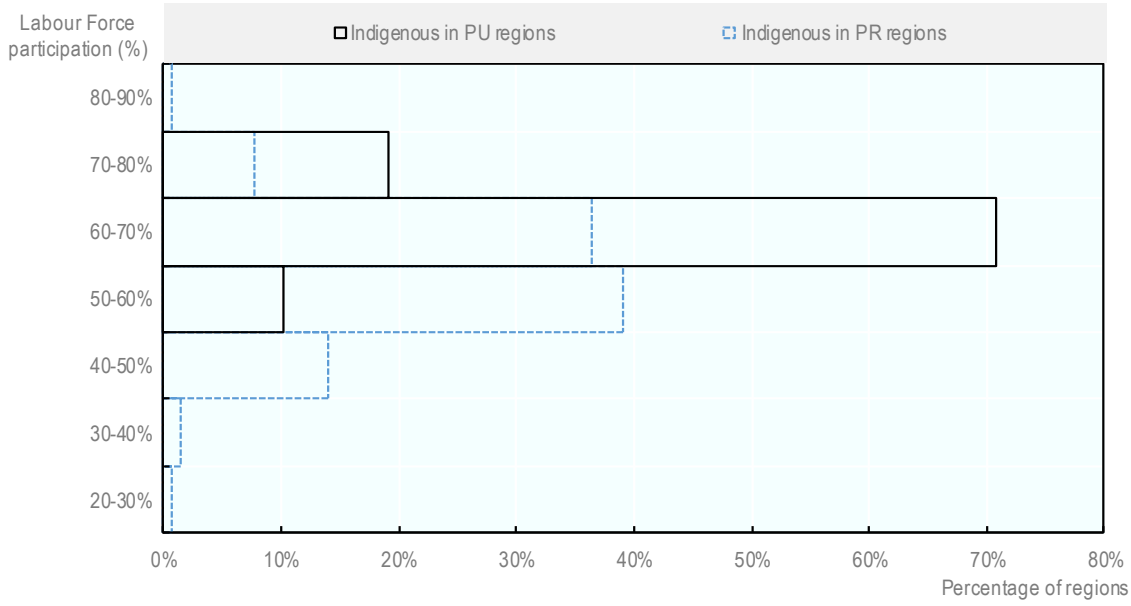
This section examines factors associated with different levels of labour force participation for Indigenous peoples at a regional level. This indicator was chosen as it reflects the economically active population within a region. The factors examined in the analysis are as follows: employment rate of Indigenous peoples; unemployment rate of Indigenous peoples; participation rate of non-Indigenous peoples; educational attainment rate of Indigenous peoples; population size; share of Indigenous population; proximity to the nearest cities (in rural areas); and the dependency ratio of Indigenous peoples. There are multiple factors that might influence Indigenous labour force participation. However, the analysis is limited by data availability and the exclusion of relevant factors such as community leadership, sectoral specialisation, infrastructure, the quality of institutions, and innovative capacity.

Labour force participation rates across small regions

Indigenous people in predominantly rural regions are more likely to have lower labour force participation rates. The median value for Indigenous labour force participation in predominantly urban regions is 66% and in predominantly rural regions it is 59%. This is due to the larger share of predominantly urban regions with a labour force participation rate in the 60%-70% category. The probability of a predominantly urban region having a labour force participation rate below 50% is zero, while this is not the case for predominantly rural regions: 16% of predominantly rural regions have labour force participation rates below 50% (Figure 1.17).

At a country level, Indigenous peoples in urban regions of Canada (66%) and New Zealand (71%) have the highest labour force participation rate within and across countries (Table 1.15). By contrast, Indigenous peoples living in rural areas have a lower probability of being part of the labour force. The labour force participation rate ranges in rural regions from 51% (Australia, Mexico) to 55% (New Zealand). The difference in Indigenous peoples' labour market outcomes across different types of regions is largest generally between rural and urban regions. The largest difference is recorded in Mexico, where the difference is 13 percentage points.

Figure 1.17. Urban and rural regions by percentage of labour force participation across Australia, Canada, Mexico, New Zealand and the United States, 2016 or latest year available



Note: The plot above compares labour force participation rates using the same scale. The proportion of regions falling into each category is used because there are many more predominantly rural (PR) than predominantly urban (PU) regions (89 vs 442). The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the labour force participation rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

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Table 1.15. Labour force participation of Indigenous peoples by type of region, 2016 or latest available year

Calculated as the labour force divided by the total working-age population aged 15-64

	Predominantly urban (%)	Intermediate (%)	Predominantly rural (%)
Australia	63	58	51
Canada	66	61	56
Mexico	64	54	51
New Zealand	71	69	66
United States	68	68	62

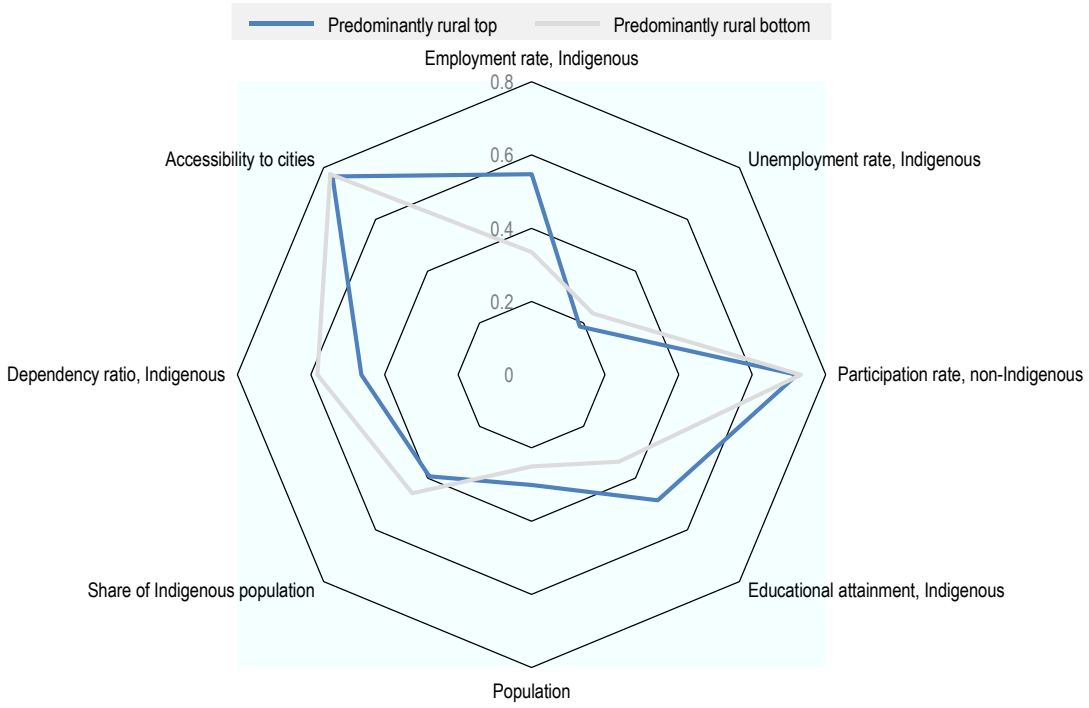
Note: The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the labour force participation rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Predominantly rural regions

Rural regions that have higher labour force participation of Indigenous peoples show a positive relationship with those who have higher employment rates. This finding is not surprising since labour force participation is a measure of the ratio of employed and unemployed working-age population to the total working-age population of the region. However, the working-age population is more likely to be employed (55%) in the top performing regions than in low performing regions where the share of employed Indigenous peoples is 33%. Furthermore, the level of the unemployment rate is five percentage points higher in the low performing regions.

Regions with higher levels of human capital, a larger and denser population, smaller share of Indigenous population, and with a younger demographic tend to have high levels of Indigenous labour market participation (Figure 1.18). The labour force participation rate is lower in smaller regions and in regions with lower levels of Indigenous peoples' human capital of where the size of the population is smaller. Indigenous peoples living in rural regions with a larger population have more economic opportunities and are, therefore, more likely to participate in economic activities. Furthermore, rural regions with lower dependency ratios, measured by the ratio of non-working-age population to working-age population, have a higher share of Indigenous peoples in the labour force.

Figure 1.18. Indigenous labour force participation rate, top and bottom performers, rural regions



Note: All indicators represent shares; the scale goes from 0 to 1. Top refers to rural regions in the top 20% of labour force participation rates of Indigenous peoples and the bottom refers to rural regions in the 20% of labour force rates of Indigenous peoples in 2016. Includes only regions with a relatively high share of Indigenous peoples in Australia, Canada and New Zealand, see Appendix 1.

Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; and Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand.

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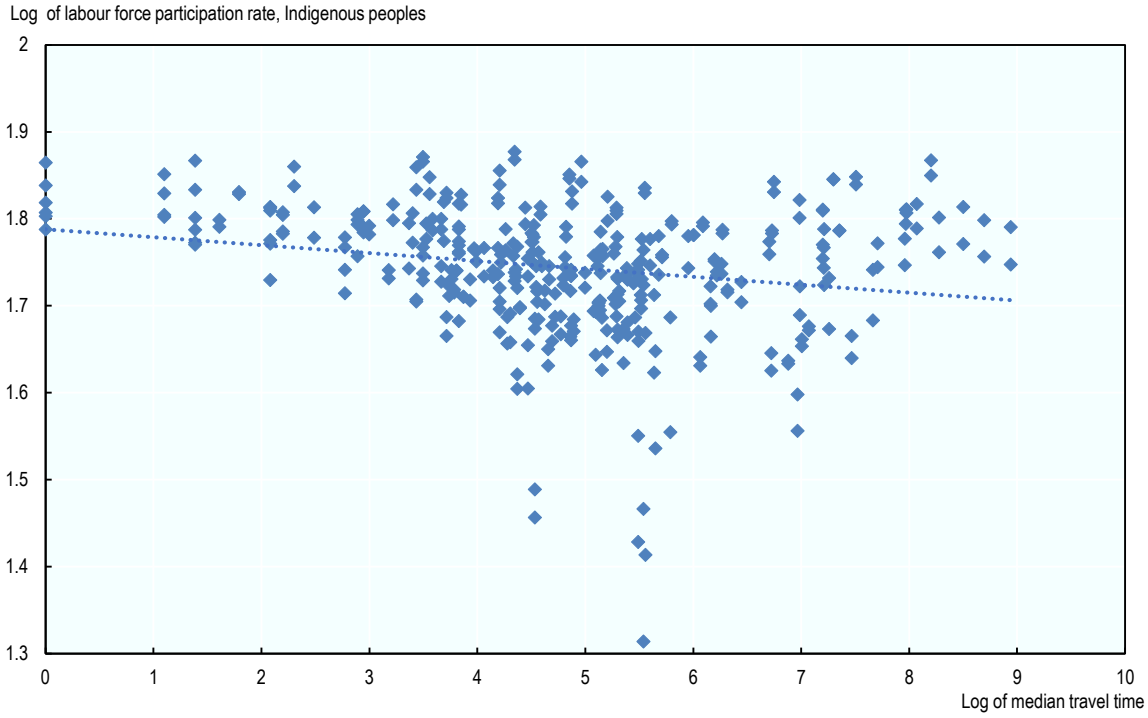
The differences in outcomes in Indigenous labour force participation between top and performing regions may be explained by the travelling distance (measured in minutes) to the closest city. There is a positive relationship between labour force participation and the median travel time to the closest city[10] in rural regions (Figure 1.22). Rural regions that have greater labour force participation have generally shorter travel time to the closest city than those rural regions that have lower labour force participation. Shorter travel distance to the closest city can translate to greater non-rural economic participation possibilities for Indigenous peoples living in rural regions.

Figure 1.19. Accessibility to the closest city versus Indigenous labour force participation rates across selected TL3 regions



Sources: Elaboration based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; and Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand.

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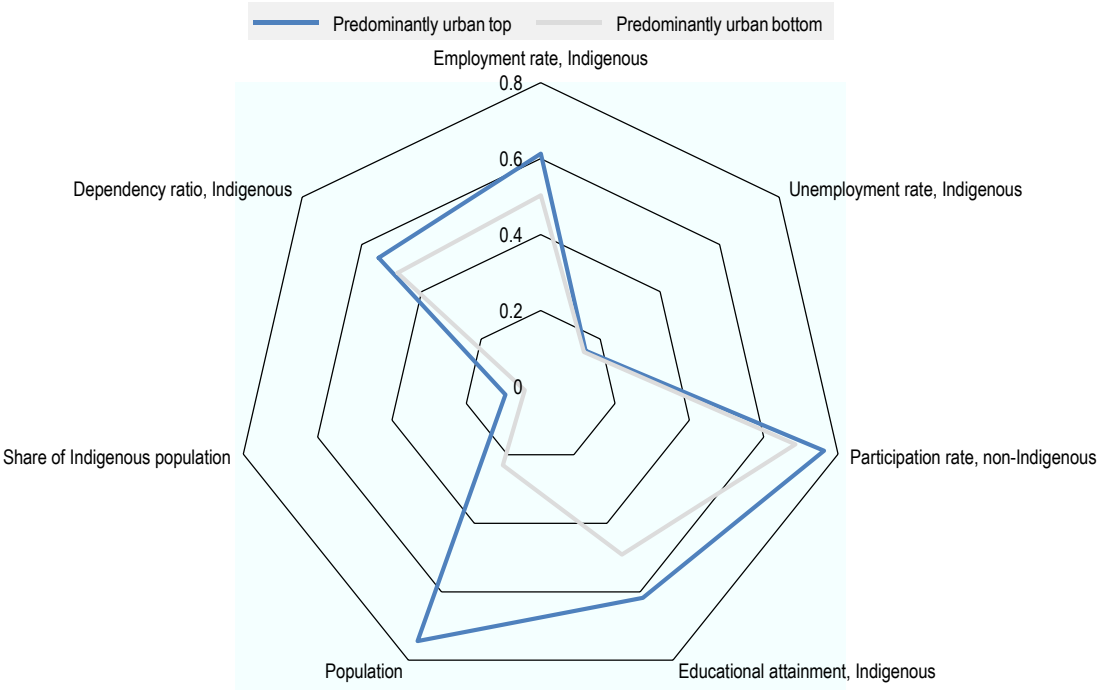
Predominantly urban regions

In predominantly urban regions, findings are quite similar to the observations made from rural regions. Regions with better outcomes in Indigenous labour force participation have also a higher share of Indigenous peoples that are employed (Figure 1.20). The difference in the employment rates between top and bottom performing regions is on average less than in rural regions (11 percentage points less). Similarly, the education level of Indigenous peoples in top performing regions is higher than in regions with lower outcomes. However, the difference is not as significant as in rural regions (12 percentage points in urban regions compared with 22 percentage points in rural regions). Urban regions with relatively larger population size have higher levels of Indigenous labour force participation. This indicates that Indigenous peoples in large metropolitan regions tend to be better integrated into labour markets.

Figure 1.20. Indigenous labour force participation rate, top and bottom performers, urban regions



Note: All indicators represent shares; the scale goes from 0 to 1. Top refers to urban regions in the top 20% of labour force participation rates of Indigenous peoples and the bottom refers to urban regions in the 20% of labour force rates of Indigenous peoples in 2016. Includes only regions with a relatively high share of Indigenous peoples in Australia, Canada and New Zealand.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; and Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand.

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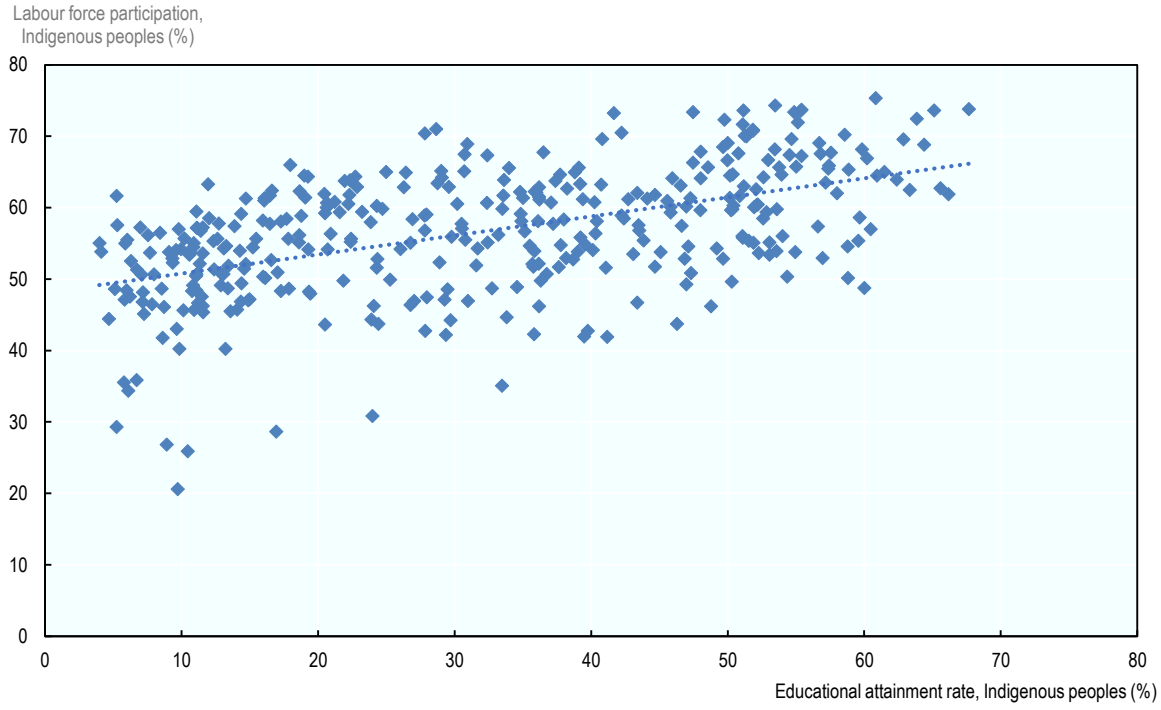
Exploring factors associated with labour force outcomes

Education tends to be an important factor in influencing positive labour force outcomes for Indigenous peoples at a regional level – therefore Indigenous peoples with lower levels of education are less likely to participate in the labour market (i.e. being employed or looking for a job) (Figure 1.21). There are also differences in educational outcomes within similar types of regions. Better educational attainment is generally associated with improved employment possibilities and higher incomes. Moreover, education impacts on other aspects of individuals' well-being than just material ones and is correlated with better health outcomes and satisfaction to life in general (Easterbrook, Kuppens and Manstead, 2016[53]).

Regions with a higher share of Indigenous peoples tend to have lower participation rates combined with lower rates of education (Figure 1.22 and Figure 1.23). Most often Indigenous communities are characterised by kinship systems. Empirical evidence has shown that the kinship system may create obstacles when entering to the market or labour force (Hoff and Sen, 2005[54]). Therefore, a strong concentration of Indigenous peoples may

exacerbate levels of socio-economic disadvantage. Indigenous peoples in regions with a larger and denser population are more likely to be part of the labour force than Indigenous peoples living in low-density economies. The analysis also identifies the negative relationship between labour force participation and the age structure of the region that can be measured by relating the number of individuals that are likely to be "dependent" on the support of others for their daily living – youths and the elderly – to the number of those individuals who are capable of providing such support – the working-age population.

Figure 1.21. Labour force participation rates of Indigenous peoples and education attainment rates of Indigenous peoples across selected TL3 regions, circa 2011-2016



Sources: Authors' elaboration, based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 and 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey and 2016 Census of Population, products of Statistics Canada for Canada; and Stats NZ (n.d.[10]) 2006 and 2013 Census (database) for New Zealand.

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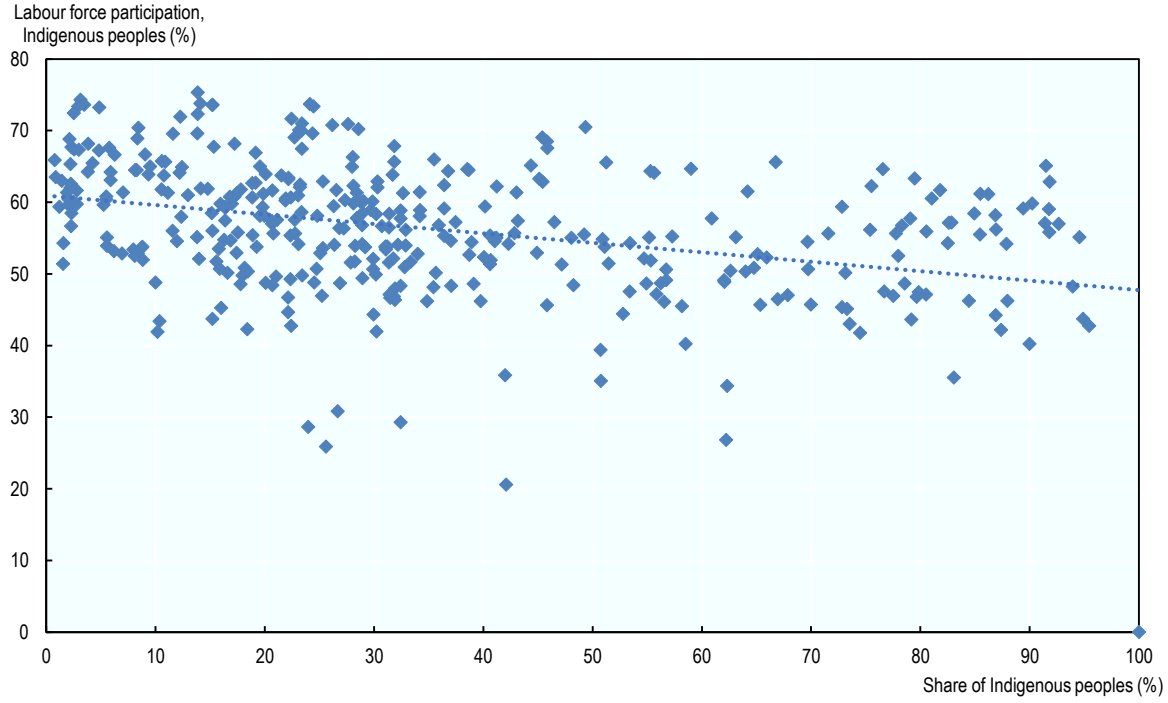
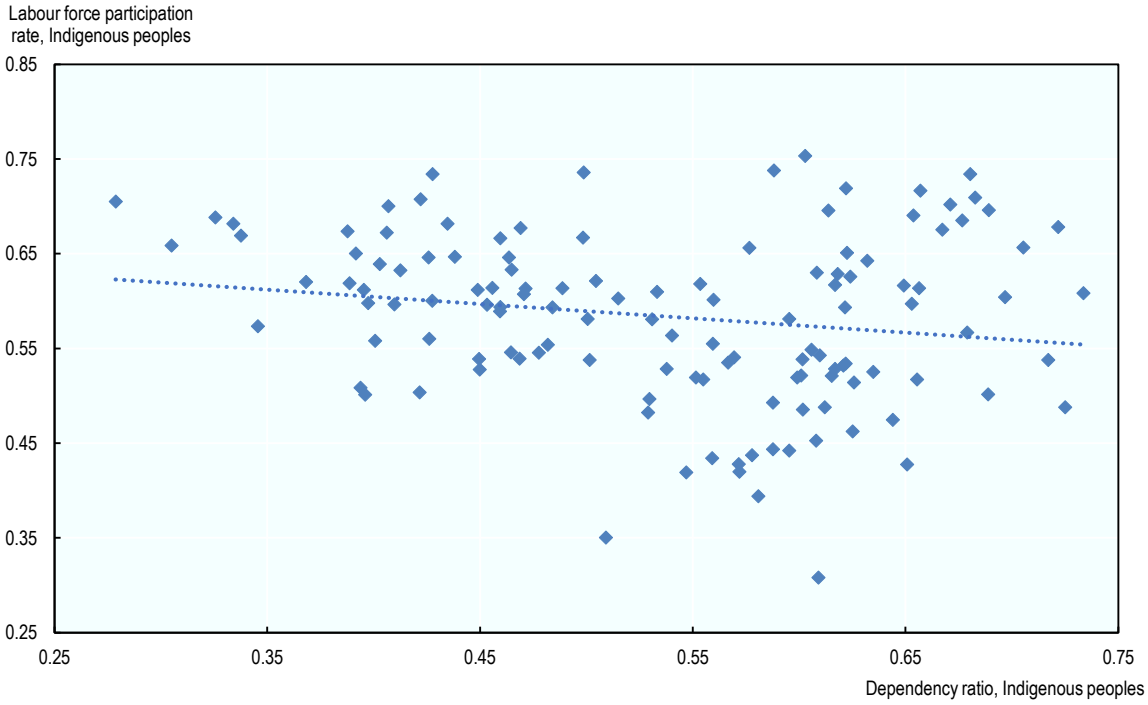
Figure 1.22. Labour force participation rates of Indigenous peoples and the share of the Indigenous population across selected TL3 regions, circa 2011-2016



Sources: Authors' elaboration, based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 and 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey and 2016 Census of Population, products of Statistics Canada for Canada; and Stats NZ (n.d.[10]) 2006 and 2013 Census (database) for New Zealand.

StatLink https://doi.org/10.1787/888933959225

Figure 1.23. Labour force participation rates of Indigenous peoples and dependency ratio of Indigenous peoples across selected TL3 regions, circa 2011-2016



Sources: Authors' elaboration, based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 and 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey and 2016 Census of Population, products of Statistics Canada for Canada; and Stats NZ (n.d.[10]) 2006 and 2013 Census (database) for New Zealand.

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Summary

The analysis in this section has broken down some characteristics that may explain the variation of labour market outcomes across and within urban and rural regions. The results from the analysis highlight that well-being outcomes vary not only across different types of regions but also within regions. Among the factors considered, several common patterns have been identified among the top performing and bottom performing regions (Table 1.16). For both urban and rural regions, the top performers systematically have higher employment rates, a higher share of Indigenous peoples with at least upper secondary education and a larger population.

Significant challenges exist for rural areas that have a larger share of Indigenous population. In these regions, a higher share of Indigenous population has a negative relationship with labour force participation. This is also compounded by ageing populations, which is a common trend across rural areas in OECD countries. The analysis also shows that there are high levels of inequality between Indigenous and non-Indigenous populations in these regions. In these regions, there is likely to be two economies. One is a non-Indigenous economy based on natural resource exploitation or tourism, local services and public administration. The other is an Indigenous economy that is likely to be based on smaller scale enterprises, low-paid employment, government transfers and subsistence.

Finding ways to link these two economies in ways that are mutually beneficial, is a key inclusive growth challenge.

Table 1.16. Factors associated with top performers on the Indigenous labour force participation rate, urban and rural regions

Type of region	Factors
Urban	● Higher Indigenous employment rates ● Higher participation rate of non-Indigenous population ● Larger urban population ● Higher levels of Indigenous educational attainment rates
Rural	● Higher Indigenous employment rates ● Higher levels of Indigenous educational attainment rates ● Lower share of the Indigenous population ● Younger population

Indigenous data governance

The empirical analysis in this chapter has been limited by data availability. There are three key areas of change that are needed in the field of Indigenous statistics to support the production of data to better inform decision-making about economic development. The first is to address gaps in official data collected by national governments and statistical offices. The second is to collect data about more dimensions of well-being and develop indicators that are inclusive of Indigenous values and perspectives. The third, and most important, is to include Indigenous peoples in the process of data collection and empower them to own and use their data.

Addressing gaps in data collected by governments

For a long period, in many countries, Indigenous peoples have been invisible in the mainstream collection of statistics from international to subnational level (Balestra and Fleischer, 2018[27]). Invisibility in statistics is due to the fact that Indigenous peoples have been invisible in societies (Connolly, 2018[55]). This issue has long been raised in international fora such as the United Nations Permanent Forum on Indigenous Issues (UNPFII). Better and more accurate measures of the well-being and development of Indigenous peoples and their communities are needed to enumerate (establish presence) and assess outcomes and inequalities. This can support better policies, more informed decisions and help empower Indigenous peoples. Better statistics are key to self-determination.

To make better policies that are fit-for-purpose and relevant for Indigenous peoples, policymakers need accurate data on Indigenous peoples, including measures that could help to support the implementation of the Sustainable Development Goals (SDGs). Only five OECD member countries collect disaggregated data on Indigenous peoples. The data collection in these countries is centralised in national statistical agencies, such as Australian Bureau of Statistics in Australia, Statistics Canada, Mexico, New Zealand and the U.S. Census Bureau, are responsible for the data on Indigenous peoples in the population census. For many countries, this is the only source of data on Indigenous peoples. Only a few countries have sample surveys that are targeted to collect socio-economic information on Indigenous peoples (e.g. Aboriginal and Torres Strait Islanders Social Survey and

Aboriginal and Torres Strait Islanders Health Survey in Australia). Data availability has many limitations across OECD member and non-member countries.

First, many of the existing data sources are not designed specifically to Indigenous peoples but for the dominant population which leads to surveys that do not include questions that are specifically important for Indigenous peoples. Furthermore, as the sample frames are generally designed for the total population, the sample size of Indigenous peoples is not sufficient to provide reliable data at the national and subnational level. For the reasons presented above, existing information fails to capture or provide the essential and relevant information that is needed to make an informed decision on how to improve the quality of life for Indigenous peoples.

Second, there is a need for appropriate and consistent identification method of Indigenous peoples (Balestra and Fleischer, 2018[27]). A fundamental question is how to identify Indigenous peoples and how it is applied through different mechanisms to collect data. For example, Australia has introduced a Standard Indigenous Question that has been drawn from the Commonwealth definition framework, which is used at all the levels of government and by non-governmental organisations. This based on the principles of self-identification, descent and belonging to a group. Some countries put additional conditions and requirements on Indigenous identification that makes it less inclusive and there are also differences in definitions within countries.

Third, even with a consistent identification method, the data about Indigenous peoples can be challenging to collect because Indigenous peoples are harder to reach. Obviously, this can be because Indigenous people tend to live more remote areas than non-Indigenous people with limited access to telecommunications services and connections to other places. Indigenous peoples tend to have higher rates of non-responses that non-Indigenous peoples for a number of reasons including lack of trust, more geographically mobile populations and language barriers (Hunter and Smith, 2000[56]; Smylie and Firestone, 2015[57]). In this case, interview-administered surveys that involve Indigenous peoples are likely to yield higher response rates (Hunter and Smith, 2000[56]; Balestra and Fleischer, 2018[27])

Along with poor quality and inappropriate data, the existing data for policy use is limited with respect to the lack of up-to-date information about Indigenous people is a common data limitation across OECD member and non-member countries. For example, in Argentina and Colombia, data about Indigenous communities are only collected in the national census, which is carried out every ten years. One solution, in this case, is to link survey data and administrative records pertaining to these populations and pool data across multiple years to increase sample sizes (Balestra and Fleischer, 2018[27]).

Statistical agencies also tend not to consider how Indigenous peoples understand territory or geography. National statistical agencies work within their standard statistical geography, which provides them with a framework for survey design, sample selection and data collection that has a geographical dimension. The boundaries, determined in the standard statistical geography, reflect how countries are divided into administrative units and in some cases functional economic areas. They tend not to consider how territorial lands of Indigenous peoples are formed. Indigenous geography can exist within or cut across the borders of the standard statistical geographies. Without this geography, statistics are not going to be as useful as they could be for Indigenous peoples. The United States has sought to address this problem by introducing a Hierarchy of American Indian, Alaska Native and Native Hawaiian Areas which works as a tool for data agents to collect more useful and accurate data for Indigenous peoples (U.S. Census Bureau, 2018[58]).

Incorporating Indigenous values and perspectives into measuring economic development and well-being

Comparative analysis at a national and subnational level is limited by the lack of indicators about Indigenous peoples and their well-being outcomes in different domains. For this reason, the analysis in this chapter has concentrated only a few aspects of an individual's well-being, excluding some vital determinants of individuals' well-being as social connections and subjective well-being. There are a number of key dimensions that should be included in this discussion and provide further guidance for the development of Indigenous well-being measures at the subnational, national and international levels.

Material conditions

Income

One of the main issues in regards to measuring material conditions for Indigenous peoples is regarding subsistence hunting, fishing and harvesting. This is important to food security, the reproduction of culture, and it can be a major form of economic activity for Indigenous peoples in rural areas. Rural remote Indigenous communities can exist in a hybrid economy that mixes subsistence with wage labour and other forms of income including government transfers (Altman, 2004[59]). Subsistence is not only about meeting basic nutritional needs, but also relates to bartering and trading within and between kinship groups, and has an important cultural and relational component as well (Southcott and Natcher, 2018[60]). It can also be understood as a form of imputed income, which does deliver welfare benefits that can potentially be monetised (Sangha et al., 2017[61]). Indigenous groups also need to balance economic development with the use of land for subsistence activities and cultural values. This may also constrain certain economic activities that may otherwise be viable (e.g. energy, infrastructure and mining projects). To support decisions about natural resource management and economic development, good information and data are needed about the nature of subsistence economies (see Box 1.7 and Box 1.8).

Box 1.7. Alaska Department of Fish and Game, Division of Subsistence

Since the 1980s the Division of Subsistence within the Alaskan Department of Fish and Game has built an extensive evidence-based about subsistence economies in the state. The mission of the division is to scientifically gather, quantify, evaluate and report information about customary and traditional uses of Alaska's fish and wildlife resources. The division provides the following services:

- Compile and analyse existing data, and conduct research to gather data on the role of hunting and fishing by Alaskans for customary and traditional uses.
- Disseminate current subsistence use information to the public and government agencies.
- Evaluate the customary and traditional uses of fish and wildlife resources and provide advice to government agencies on limits to the use of these resources.
- Ensure resource management plans incorporate data about customary and traditional uses of fish and wildlife resources.

Research is conducted in partnership with local communities and governed by ethical research guidelines. When a new project is undertaken, division researchers use a range of scientific methods including systematic and comprehensive household surveys, key respondent interviews, resource mapping and participant observation. An online database has been created (the Community Subsistence Information System) that contains harvest information for over 260 Alaskan communities collected by the division from household surveys.

Source: Alaska Department of Fish and Game (2019[62]), *Mission: Subsistence Division, Alaska Department of Fish and Game*, http://www.adfg.alaska.gov/index.cfm?adfg=divisions.subsmission (accessed on 25 January 2019).

Box 1.8. Measuring material conditions: Indigenous peoples and subsistence activities

Indigenous peoples in rural areas can be embedded in hybrid economies that combine wage income, government transfers and subsistence activities. Measurement of subsistence activities and food security should be done in partnership with communities through household surveys that can cover issues such as:

- Amount of food sourced from subsistence activities for own use.
- Giving and receiving food.
- Seasonal patterns and changes over time.
- Other sources of income.

Communities can also be empowered to map these activities across traditional territories to inform environmental management, land use planning and resource management. These activities can also be monetised to ensure appropriate compensation in the case of the expropriation of land or through disasters (e.g. storms, wildfires, mining accidents and oil spills).

Subsistence activities are currently absent from the indicator framework of the SDGs. However, they are relevant for SDG Goal 1 (End poverty in all its forms everywhere), SDG Goal 2 (End hunger, achieve food security and improved nutrition and promote sustainable agriculture) and SDG Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all). Goals 1 and 2 should recognise subsistence in relation to the vulnerability of poor people to natural disasters and as a sustainable form of food production. There is an opportunity for Goal 8 to recognise the role of subsistence as part of a mixed economy for Indigenous peoples.

Sources: Adapted from Aslksen, I. et al. (2008[63]), *Interdependency of Subsistence and Market Economies in the Arctic*, https://www.ssb.no/a/english/publikasjoner/pdf/sa112_en/kap6.pdf (accessed on 07 February 2019); Alaska Department of Fish and Game (2019[62]), *Mission: Subsistence Division, Alaska Department of Fish and Game*, http://www.adfg.alaska.gov/index.cfm?adfg=divisions.subsmission (accessed on 5 January 2019).

Quality of life

Social connections and subjective well-being

Standard measures of cultural and social capital are designed for societies which place less emphasis on kinship and family relations compared to Indigenous communities (O'Brien, Phillips and Patsiorkovsky, 2005[64]). In this sense, subjective well-being for Indigenous communities may have a stronger collective and relational component (Yap and Yu, 2016[65]), which can be incorporated as part of subjective well-being questions in the OECD framework. The framework could also be extended to reflect the key role of social capital for Indigenous development and broaden the concept to give more weight to cultural components. This includes the continuation of language, cultural artefacts and representations, protection of sacred sites, and traditional knowledge (Taylor, 2008[66]; Australian Bureau of Statistics, 2010[67]; Productivity Commission, 2014[68]). Alternative ways of measuring social capital stocks in Indigenous communities can also be incorporated to capture their relation to other forms of capital and their contribution to current and future development. In particular, in Indigenous communities where there is a strong connection between cultural and natural capital, policies focusing on expanding economic capital need to balance the community views on the way in which their resources are used (Sangha et al., 2017[61]) (see Box 1.9).

Box 1.9. Indigenous peoples and measuring social connections and culture

The National Aboriginal and Torres Strait Islander Survey in Australia includes a number of questions that highlight issues that are important to Indigenous well-being:

- Continuation of language and whether Aboriginal and Torres Strait Islander children speak an Australian Indigenous language at home.
- Connection to culture in terms of direct contact with a leader or elder each week, and whether Indigenous peoples have a recognised homeland or traditional territory.
- Indigenous peoples may face discrimination that creates barriers to economic and social participation so the survey includes a question about whether people feel that they were treated unfairly at least once in the previous 12 months because they were of Aboriginal or Torres Strait Islander origin.
- Care for people with a disability or long-term health condition given the higher prevalence of some chronic health conditions amongst Indigenous populations.

These elements can complement mainstream measures of social capital such as participation in volunteering.

Cultural issues have limited coverage within the SDG framework (related to tourism and education for cultural appreciation) and it does not refer to the reproduction or strengthening of languages. However, cultural and social connections are very important to the well-being of Indigenous peoples. There is an opportunity to incorporate these measures into SDG Goal 3 (Ensure healthy lives and promote well-being for all at all ages) and SDG Goal 4 (Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all).

Source: Australian Bureau of Statistics (2016[69]), *National Aboriginal and Torres Strait Islander Social Survey, 2014-15: Key Findings*, http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/4714.0/.

Civic participation and governance

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 with the framework of the nation-state) (Daes, 2008[1]). Putting self-determination at the centre of the Indigenous economic development allows better alignment between policies and development goals determined at the level of communities, as well as more participation throughout the policy design and implementation process (Cornell, 2006[70]). Political capital for Indigenous peoples needs to encompass issues such as representation, the role of community-controlled organisations, the legitimacy and cultural match of Indigenous representative and decision-making bodies, and consultation by governments about matters that impact upon Indigenous peoples (Hunt, 2008[71]; Tsey et al., 2012[72]) (see Box 1.10).

Box 1.10. Indigenous peoples and measuring civic participation and governance

There are not many examples of discrete measures related to civic participation and governance for Indigenous peoples that have been put into practice. However, there are some sources that give an indication of the types of measures that could be operationalised. This could relate to representation in decision-making institutions, participation in decision-making and the recognition of legal rights.

- Number/proportion of Indigenous peoples represented in parliament and senior levels of the civil service.
- Perceptions amongst Indigenous peoples about opportunities to have a real say on issues that are important (consistent with the principle of free, prior and informed consent).
- Recognition of a duty to consult with Indigenous peoples before adopting or implementing legislative and administrative measures that may affect them.
- Recognition of the rights of Indigenous peoples and their specific forms of participation and government.
- Recognition of Indigenous people's rights to maintain cross-border contacts and collaboration.

These measures relate to SDG Goal 16 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels) and Goal 17 (Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development). Issues that are specific to Indigenous peoples, such as the principle of free prior and informed consent (FIPC) and respect for their specific forms of government, are currently not visible in these goals or indicators. Some existing indicators could be disaggregated by Indigenous status by countries to provide a more holistic view of well-being and progress (e.g. proportion of Indigenous people in positions in public institutions).

Sources: UN (n.d.[73]), "Indigenous Peoples major group: Policy brief on sustainable development goals and post-2015 development agenda: A working draft", https://sustainabledevelopment.un.org/content/documents/6797IPMG%20Policy%20Brief%20Working%20Draft%202015.pdf (accessed on 16 October 2018); Georgetown University (2019[74]), *Indigenous Peoples, Democracy and Political Participation*, http://pdba.georgetown.edu/IndigenousPeoples/introduction.html (accessed on 16 October 2018); Indigenous Navigator (n.d.[75]), *Indicators - For Monitoring the UN Declaration on the Rights of Indigenous Peoples*, http://www.indigenousnavigator.org/ (accessed on 22 October 2018).

Environmental quality

Natural capital is a way of understanding the underlying stocks that produce environmental quality and it encompasses three dimensions. The first is the use of renewable and non-renewable natural resources (sub-soil resources, water, forests) in the production process to generate income (Brandt, Schreyer and Zipperer, 2013[76]). The second is about the asset value of ecosystems and the flow of ecosystem goods and services (air, clean water, climate, cultural and recreational benefits) into the future (UN, 2014[77]) (see Box 1.11). The third is that social and economic relations are a sub-set of natural ecosystems, and cultural, social and economic relationships with nature are central to well-being (Sangha et al., 2017[61]). For Indigenous peoples, examples of the first dimension include mining and extractive activities on Indigenous lands with legal frameworks that enable the flow of benefits to community members. In terms of the second dimension, ecosystem services are also a potential source of income recognising how Indigenous peoples manage resources to ensure long-term productivity of the land. For example, carbon emissions may be priced in some jurisdictions and mitigation of carbon emissions through management practices on Indigenous lands can deliver monetary benefits directly from governments or through markets (Sangha et al., 2017[61]).

These first two concepts embed the natural environment within an economic framework whether it is through the utilisation of natural resources in the production, or monetising environmental stocks and flows. As discussed earlier, Indigenous use and harvesting of land can exist outside the formal market through traditional food production that provides subsistence for community members. Indigenous peoples also have spiritual and cultural values related to land, for example, ceremonies and sacred sites. These factors cannot have a price put on them but are important to Indigenous well-being and contribute to the overall "duty of care" that Indigenous peoples have with the land and natural resources (Taylor, 2008[66]; Jiménez, Cortobius and Kjellén, 2014[78]).

Box 1.11. Indigenous peoples and measuring environmental quality

Adapting environmental measures for Indigenous peoples should capture issues such as ownership and control over the use of natural resources and access to traditional lands (Australian Bureau of Statistics, 2010[67]). The role of Indigenous people in managing lands and waters, and their access and rights to them, are not directly acknowledged in the SDGs. Importantly, the cultural value and significance of land and how it might be protected is also not mentioned. These could be embedded in: (SDG 12) Ensure sustainable consumption and production patterns; (SDG 13) Take urgent action to combat climate change and its impacts; (SDG 14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development; and, (SDG 15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Source: Australian Bureau of Statistics (2010[67]), *Framework for Measuring Wellbeing: Aboriginal and Torres Strait Islander Peoples*, http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/CE9E58A5F67093CDCA2576DC00142E79?opendocument (accessed on 25 January 2019).

Accessibility to services

Another important aspect of well-being is access to affordable, safe and high-quality living environments (Australian Bureau of Statistics, 2010[67]). In terms of physical capital (built infrastructure and housing), this can include access to potable water, electricity and sanitation and waste systems and services, and the resulting impacts on the environmental and public health in communities (Jiménez, Cortobius and Kjellén, 2014[78]). It also encompasses the stock and quality of housing, and whether these assets are managed by Indigenous communities (discussed earlier). In remote areas accessibility is a key issue in terms of the capacity to deliver services and access markets (phone network coverage, Internet and broadband, roads, and airports), which can also be impacted by seasonal conditions (winter, dry and monsoon seasons) (Infrastructure Australia, 2012[79]; Conference Board of Canada, 2014[80]). Rural accessibility issues are not given strong prominence in the SDG framework relative to cities. SDG Goal 1 (End poverty in all its forms everywhere) includes an indicator on the proportion of the population with access to basic services and SDG Goal 9 (Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation) includes an indicator on the proportion of the rural population who live within 2 km of an all-season road. Again, there is an opportunity to disaggregate these indicators for Indigenous peoples and communities.

Adapting well-being frameworks for Indigenous peoples

Global, national and regional frameworks to measure well-being and development need to be adapted to include the unique needs, values and perspectives of Indigenous peoples. Self-determined economic development should enable Indigenous peoples to make a range of different informed choices about the development of their community, clan or nation. This requires investing in different forms of capital and linking them to governance and policies to make sure they are effectively managed to deliver benefits for community members. Indigenous communities also need to lead the process of developing objectives and designing measures of progress. A number of key considerations have been identified in terms of measuring community assets and the well-being and economic development for Indigenous peoples (Table 1.17).

Table 1.17. Considerations for incorporating Indigenous perspectives into well-being frameworks

Dimensions	Description	Considerations for Indigenous peoples to measure well-being
Material conditions	Money, access to credit, equity	Indigenous-owned businesses, collective forms of asset ownership, and customary activities and subsistence (imputed income)
	Work skills, leadership, educational attainment, health	Customary activities and traditional knowledge
	Built infrastructure – roads, buildings, houses	Access to basic services, Indigenous ownership of assets
Quality of life	Social connections	Kinship and family relations (e.g. contact with elders), discrimination, language
	Air, water, land, flora and fauna	Land stewardship, control over access and use of land, spiritual and cultural values of land
	Civic participation and governance	Self-determination, duty to consult, legitimacy and cultural match of representative institutions
	Cultural aspects	Incorporation of traditional knowledge into decision-making, protection of cultural artefacts and sites

Empowering Indigenous communities to collect and use data to support local decision-making

Many of the challenges presented above could also be addressed by involving Indigenous peoples to the data collection process from designing the methods to data analysis. This can be achieved through targeted strategies undertaken by national statistical agencies. For example, New Zealand has begun to proactively address the decline in the number of non-response rates among Māori population by developing a Māori Census Strategy. The strategy includes principles which some of them follow Māori *tikanga* which is the Māori way of doing things. These principles are the foundation of the census approach to working with and for Māori and they are applied in the 2018 census programme.

Empowering Indigenous peoples also requires a different orientation about the use of data, from one that is government-led, to one that is led by Indigenous peoples. This orientation connects to global debates about Indigenous data sovereignty, which is defined as the right of Indigenous peoples to govern the creation, collection, ownership and use of their data (Kukutai and Taylor, 2016[81]). It means developing social and economic indicators in a way that blends traditional and modern knowledge. (Taylor, 2008[82]) conceptualises this as a 'recognition space' that is based on meaningful engagement and creating indicators that reflect Indigenous values and perspectives. Enabling Indigenous peoples' "data sovereignty" will ensure better alignment between data collection and the needs and aspirations of Indigenous peoples and also empower them to use it to inform decision-making (see Box 1.12 and Box 1.13).

Box 1.12. Indigenous data sovereignty – Why it matters

A lack of quality and disaggregated data on Indigenous peoples has long been raised in an international forum such as the United Nations Permanent Forum on Indigenous Issues. As noted by Kukutai and Taylor in their edited volume on *Indigenous Data Sovereignty*,

> *"The absence or lack of data that reflect where and how many Indigenous peoples there are, and how they are faring in relation to the realisation of their individual and collective rights is directly related to the weakness of governments and intergovernmental bodies in formulating and implementing Indigenous-sensitive decisions and programs." (Kukutai and Taylor, 2016, p. xxi[83])*

This has raised the growing need for more effective and inclusive forms of data collection and data disaggregation on Indigenous peoples, including measures that could help to support the implementation of the Millennium Development Goals and the Sustainable Development Goals in relation to realising Indigenous peoples' rights. What these researchers emphasise is that: "any such initiative must be firmly positioned in an Indigenous (rights) approach, including the right of the Indigenous peoples to themselves determine, define and hold ownership over such initiatives and databases".

Source: Kukutai, T. and J. Taylor (2016[83]), *Indigenous Data Sovereignty*, Australian National University.

Data also needs to be collected at a local level because each Indigenous community, and the information that is relevant for them, is different. In addition, the definition of the measurable concepts differs from one community or language group to another. This linguistic and cultural dimension has an important role to play in the development of indicators. For example, some Indigenous cultures do not necessarily have concepts and words related to western forms of business, markets and wealth creation.

Indigenous peoples and communities' vision on economic development and well-being also may differ from the view of the dominant population. Issues such as connection to the land, culture and kinship relationships tend to be more important. Therefore, it is crucial that Indigenous peoples define measures and methodologies that provide a basis for more informed decisions about realising their aspirations and objectives for development.

Box 1.13. The Yawuru Nation: "Knowing our Community" and well-being survey

The Yawuru "Knowing our Community" household survey is a good example of how Indigenous-led survey design and data collection can lead to improved quality of data and meaningful use of information for changes.

The survey was established together with the Kimberley Institute, a not-for-profit organisation, and the Australian National University. The need for own survey first occurred after a land settlement that gave Yawuru Nation assets that needed to be allocated efficiently. As a result, NBY, a not-for-profit organisation owned by the Yawuru native title holders, started to look for socio-economic information to support the negotiations with public and private investors. However, the lack of data about the Yawuru community and the poor quality of official data lead to the decision of designing an own-household survey. The results from Yawuru's own-community survey showed how ABS provides under-estimated population counts; it therefore provided more accurate information about the community. The Yawuru "Knowing our Community" household survey is first of its kind in Australia since no other Indigenous community has ever been responsible for designing a survey, or collecting and analysing data about their own community before.

After conducting its first community survey, the Yawuru Nation has continued providing data about their community. In 2015, they conducted a well-being survey that they designed to measure the community's well-being. Through interviews, they conceptualised their well-being framework and identified the key indicators to describe the well-being of their people. The well-being framework is grounded in the concepts of *bugarringarrn* (traditional knowledge and practices of time immemorial) and *mabu liyan* (Yawuru idea of the good life based on interconnectedness between country, people and culture) and finding an appropriate balance between them and the modern world.

The final indicators included more Indigenous community specific indicators such as access to fishing spots and sharing a catch with family and friends to measure the connection to the country, together with some of the standard socio-economic indicators. The Yawuru well-being survey is a great example of why and how Indigenous peoples' well-being should be measured at the local level. One of the key findings was that an individual's well-being is interlinked with the overall well-being of the community.

The results from these two surveys highlight how designing well-being surveys at the community level is essential for providing meaningful information about the community for the community, to measure and monitor their well-being and make improvements. Indigenous-led survey design enabled the Yawuru Nation, important actors in the Broome society, to work towards fulfilling their goals and responsibilities.

Sources: Taylor, J. et al. (2014[84]), "Statistics for community governance: The Yawuru Indigenous Population Survey, Western Australia", http://apo.org.au/system/files/39420/apo-nid39420-151506.pdf (accessed on 16 October 2018); Yap, M. and E. Yu (2016[85]), *Community Wellbeing from the Ground Up: A Yawuru Example*, https://www.curtin.edu.au/local/docs/bcec-community-wellbeing-from-the-ground-up-a-yawuru-example.pdf (accessed on 16 October 2018).

Notes

[1] The word "Indian" is a contested term that is not accepted by all Indigenous peoples in the Americas and that was never used prior to colonisation. Christopher Columbus is believed to have first used it to describe the people he encountered on his voyage in 1492, mistakenly thinking he had found India.

[2] The Indian Act (1876) is the Federal statute in Canada that governs the relationship between the national government and recognised Indigenous tribes (now commonly referred to as "First Nations").

[3] Historically, the Bureau of Indian Affairs used blood quantum as a criterion to determine the status of Indians and membership of a tribe. Some tribes continue to use this criterion today. For further discussion, see: http://genetics.ncai.org/tribal-sovereignty-and-enrollment-determinations.cfm.

[4] Reindeer herding companies have their own identity marker (SNI code 01491) within the SOS system.

[5] Comparable figures available only for Canada, New Zealand and the United States.

[6] For Australia and the United States, criteria differ due to the small number of TL2 regions with high proportion of Indigenous populations. We have therefore selected four regions with a largest share of Indigenous populations from each of these countries.

[7] Calculations based on data drawn from the U.S. Census Bureau; American Community Survey, 2006-10 American Community Survey 5-Year Estimates and 2012-16 American Community Survey 5-Year Estimates, Table B17001A, B17001B, B17001C and B17001D; using American FactFinder; http://factfinder2.census.gov (17 September 2018).

[8] The poverty rate indicator is a share of population aged 15 and over with total income below the poverty level. The poverty level is defined by the U.S. Census Bureau. Income thresholds vary by size of household - https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html

[9] Most recent years available; in this case the years range from in 2013 to 2016.

[10] The accessibility to cities grid as described in (Weiss et al., 2018[88]) is used to calculate the median TL3 time to the closest city across grid-cells that fall within TL3 boundaries. A city is defined as an urban centre in the GHSL SMOD layer, that is, "contiguous cells with a density of at least 1 500 per km^2 or a density built up greater than 50% and a minimum population of 50 000 inhabitants" (Weiss et al., 2018[88]). Travel times are based on an impedance travel grid capturing the availability of roads, railroads, waterways and topographical conditions.

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Annex 1.A. Selected TL2 and TL3 regions

Annex Table 1.A.1. Selected TL2 regions

Country	Region	Indigenous population	Indigenous share of total regional population (%)	Indigenous populations share of total Indigenous population (%)
Australia	New South Wales	210 520	3	34
	Northern Territory	56 816	25	9
	Queensland	164 707	4	27
	Tasmania	22 400	4	4
Canada	Manitoba	223 310	18	13
	Northwest Territories	20 860	51	1
	Nunavut	30 545	86	2
	Saskatchewan	175 020	16	10
	Yukon	8 195	23	0.5
Mexico	Campeche	400 811	45	2
	Chiapas	1 886 104	36	7
	Guerrero	1 198 362	34	5
	Hidalgo	1 035 059	36	4
	Jalisco	872 531	11	3
	Mexico	2 751 672	17	11
	Michoacán	1 269 309	28	5
	Morelos	535 249	28	2
	Oaxaca	2 607 917	66	10
	Puebla	2 176 593	35	8
	Quintana Roo	667 336	44	3
	San Luis Potosí	630 604	23	2
	Tabasco	617 203	26	2
	Tlaxcala	321 310	25	1
	Veracruz	2 373 093	29	9
	Yucatán	1 371 625	65	5
New Zealand	Auckland Region	163 920	12	24
	Bay of Plenty Region	7 3962	28	11
	Gisborne Region	20 013	46	3
	Hawke's Bay Region	36 825	24	5
	Manawatu-Wanganui Region	47 424	21	7
	Northland Region	47 979	32	7
	Waikato Region	91 632	23	13
	Wellington Region	65 310	14	9
United States	Alaska	109 515	15	3
	New Mexico	219 237	11	5
	Oklahoma	355 795	9	9
	South Dakota	76 698	9	2

Annex Table 1.A.2. Selected TL3 regions

Country	Region	Type of region	Share of Indigenous peoples (%)
Australia	Mid North Coast	Predominantly rural	6
	Western Australia - Outback	Predominantly rural	16
	South Australia - Outback	Predominantly rural	10
	New England and North West	Predominantly rural	10
	Far West and Orana	Predominantly rural	17
	Queensland - Outback	Predominantly rural	25
	Hunter Valley Excl. Newcastle	Predominantly rural	6
	Wide Bay	Predominantly rural	4
	Northern Territory - Outback	Predominantly rural	51
	Central West	Predominantly rural	6
	Richmond - Tweed	Intermediate	4
	Fitzroy	Intermediate	5
	Townsville	Intermediate	7
	Darwin	Intermediate	8
	Cairns	Intermediate	8
	Sydney	Predominantly urban	1
	Perth	Predominantly urban	2
	Illawarra	Predominantly urban	3
	Newcastle and Lake Macquarie	Predominantly urban	4
	Brisbane	Predominantly urban	2
Canada	Division 18, AB	Predominantly rural	23
	Yukon, YT	Predominantly rural	23
	Baffin, NU	Predominantly rural	81
	Pontiac, QC	Predominantly rural	18
	Minganie-Basse-Côte-Nord, QC	Predominantly rural	31
	Division 13, MB	Predominantly rural	17
	Division 11, NL	Predominantly rural	92
	Kitimat-Stikine, BC	Predominantly rural	36
	Skeena-Queen Charlotte, BC	Predominantly rural	45
	La Vallée-de-la-Gatineau, QC	Predominantly rural	23
	Division 18, SK	Predominantly rural	87
	Sudbury (District), ON	Predominantly rural	18
	Division 5, NL	Predominantly rural	23
	Division 17, SK	Predominantly rural	33
	Keewatin, NU	Predominantly rural	92
	Manitoulin, ON	Predominantly rural	41
	Avignon, QC	Predominantly rural	17
	Division 10, NL	Predominantly rural	39
	La Tuque, QC	Predominantly rural	30
	Region 5, NT	Predominantly rural	59
	Stikine, BC	Predominantly rural	49
	Mount Waddington, BC	Predominantly rural	31
	Region 4, NT	Predominantly rural	86
	Yarmouth, NS	Predominantly rural	19
	Division 21, MB	Predominantly rural	53
	Division 10, SK	Predominantly rural	22
	Region 2, NT	Predominantly rural	76
	Alberni-Clayoquot, BC	Predominantly rural	20
	Division 12, SK	Predominantly rural	16
	Division 3, AB	Predominantly rural	22

	Central Coast, BC	Predominantly rural	62
	Northern Rockies, BC	Predominantly rural	28
	Division 6, MB	Predominantly rural	18
	Division 16, MB	Predominantly rural	30
	Division 17, AB	Predominantly rural	41
	Rainy River, ON	Predominantly rural	27
	Nord-du-Québec, QC	Predominantly rural	67
	Division 18, MB	Predominantly rural	28
	Region 3, NT	Predominantly rural	95
	Bulkley-Nechako, BC	Predominantly rural	20
	Division 14, SK	Predominantly rural	16
	La Haute-Côte-Nord, QC	Predominantly rural	21
	Division 23, MB	Predominantly rural	84
	Sept-Rivières-Caniapiscau, QC	Predominantly rural	19
	Richmond, NS	Predominantly rural	20
	Division 9, MB	Predominantly rural	30
	Division 20, MB	Predominantly rural	20
	Kitikmeot, NU	Predominantly rural	92
	Region 6, NT	Predominantly rural	24
	Division 22, MB	Predominantly rural	80
	Cochrane, ON	Predominantly rural	16
	Division 17, MB	Predominantly rural	30
	Kenora, ON	Predominantly rural	49
	Cariboo, BC	Predominantly rural	17
	Division 1, MB	Predominantly rural	20
	Division 8, MB	Predominantly rural	27
	Division 4, NL	Predominantly rural	40
	Division 19, MB	Predominantly rural	95
	Peace River, BC	Predominantly rural	15
	Region 1, NT	Predominantly rural	79
	Division 16, SK	Predominantly rural	35
	Division 15, SK	Predominantly rural	30
	Division 12, AB	Predominantly rural	23
	Lambton, ON	Intermediate	6
	Thunder Bay, ON	Intermediate	15
	Greater Sudbury/Grand Sudbury, ON	Intermediate	9
	Algoma, ON	Intermediate	14
	Division 11, SK	Intermediate	11
	Brant, ON	Intermediate	5
	Division 6, SK	Intermediate	11
	Capital, BC	Predominantly urban	5
	Gatineau, QC	Predominantly urban	4
	Division 6, AB	Predominantly urban	3
	Nanaimo, BC	Predominantly urban	7
	Toronto metropolitan municipality, ON	Predominantly urban	1
	Division 11, MB	Predominantly urban	12
	Greater Vancouver, BC	Predominantly urban	3
	Middlesex, ON	Predominantly urban	2
	Division 11, AB	Predominantly urban	6
	Ottawa-Carleton, ON	Predominantly urban	3
Mexico	Yucatán, R1	Predominantly rural	78
	Hidalgo, R4	Predominantly rural	41
	Oaxaca, R3	Predominantly rural	67
	Sinaloa, R1	Predominantly rural	32

San Luis Potosí, R1	Predominantly rural	62
Sonora, R11	Predominantly rural	31
Yucatán, R8	Predominantly rural	87
Puebla, R1	Predominantly rural	47
Campeche, R3	Predominantly rural	41
Veracruz, R7	Predominantly rural	29
Oaxaca, R7	Predominantly rural	73
Veracruz, R2	Predominantly rural	51
Durango, R8	Predominantly rural	42
Michoacán, R5	Predominantly rural	28
Oaxaca, R1	Predominantly rural	64
Mexico, R7	Predominantly rural	35
Campeche, R1	Predominantly rural	87
Queretaro, R2	Predominantly rural	43
Guerrero, R6	Predominantly rural	46
Yucatán, R2	Predominantly rural	88
Puebla, R6	Predominantly rural	30
Jalisco, R1	Predominantly rural	31
Oaxaca, R2	Predominantly rural	77
Mexico, R8	Predominantly rural	37
Oaxaca, R5	Predominantly rural	80
Queretaro, R5	Predominantly rural	48
Colima, R1	Predominantly rural	35
Veracruz, R1	Predominantly rural	56
Guerrero, R4	Predominantly rural	90
Chiapas, R5	Predominantly rural	53
Campeche, R2	Predominantly rural	39
Tabasco, R3	Predominantly rural	32
Chiapas, R6	Predominantly rural	80
Morelos, R7	Predominantly rural	36
Yucatán, R5	Predominantly rural	93
Tabasco, R4	Predominantly rural	30
Nayarit, R5	Predominantly rural	83
Guerrero, R3	Predominantly rural	39
Yucatán, R7	Predominantly rural	89
Chihuahua, R4	Predominantly rural	31
Chihuahua, R11	Predominantly rural	62
Chihuahua, R8	Predominantly rural	39
Hidalgo, R5	Predominantly rural	37
Oaxaca, R8	Predominantly rural	68
Yucatán, R3	Predominantly rural	73
Oaxaca, R6	Predominantly rural	63
Sonora, R12	Predominantly rural	57
Hidalgo, R9	Predominantly rural	73
Campeche, R4	Predominantly rural	31
Hidalgo, R8	Predominantly rural	33
Morelos, R2	Predominantly rural	55
Yucatán, R4	Predominantly rural	85
Hidalgo, R13	Predominantly rural	73
Hidalgo, R6	Intermediate	75
Morelos, R6	Intermediate	28
Puebla, R7	Intermediate	43
Hidalgo, R10	Intermediate	88
Puebla, R2	Intermediate	66

	Chiapas, R2	Intermediate	78
	Veracruz, R4	Intermediate	33
	Hidalgo, R7	Intermediate	40
	Oaxaca, R4	Intermediate	57
	Morelos, R5	Intermediate	31
	Michoacán, R2	Intermediate	34
	Puebla, R5	Predominantly urban	25
	Tlaxcala, R8	Predominantly urban	30
	Mexico, R2	Predominantly urban	11
	Tlaxcala, R1	Predominantly urban	22
	Jalisco, R10	Predominantly urban	8
	Puebla, R4	Predominantly urban	27
	Tlaxcala, R3	Predominantly urban	45
	Hidalgo, R3	Predominantly urban	22
	Mexico, R3	Predominantly urban	12
	Michoacán, R6	Predominantly urban	27
	Quintana Roo, R2	Predominantly urban	44
	Morelos, R1	Predominantly urban	23
	Mexico, R5	Predominantly urban	65
	Tlaxcala, R2	Predominantly urban	30
	Yucatán, R6	Predominantly urban	51
	Morelos, R4	Predominantly urban	37
	Mexico, R1	Predominantly urban	22
	Distrito Federal (MX), R2	Predominantly urban	8
	Morelos, R3	Predominantly urban	29
New Zealand	Northland Region	Predominantly rural	32
	Waikato Region	Intermediate	23
	Bay of Plenty Region	Intermediate	28
	Hawke's Bay Region	Intermediate	24
	Gisborne Region	Intermediate	46
	Wellington Region	Predominantly urban	14
United States	Minot, ND	Predominantly rural	12
	Flagstaff, AZ	Predominantly rural	26
	Aberdeen, SD	Predominantly rural	18
	Santa Fe-Espanola, NM	Predominantly rural	7
	Farmington, NM	Predominantly rural	24
	Fort Smith, AR-OK	Predominantly rural	7
	Oklahoma City-Shawnee, OK	Predominantly rural	6
	Billings, MT	Predominantly rural	8
	Great Falls, MT	Predominantly rural	15
	Anchorage, AK	Predominantly rural	15
	Phoenix-Mesa-Scottsdale, AZ	Predominantly rural	6
	Tulsa-Bartlesville, OK	Predominantly rural	11
	Rapid City, SD	Predominantly rural	17
	San Antonio, TX	Predominantly urban	1
	Los Angeles-Long Beach-Riverside, CA	Predominantly urban	2
	Chicago-Naperville-Michigan City, IL-IN-WI	Predominantly urban	1
	New York-Newark-Bridgeport, NY-NJ-CT-PA	Predominantly urban	1
	Buffalo-Niagara-Cattaraugus, NY	Predominantly urban	1
	Dallas-Fort Worth, TX	Predominantly urban	1
	Albuquerque, NM	Predominantly urban	8
	El Paso, TX	Predominantly urban	2
	San Diego-Carlsbad-San Marcos, CA	Predominantly urban	1
	Sacramento--Arden-Arcade--Truckee, CA-NV	Predominantly urban	2

	Houston-Baytown-Huntsville, TX	Predominantly urban	1
	Austin-Round Rock, TX	Predominantly urban	1

Sources: OECD calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2016 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2016 Census of Population, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2013 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2012-2016 American Community Survey 5-Year Estimates, Tables B01001A, B01001B, B01001C, B01001D using American FactFinder http://factfinder2.census.gov for the United States.

Annex 1.B. Labour market outcomes for Indigenous and non-Indigenous peoples, 2011

Annex Table 1.B.1. Labour force participation rates for Indigenous and non-Indigenous peoples, 2011 or latest available year

Country	Indigenous	Non-Indigenous	Gap
Australia	53	76	-23
Canada	61	66	-5
Mexico	56	60	-4
New Zealand	72	79	-7
United States	65	76	-11

Note: The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the labour force participation rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2006 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2006-2010 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Annex Table 1.B.2. Employment rates for Indigenous and non-Indigenous peoples, 2011 or latest available year

Country	Indigenous	Non-Indigenous	Gap
Australia	44	72	-28
Canada	52	61	-9
Mexico	54	57	-3
New Zealand	56	69	-13
United States	64	76	=11

Note: The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the employment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2006 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2006-2010 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Annex Table 1.B.3. Unemployment rates for Indigenous and non-Indigenous peoples, 2011 or latest available year

Country	Indigenous	Non-Indigenous	Gap
Australia	17	6	-12
Canada	15	7	-7
Mexico	4	5	+1
New Zealand	11	4	-7
United States	14	8	-6

Note: The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the unemployment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2006 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2006-2010 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Annex Table 1.B.4. Labour force participation rates for Indigenous and non-Indigenous peoples by type of region, 2011 or latest available year

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap
Australia	59	76	-17	55	76	-21	49	74	-25
Canada	67	68	-1	61	66	-5	55	67	-12
Mexico	63	62	+1	54	58	-4	51	55	-3
New Zealand	73	78	-5	71	81	-10	68	79	-11
United States	68	74	-6	69	78	-9	63	76	-13

Note: The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the labour force participation rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2006 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2006-2010 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Annex Table 1.B.5. Employment rates for Indigenous and non-Indigenous peoples by type of region, 2011 or latest available year

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap
Australia	50	72	-22	45	72	-27	40	71	-31
Canada	59	63	-4	52	62	-10	44	62	-18
Mexico	61	59	+2	52	56	-4	49	52	-3
New Zealand	65	74	-9	63	78	-15	58	75	-17
United States	60	68	-8	59	72	-13	53	71	-18

Note: The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the employment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2006 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2006-2010 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Annex Table 1.B.6. Unemployment rates for Indigenous and non-Indigenous peoples by type of region, 2011 or latest available year

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap
Australia	15	6	-9	19	6	-14	18	5	-13
Canada	12	7	-5	15	7	-8	19	7	-12
Mexico	4	5	+1	3	4	+1	4	4	0
New Zealand	11	5	-6	12	4	-9	14	4	-10
United States	13	8	-5	14	7	-7	15	7	-8

Note: The latest available year is 2013 for New Zealand; and 2015 for Mexico. For Canada, the unemployment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Australian Bureau of Statistics (n.d.[23]), Census of Population and Housing, 2011 (database), TableBuilder for Australia; Statistics Canada (n.d.[8]), 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2006 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2006-2010 American Community Survey 5-Year Estimates, Tables C23002A, C23002B, C23002C, C23002D using American FactFinder http://factfinder2.census.gov for the United States.

Annex 1.C. Educational attainment rates for Indigenous and non-Indigenous peoples, 2011

Annex Table 1.C.1. Educational attainment rates for Indigenous and non-Indigenous peoples, 2011 or latest available year

Country	Indigenous	Non-Indigenous	Gap
Australia	..	..	..
Canada	48	65	-16
Mexico	16	34	-18
New Zealand	53	66	-12
United States	77	86	-10

.. : Missing value or not available.
Note: The latest available year is 2006 for New Zealand; 2010 for Mexico; and 2011 the United States. For Canada, educational attainment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Statistics Canada (n.d.[8]), 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; Stats NZ (n.d.[10]) 2006 Census (database) for New Zealand; and U.S. Census Bureau (n.d.[11]), American Community Survey, 2006-2010 American Community Survey 5-Year Estimates, Tables C15002A, C15002B, C15002C, C15002D using American FactFinder http://factfinder2.census.gov for the United States.

Annex Table 1.C.2. Educational attainment rates for Indigenous and non-Indigenous peoples by type of region, 2011 or latest available year

	Predominantly urban			Intermediate			Predominantly rural		
	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap	Indigenous	Non-Indigenous	Gap
Australia	..	..	..	...	..	..	..	..	..
Canada	53	68	-15	53	62	-9	38	57	-19
Mexico	22	41	-20	13	29	-16	13	29	-14
New Zealand	57	68	-11	51	64	-13	48	63	-15
United States	..	..	..	..	..	..	..	..	..

.. : Missing value or not available.
Note: The latest available year is 2006 for New Zealand; and 2010 for Mexico. For Canada, educational attainment rate refers to populations aged 15 and over.
Sources: Calculations based on data drawn from Statistics Canada (n.d.[8]), 2011 National Household Survey, products of Statistics Canada for Canada; Minnesota Population Center (2018[25]), INEGI Population census 2010 and 2015 and Population and Housing Census available from the Integrated Public Use Microdata Series, International website (https://international.ipums.org/international/) for Mexico; and Stats NZ (n.d.[10]) 2006 Census (database) for New Zealand.

Chapter 2. Promoting Indigenous entrepreneurship and small business development in partnership with Indigenous communities

The objective of this chapter is to identify lessons and leading practices related to promoting Indigenous entrepreneurship and small business in partnership with Indigenous communities. The chapter begins by defining Indigenous entrepreneurship and developing a profile of Indigenous businesses across different OECD member countries. Indigenous businesses are then located in a spatial context. Four types of Indigenous rural economies are identified based on their proximity to cities and access to natural resources and amenities. The chapter then discuss policy measures to improve the enabling environment for Indigenous entrepreneurship at a regional level. Within the framework of a place-based approach three complementary policy objectives are identified: i) increasing access to finance; ii) building business capabilities; and iii) improving market access through preferential procurement policies.

Key findings and recommendations

Key findings

- Entrepreneurship and small business development give Indigenous peoples the opportunity to generate own-source revenues, create jobs and invest in local communities in ways that align with their objectives for development.
- Geography is fundamental to understanding the Indigenous business sector and the following typology is used to help understand potential development trajectories for Indigenous economies in rural areas: rural areas close to cities (with or without natural resources and amenities) and rural remote areas (with or without natural resources and amenities).
- There is a range of opportunities for Indigenous entrepreneurs across different types of regions that can combine local assets and link them with tradeable sectors (e.g. renewable energy, mining and tourism) and for meeting local demand and addressing social needs.
- Despite these opportunities, market failures such as asymmetric information and the inefficient allocation of credit are apparent in the Indigenous business sector, which contributes to lower rates of entrepreneurship than non-Indigenous populations and specific policy responses are required to address them and create an enabling environment for Indigenous entrepreneurship.
- To promote entrepreneurship and small business development, governments and Indigenous communities need to work together on coherent policy packages that match the conditions and circumstances of different places and aim for the following objectives: i) increasing access to finance; ii) building business capabilities; and iii) improving market access through preferential procurement policies.

Recommendations

- Improve the quality and reliability of **Indigenous business data** by introducing a consistent Indigenous business identifier into the system of national statistics.
- Ensure better **cultural and intellectual protection** for Indigenous products and services by supporting initiatives to certify authentic Indigenous products and services within countries, and implement mechanisms for monitoring and enforcement.
- Enable a **place-based approach** to economic development by:
  - Providing frameworks, guidance and tools to support community-led economic development plans that are based on Indigenous values and perspectives.
  - Integrating policies and investments in enabling factors (infrastructure, skills and innovation) for different places, their development objectives and levels of development.

- Increase **access to finance** for Indigenous business by:
  - Incorporating Indigenous values and perspectives into the design of economic development programmes (e.g. objectives such as the strengthening of Indigenous language and culture, addressing social needs and support for subsistence activities).
  - Providing Indigenous-specific equity and loan facilities that address imperfections (such as less competition, lack of collateral and discrimination) in credit markets for Indigenous communities in rural areas (from micro-enterprises to established businesses).
  - Ensuring these equity and loan instruments have flexibilities that reflect the characteristics of Indigenous economies in rural areas such as lower levels of collateral, variability in cash flow and substituting wage income with subsistence, and seasonal business activities.
  - Increasing the effectiveness of financial intermediation by supporting the formation of locally owned Indigenous institutions that can provide financial and business development support services to local communities (thereby building capacity within communities and better matching business support to local conditions).
  - Ensuring these institutions are at the right geographic and population scale to be viable and supporting the creation of mechanisms that enable them to pool risk and resources for larger loans.
  - Providing mechanisms and infrastructure, and reducing regulatory barriers to encourage the formation of social impact markets (financing of activities that deliver social and/or environmental outcomes and a return on investment) for Indigenous entrepreneurs.
- Build **entrepreneurial skills and capacity** by:
  - Providing coaching and mentoring support to develop business plans, and access technical advice for emerging entrepreneurs.
  - Promoting success stories of individual and community-owned firms.
  - Providing access to resources and tools that can build financial literacy in Indigenous communities.
  - Providing targeted business development services that are packaged with grants that contribute to start-up and operational costs for Indigenous entrepreneurs and business owners.
- Improve **public procurement policies** targeted for Indigenous businesses (which are already operating in Australia, Canada and the United States) by:
  - Using a combination of targets and set-asides to facilitate the inclusion of Indigenous-owned businesses in public procurement markets and provide regular reporting on outcomes.
  - Designing procurement packages in a way that reduces barriers to entry for micro and small businesses.

- Providing "wrap around" business development support for Indigenous businesses in the public procurement market (mentoring and joint ventures, certification training, and targeted equity and loan instruments).
- Providing information about the scheduling of future public works between different levels of government at the regional level to provide greater certainty for Indigenous owned businesses.

Introduction

The objective of this chapter is to identify lessons and leading practices related to promoting Indigenous entrepreneurship and small businesses in partnership with Indigenous communities. Chapter 2 identifies the greater challenges facing Indigenous peoples in rural areas, and as such, this chapter focuses on rural regions. The chapter begins by defining Indigenous entrepreneurship and developing a profile of the Indigenous business sector across different counties. Indigenous enterprises can have different values and purposes to non-Indigenous businesses such as the link with community-based forms of economic development. This socio-cultural context also shapes the formation of business relationships and the use traditional knowledge to develop new products and services. The chapter then locates Indigenous entrepreneurs in a geographic context. The growth dynamics of rural economies and the assets and attributes that Indigenous peoples contribute to them are discussed. Four types of Indigenous rural economies based on their proximity to cities and access to natural resources and amenities are identified. Within these spatial contexts, there are numerous opportunities for Indigenous entrepreneurs connected with natural resource stewardship and exploitation and traditional knowledge (e.g. mining and extractive industries, renewable energy, tourism, arts and food production). The starting point for realising these growth opportunities are place-based economic development strategies that enable communities to identify areas of competitive advantage and co-ordinate actions to realise their potential. Three complementary policy objectives are identified to help activate these development opportunities: i) increasing access to finance; ii) building business capabilities; and iii) improving market access through preferential procurement policies.

Indigenous businesses: Entrepreneurship and innovation

This section of the chapter introduces specific considerations related to Indigenous entrepreneurship. It begins by discussing how Indigenous businesses are embedded in a particular cultural and institutional context that shapes their purpose, values and structure. Indigenous peoples place a higher value on kinship relations, and traditional knowledge is shared through these networks. As such, how Indigenous businesses form relationships, operate and innovate can also have different characteristics. In addition to this institutional context, the geographic distribution of Indigenous populations identified in Chapter 2 influences the structural characteristics of Indigenous businesses.

Indigenous entrepreneurship: Purpose, values and definitions

Enterprises are organisations that produce goods and services, which have some autonomy in making decisions about the allocation of resources. Entrepreneurship describes an attempt to start a new enterprise or expand an existing business by a single person or group of individuals (OECD, 2009[1]; 2017[2]). These businesses generally exist to create financial wealth. However, entrepreneurial strategies and forms of organisation can also generate other forms of value with objectives such as job creation, tackling inequalities and environmental issues that deliver benefits for the common good of a community (Peredo and Chrisman, 2006[3]; Noya and Clarence, 2013[4]; OECD, 2017[2]). Indigenous peoples are engaged in a diversity of livelihoods and entrepreneurial activity that range from traditional hunter-gatherers and subsistence farmers to expert professionals in industrialised societies (Peredo et al., 2004[5]). Entrepreneurship undertaken by Indigenous peoples has to be understood in the context of their individual and collective identities. These identities are diverse within and between countries; however, they all share the recognition of their status as Indigenous peoples. Embedded in Indigenous societies are a set of norms and values that influence the nature of entrepreneurship. A primary aspiration for Indigenous peoples is how business activities can respect and support the strengthening of Indigenous language and culture, and contribute to a community's development (Reavley, Lvina and Abraira, 2006[6]). This can include balancing and incorporating values and obligations related to the stewardship of the environment, ceremonies and traditional hunting and food gathering, and local kinship relations and decision-making processes, to business activities (Curry, Donker and Michel, 2016[7]). The level of attachment of Indigenous peoples to traditional language and culture will vary. For example, traditional subsistence can play a much stronger role for Indigenous peoples living in remote locations.

In addition to the traditional arguments regarding public policy support for entrepreneurs and small businesses (market failures such as asymmetric information and the inefficient allocation of credit), there are a number of important arguments to support Indigenous entrepreneurship and innovation. The first is that business growth can support self-determination because it can reduce dependency relationships and increase decision-making autonomy (Cornell, 2006[8]). Processes of colonisation and policies of assimilation have resulted in a lack of entrepreneurial activity and higher rates of individual dependency (in the form of welfare) and collective forms of dependency (in the form of government programmes and subsidies) for Indigenous peoples in some countries (Cornell, 2006[8]). Indigenous businesses can help overcome dependency by providing local employment opportunities for residents and generating own-revenue for public goods including the provision of services on traditional lands (NSW Ombudsman, 2016[9]; Native Nations Institute, 2016[10]; Cornell, 2006[8]). The second is that Indigenous entrepreneurs and business leaders also provide important role models for other Indigenous people (NSW Ombudsman 2016). The third is that it can retain economic activity on traditional lands and promote regional economic development. Indigenous businesses also reduce income leakage from local communities and travel costs for residents, and if they can penetrate external markets also generate multiplier effects (Native Nations Institute, 2016[10]).

There are different interpretations in the literature about the definition of Indigenous entrepreneurship (Cornell, 2006[8]; Peredo and Anderson, 2006[11]). The first is that it is simply entrepreneurship undertaken by Indigenous peoples. The second is that entrepreneurship is embedded in a particular territorial and institutional context; social forms of organisation based around kinship embedded in particular places have an important influence in shaping Indigenous businesses and economies. From this second perspective, Indigenous entrepreneurship can be defined as a new venture in a specific

territory that is linked to a collective form of self-determination (Peredo and Anderson, 2006[11]). This includes sustaining Indigenous language and culture, improving socio-economic conditions on traditional lands and forms of enterprise that are closely related to community representative and political structures (Taylor, 2008[12]). When combining these two characteristics, Indigenous entrepreneurship can be defined as the creation, management development of new business ventures by Indigenous peoples, which is often connected with natural resources and notions of community-based economic development (Peredo and Anderson, 2006[11]).

Measurement issues

Across Organisation for Economic Co-operation and Development (OECD) countries, there are generally inconsistent practices or gaps regarding identifying Indigenous businesses and producing statistics about them. This creates challenges in terms of targeting policies, monitoring and evaluating programmes, as well as tracking progress. For example, in Australia, Indigenous-owned enterprises are defined in various ways across different levels of government and the private sector due to different percentages of Aboriginal ownership being applied (100%, 51%, 50%, and 25%). This makes it difficult to make accurate statements about the size and performance of the Aboriginal business sector and the outcomes of public and private procurement initiatives. An agreed Indigenous business identifier in the national taxation or statistical system of Australia, which would enable universal data collection, is lacking. The Swedish Government collects data about Sámi Reindeer Herding; however, there is no ethnic identifier in their statistical system, which means Sámi engaged in other business activities are not captured in formal statistics. In New Zealand, there is a Māori tax code but it only relates to trusts or authorities, and it is voluntary (Statistics New Zealand, 2015[13]). The Business Register in New Zealand also collects information about "economically significant enterprises" so also excludes a proportion of the business population. It is also possible in some jurisdictions (Australia, Canada and New Zealand) to collect information on owner-managers who self-identify as Indigenous. However, this also has shortcomings such as leading to an undercount because some individuals may own multiple businesses. The United States Census Bureau Survey of Business Owners and Self-Employed Persons (SBO) includes a standard question on race which is based on self-identification of having origins to the original peoples of North America and maintaining tribal affiliation or community attachment (United States Census Bureau, 2019[14]). This approach in the United States enables a more comprehensive and granular analysis of the Indigenous business sector.

Indigenous business innovation

Innovation – the introduction of new processes and products – is increasingly important to the competitiveness of enterprises in national and international markets. This is no different for Indigenous firms, particularly those in the tradeable sector, which must innovate to remain competitive. The innovation process for business in rural areas tends to be different from that in cities, which have scale and proximity, a diversity of economic activities, and thick labour markets. In few instances are there formal science-based innovation systems in rural remote regions (e.g. activities such as forestry and bioenergy research, and agricultural research). Imported innovations are more important for rural areas. This is innovation that takes place elsewhere but is adopted either by subsidiaries of multi-national firms bringing in new products or processes that their parent company has developed or acquired or by local firms licensing or emulating ideas developed elsewhere (OECD, 2017[2]). Local innovation is significant but less obvious since it largely takes place within

small businesses and may not be patented or even made known within the region since it can be specific to a single firm. These user-driven innovations take place largely because the entrepreneur cannot find a viable solution to purchase and has to develop an internal way to resolve the problem.

The scope and nature of innovation by Indigenous-owned businesses is also influenced by social forms of organisation based on kinship and shared cultural values (Dana and Anderson, 2007[15]). For example, new business ventures are shaped by their cultural context in terms of supporting the reproduction of Indigenous language and cultural practices. In rural areas, particularly in remote areas and traditional lands, innovation is likely to be shaped by the community's relationship to land (Drahos and Frankel, 2012[16]). This relationship is generally based on the principle that people are custodians of the land and connected to it for utilitarian (subsistence and trade) and spiritual reasons, and these rights are handed down in perpetuity through stories, arts and handicrafts, symbols and cultural practices. This traditional knowledge might relate to the cultivation and gathering of food, medicine and building materials, cultural symbols and handicrafts, and the management of land and water resources (Drahos and Frankel, 2012[16]). The development and use of these technologies is bounded within close kinship networks. They have also have evolved over hundreds and thousands of years as knowledge is accumulated about the natural environment, and ways to manipulate and exploit it have been refined to support subsistence and trade amongst Indigenous societies.

Indigenous forms of knowledge and cultural expression challenge our traditional rule frameworks and programmes that are designed to protect intellectual property (IP). Patents, copyrights and trademarks enable people to benefit from technologies and products they create. In the case of Indigenous people's technologies and products are based on tacit knowledge that has been handed down orally across generations. Because they are not the result of scientific discovery or have not been scientifically tested, they may not be valued or recognised as legitimate in areas such as health or natural resource management. Traditional Indigenous products and technologies are also not the property of the individual inventor. As a result, other actors (non-Indigenous entrepreneurs and corporations) can appropriate Indigenous products and technologies. Indigenous IP rights have been an increasing source of controversy, discussion and policy responses in recent years. This illustrates the need to develop legal instruments regarding the use and protection of traditional knowledge, traditional cultural expressions and biological material (Drahos and Frankel, 2012[16]). The World Intellectual Property Organization's Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore is currently working on this issue. The goal is to create an international legal instrument that can protect traditional knowledge, cultural expressions and genetic resources. In lieu of this process, nation states and non-governmental organisations can also institute programmes related to the certification of Indigenous products and services to protect Indigenous entrepreneurs, traditional knowledge and cultural expressions (Box 2.1).

Box 2.1. Certification of Indigenous products and Intellectual Property: The case of the Sámi in Sweden

One of the ongoing issues to address is how to protect Indigenous methods, techniques and products. Sámi handcrafters on the Swedish side hold the *duodji* mark (which is owned by the Sámi cultural organisation). Individuals who wish to have their products included under the Sámi *duodji* mark need to submit them to the group to review in order to ensure that they are produced with authentic traditional techniques and materials in order to guarantee their quality and authenticity as a Sámi *duodji* product. While consumers who are knowledgeable can seek out this mark in order to ensure that they have purchased an authentic product, this does not address the mass replication and use of Sámi designs and technologies by non-Sámi firms. There are ongoing efforts by groups such as Sámi *Duodji* Foundation to secure intellectual copyrights and there is a growing need to address this. The Sámi *Duodji* Foundation seeks to build the case for this and to potentially pursue litigation against cultural appropriation. These issues are common to many Indigenous peoples. The United Nations Declaration on the Rights of Indigenous Peoples (2007) provides a broad recognition of Indigenous intellectual property rights and stipulates that, in conjunction with Indigenous peoples, states should take effective measures to recognise and protect the exercise of these rights (Rimmer, 2015[90]). At present, Sámi organisations are not sufficiently resourced to pursue these matters through judicial processes.

Source: OECD (2019[17]), *Linking the Indigenous Sami People with Regional Development in Sweden*, https://dx.doi.org/10.1787/9789264310544-en.

Structure and trends

Indigenous businesses located in rural areas will share some of the characteristics that are generally seen in the non-Indigenous rural business sector. Businesses in rural areas tend to be smaller than in urban areas with a higher proportion of micro enterprises (fewer than 10 employees) (OECD, 2017[18]). The vast majority of rural small businesses (firms with fewer than 50 employees) have slow employment growth and remain micro-enterprises. This is likely to be the case with small and remote Indigenous communities. Compared to urban areas, rural economies also have a higher proportion of firms in the traded sector (OECD, 2016[19]). The business structure in rural areas can also be different due to the existing large firms engaged in natural resource-based activities (mining, forestry and food processing). These firms undertake extraction and first stage processing and, in some cases, local small businesses provide services to these larger businesses. Although Indigenous communities seldom have the scale to undertake first stage processing, there are opportunities for procurement for smaller firms through local supply chains.

Indigenous peoples use different enterprise structures depending on individual and community objectives and legal frameworks that govern business and Indigenous territories. These structures can include for-profit corporations, partnerships and joint ventures, mutual and co-operatives, and unincorporated enterprises. Individuals and groups can establish corporations to deliver a range of goods and services in areas such as gaming, mining and extractive industries, and tourism. Unincorporated enterprises can be set up, for example, as sole traders in the construction or tourism sectors. Partnerships and joint ventures can also be used to access capital and expertise from outside of the community, for example in the case of ecotourism businesses or mining and resource operations. Not-for-profit corporations have also been used by Indigenous peoples to meet social needs

such as overseeing housing assets and the delivery social services. These not-for-profit structures enable Indigenous peoples to take control of local assets, reduce income leakage from the community and provide a mechanism to recycle profits back into the community's physical, socio-cultural and human capital.

A relatively unique aspect of Indigenous enterprise is the use of trusts to govern and develop assets on behalf of a community. A trust is a legal structure where a trustee (who can be an individual or company) holds money and property for the benefit of someone else (called a beneficiary). Indigenous peoples establish trusts to govern the monetary benefits generated from land (e.g. capital from land settlements and revenues associated with the extraction of natural resources, leases and fees related to rights of access) and in some jurisdictions to act as a legal structure for consultation and engagement related to land use (also see Chapter 3). A primary issue is by whom and how objectives are set for the trust. Governments and corporations can place conditions on how Indigenous trusts are structured and funds disbursed from them. This can privilege certain economic development objectives (e.g. linking Indigenous peoples to the mining and resources sector) over cultural or customary economic activities. It can also privilege different types of strategies for investment. One strategy is long-term collective investments in community skills and infrastructure, and another is short-term disbursement of dividends to individuals. Different governance models can also be utilised. On the one hand, a community board or council can make decisions or, alternatively, communities can vote on resolutions. In reality, a mix of these choices about objectives, investment strategies and governance may be used and they will vary within and across jurisdictions due to different legal frameworks, institutional practices and community preferences (Table 2.1). Important considerations for evaluating these approaches is the degree to which Indigenous peoples are involved in setting these framework conditions and development objectives, the cost and complexity imposed upon communities of establishing and operating these structures and how effective they are at delivering better (self-determined) outcomes for Indigenous peoples.

Indigenous groups and tribes may also operate community-owned enterprises. These enterprises may operate as a subsidiary of a trust or as a separate legal entity of a sovereign First Nation government. They can also help manage risk as the tribe can collectively absorb early losses and develop a portfolio of businesses to diversify the local economy and encourage experimentation. In the case of a trust, this enables Indigenous groups to use their endowment to build businesses and not-for-profits that increase their asset base and generate jobs and social value for community members. Tribal-owned businesses of a sovereign Indigenous government allow them to create commercial enterprises that have separate assets and liabilities. In New Zealand and the United States, there are specific legal instruments for this purpose. In New Zealand, a Māori incorporation is a legal instrument to create a for-profit enterprise on Māori land. This entity also has tax advantages (along with other Māori authorities) by reducing their provisional tax rate from 33% to 17.5%. In the United States, tribes can petition the US Secretary of the Interior to create a federally chartered corporation. This separates the assets and liabilities of the tribal commercial enterprise from those of the tribal government. These forms of collective ownership also enable Indigenous communities to build scale and compete effectively in the primary sector (agriculture, mining or fisheries and aquaculture), gaming, and for public service delivery contracts.

Table 2.1. Overview of Indigenous Trust Arrangements: Australia, Canada, New Zealand and the United States

Country	Model
Australia	Trust structures are established through Indigenous Land Use Agreements (voluntary agreement between a native title group and another party). There are no specific trust models for Indigenous groups. They operate under state and commonwealth legislation governing trust structures and are subject to normal taxation arrangements.
Canada	The Canadian Government under the Indian Act manages trust moneys (capital and revenue) from First Nation lands. First Nations can opt out of this arrangement through self-government agreements. First Nations and Inuit can also develop bespoke arrangements through treaties and impact benefit agreements.
New Zealand	The Māori Land Court has created a number of different models for the management and use of Māori land. These can enable groups to pool small landholdings into a common ownership structure and to enable the use of land for commercial development.
United States	The Office of the Special Trustee (OST) for American Indians Revenues in the U.S. Department of the Interior manages funds related to Indian lands on behalf of Native American Tribes and individuals. Fiduciary Trust Officers in the OST work directly with these beneficiaries.

Sources: U.S. Department of the Interior (2019[20]), *OST Statistics and Facts*, https://www.doi.gov/ost/about_us/Statistics-and-Facts (accessed on 23 January 2019); Māori Land Court (2019[21]), *Māori Land Trusts and Incorporations*, https://www.maorilandcourt.govt.nz/your-maori-land/trusts-and-incorporations/#maori-incorporation (accessed on 23 January 2019); National Native Title Tribunal (2019[22]), *Indigenous Land Use Agreements (ILUAs)*, http://www.nntt.gov.au/ILUAs/Pages/default.aspx (accessed on 23 January 2019); Indigenous and Northern Affairs Canada (2018[23]), *Indian Moneys*, https://www.aadnc-aandc.gc.ca/eng/1428673130728/1428673159469 (accessed on 23 January 2019).

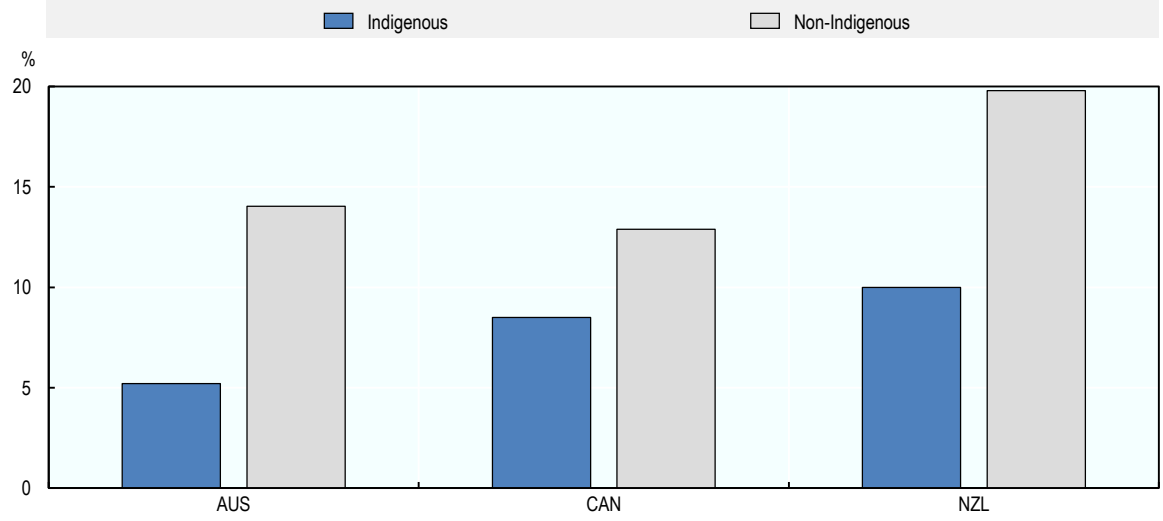
Indigenous peoples will also have development objectives to address social needs, deliver community benefit and strengthen community cohesion. In this case, social entrepreneurship is a tool to harness entrepreneurial effort and market forces to achieve these goals. The primary objective of social enterprises is community betterment rather than the maximisation of profit. These enterprises deliver goods and services, take on economic risk, provide paid work and usually recycle profits back into the enterprise, community assets and activities. This can be attractive to Indigenous communities for multiple reasons. First, the community owns the enterprise collectively and this can ensure that it serves the interest of the group rather than individuals or outsiders. Second, it can provide goods and services and achieve community objectives that are not viable for a for-profit firm. For example, local retail, and education and training services. Third, they can also provide a vehicle to strengthen customary and cultural activities, and stewardship of the environment. Social enterprises can provide opportunities for Indigenous groups in rural and remote areas to take control of the provision of goods and services and invest in community assets. However, some level of public or philanthropic support is needed to address challenges such as low levels of demand, reliance on volunteers, costs of imported goods, lack of finance and low levels of leadership and human capital.

Policy documents regarding Indigenous economic development across Australia, Canada, New Zealand and the United States indicate that there is a general trend of growth in the Indigenous business sector. An important factor cited in this growth is Indigenous peoples and organisations leveraging their land, water and sea resources, and taking advantage of public procurement policies that include specific set-asides for Indigenous owned

businesses. These growth dynamics are also influenced by international economic conditions. For example, in New Zealand, high growth has been experienced for Māori businesses in the food and agricultural sector, and in Australia for Aboriginal businesses in the mining and resources sector (Te Puni Kōkiri, 2013[24]; Australian Department of the Prime Minister and Cabinet, 2018[25]). These are both connected to rising demand in Asia for these commodities. Public procurement policies are also used as a lever to increase demand for goods and services from the Indigenous business sector in Australia, Canada and the United States. This can be revealed, for example, in the growth of Indigenous businesses in the construction sector linked to public works.

However, there is a lack of comparable evidence across OECD countries about the structural characteristics of the Indigenous business sector (in terms of size, ownership type and turnover) and changes over time. There is some data available on rates of self-employment, which refers to the proportion of the population that work for themselves (as a percentage of the total employed population). Self-employment can be used to measure rates of entrepreneurship as it does indicate people who are able to perceive new market opportunities and create firms. On the other hand, it may also be an indication of an employment option of last resort, particularly in rural areas where there are less formal employment opportunities (Faggio and Silva, 2012[26]). The data from self-employment in Australia, Canada and New Zealand show that there are gaps in the rate of self-employment between Indigenous and non-Indigenous populations (which is significantly larger in Australia).

Figure 2.1. Rate of self-employment, Indigenous and non-Indigenous, Australia, Canada and New Zealand



Note: Following years are used: Canada (2016), Australia (2016), and New Zealand (2013).
Sources: Australian Bureau of Statistics, 2016 for Australia; Statistics Canada 2016 Census of Population for Canada; and Ministry of Business, Innovation and Employment 2014 New Zealand for New Zealand.

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Indigenous entrepreneurship and small businesses in a rural context

To analyse Indigenous entrepreneurship and business development it is necessary to understand the geographic context within which this economic activity occurs. As outlined in Chapter 1, Indigenous peoples make up a disproportionate part of the population in rural areas. Furthermore, these are places where Indigenous peoples experience lower socio-economic outcomes and larger gaps in well-being relative to the non-Indigenous population. If Indigenous people are not fully participating in the local economy, this reduces the growth potential of the region. Therefore, understanding how to activate economic development for Indigenous peoples in these places is an important public policy issue. This section of the chapter discusses the growth dynamics of rural economies and the assets and attributes that Indigenous peoples contribute to them.

Place-based approach to Indigenous economic development

The economic development opportunities of any community are shaped by its population size, proximity to other places, resource endowments and the strength of local institutions. The population of a local community establishes the size of the local labour force, its skill composition and the size of the market available to local businesses. Proximity to large markets generates benefits by lowering transportation costs and enabling governments to realise economies of scale in the provision of public services. Remote places can also prosper due to proximity to natural resources, which can be minerals, hydrocarbons, water and fertile soil, fish stocks, or a high-value tourist amenity. In the absence of high-value resources and amenities or access to large markets small and remote communities have limited opportunities for economic development, but even in these cases, some local firms can exist to serve the local population. Regardless of location, the capacity for local communities to take advantage of these factors depends on the quality of local institutions. That is, how well development strategies are defined and implemented by local actors.

Within this context, there are important considerations that are specific to Indigenous economic development. The first is that Indigenous peoples are treated in a unique way as nations within a larger nation. This confers upon them special legal rights but also regulates their use of land and water resources (see Chapter 3). The second is that Indigenous communities may have distinct values and development objectives. A basic principle of the OECD approach to rural policy is that in any place local people should set their own development strategy because they typically have the best knowledge of what they want and are best positioned to know how to go about achieving it (OECD, 2018[27]). This does not mean that they cannot benefit from support in identifying and implementing the strategy, but it does mean that they should drive the process. The third is that institutional relationships are different due to the way in which Indigenous peoples make collective decisions and exercise authority, specific legislative arrangements that may apply to them and the ways in which constitutional responsibilities for them are allocated. In some countries, Indigenous peoples are the responsibility of national governments and this means relationships with subnational governments may be poor because they do not have defined jurisdictional responsibilities. These institutional factors influence economic development outcomes and are discussed further in Chapter 4.

These considerations require an adaptation of the OECD framework for rural development to the specific opportunities and challenges facing Indigenous peoples. Development objectives need to incorporate Indigenous values and perspectives, and better data is needed at the local level (as discussed in Chapter 1). Specific legal rights and regulatory arrangements related to land and resources, and kinship relations and traditional knowledge

(discussed further in Chapters 3 and 4) shape Indigenous economies in rural areas. Rural development policies also require an integrated approach to investment across levels of government, and a focus on empowering rural communities to participate in decision-making (OECD, 2016[19]). Chapter 4 will include a discussion about how achieving these outcomes in an Indigenous context requires different ways of organising public administration and methods of working with communities. The OECD Rural Policy 3.0 is a starting point for shaping this more inclusive model of rural development for Indigenous peoples (Table 2.2).

Table 2.2. Rural Policy 3.0

	Old Paradigm	New Rural Paradigm (2006)	Rural Policy 3.0 – Implementing the New Rural Paradigm
Objectives	Equalisation	Competitiveness	Well-being considering multiple dimensions of: i) the economy; ii) society; and iii) the environment
Policy focus	Support for a single dominant resource sector	Support for multiple sectors based on their competitiveness	Low-density economies differentiated by type of rural area
Tools	Subsidies for firms	Investments in qualified firms and communities	Integrated rural development approach – spectrum of support to the public sector, firms and third sector
Key actors and stakeholders	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
Policy approach	Uniformly applied top-down policy	Bottom-up policy, local strategies	Integrated approach with multiple policy domains
Rural definition	Not urban	Rural as a variety of distinct types of place	Three types of rural: i) within a functional urban area; ii) close to a functional urban area; and iii) far from a functional urban area

Source: OECD (2016[19]), *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, https://dx.doi.org/10.1787/9789264260245-en.

Growth dynamics of rural economies

Indigenous peoples are located in different types of regional economies and this is an important starting point for considering how to develop business opportunities for them. Rural and remote regions have a fundamentally different structure than that of large metropolitan regions that benefit from economies of agglomeration. These "low-density" economies are generally characterised by: small populations and labour forces, weak connectivity to external markets, local markets that offer a limited set of goods and services, a high dependence on primary sectors and first stage processing, a workforce dominated by lower skill workers, higher unit costs to deliver public services, dispersed settlements that lead to fractured local government systems and disconnected local labour markets, and a small local tax base (OECD, 2017[2]). By contrast, urban regions enjoy agglomeration benefits, which arise when firms and consumers concentrate in a given geographic area. According to reviews by Rosenthal and Strange (2004[28]), Duranton and Puga (2004[29]) and Puga (2010[30]), these benefits emerge due to three reasons: sharing facilities, inputs and gains from specialisation; thicker labour markets that result in better matching and lower search costs; and knowledge spillovers between firms.

There are a number of mechanisms available for low-density economies to overcome the disadvantages that result from a lack of economic concentration. For instance, there are industries in low-density economies such as in forestry or mining where vertical integration

represents an advantage and essentially overcomes the need for sharing facilities. Rural economies can also attract workers from other regions and abroad through higher wages (e.g. mining industry) or by offering attractive quality of life packages through the availability of environmental amenities and lower housing prices. Investments in broadband and high-speed Internet connections in remote areas can enhance connectivity, offer opportunities for new ways to deliver services and enhance the spread of new ideas.

Productivity growth in rural areas – The importance of the tradeable sector and proximity to cities

The OECD finds that proximity to cities and the performance of the tradeable sector are drivers of productivity and growth for rural economies (OECD, 2016[19]). The tradeable sector includes goods and services that are mainly produced for sale to other than local buyers (OECD, 2016[19]). In order for the people in a rural community to remain employed, local firms must be competitive in either local or export markets. That is, they must be able to match the prices and quality of competing firms. The growth of the tradeable sector enables rural economies to grow beyond their home market, attract new investment and absorb technologies, and generate a multiplier effect as income flows into the region. Although rural areas provide traditional resources such as forestry, mining, oil and gas, electricity production, fishing and agriculture, they are increasingly providing vital new functions that use their resource base in novel ways. These include rural manufacturing, various types of rural tourism, the preservation of wildlife and cultural heritage sites, the production of renewable energy, and the recognition of the key role that the rural environment plays in ecosystem services, such as carbon capture or filtering contaminants from air and water. These are all areas where Indigenous communities can take advantage of context-specific immobile assets that can represent areas of absolute advantage. Whether this is a natural park, the presence of natural resources and/or cultural heritage, these assets if well managed can produce a unique good or service to external markets and consumers.

Proximity to markets and natural resources play a significant role in shaping opportunities for Indigenous communities in rural areas. Rural communities close to cities generally have a greater capacity to diversify in the tradeable sector, for example, leveraging linkages with cities through manufacturing activity and the demand for rural amenities from urban residents. These kinds of opportunities can be realised for Indigenous communities if they possess well-located land for industrial development, and enterprises exist that provide cultural and nature-based experiences for visitors. By contrast, the tradeable sector in remote rural areas is usually narrow, with a limited range of goods and services linked to natural resources and assets, for example, in areas such as agriculture, aquaculture and fisheries, forestry, mining, ecotourism and/or renewable energy. In most cases remote rural areas participate at the lower end of value chains – extraction, harvesting and first stage processing – in natural resource-based industries that are exported far from the region. To increase productivity, these industries increasingly invest in labour saving technology, confronting remote communities with the challenge of declining employment opportunities. For some remote areas, this has contributed to a cycle of economic and demographic decline as young people leave in search of job opportunities elsewhere.

Some small and remote Indigenous communities are not on major transport routes or do not have high-value natural resources that can provide the base for economic prosperity. In this case, opportunities for economic development are limited. Some local firms will exist serving the needs of the local community but they will be constrained to selling goods that are mostly imported from elsewhere. Some service firms may also be able to exist but will also remain small because local demand is limited. There may be opportunities for the

production and sale of traditional crafts, but success in this endeavour will require developing external markets. Incomes in the community will often be mainly driven by transfer payments from the government, and many families will rely on self-supply or barter to augment their money incomes. There is often a high reliance on self-supply and most households are in a semi-subsistence status, relying on hunting, fishing and other forms of household production for a significant share of their livelihood. Trapping and guide services for people interested in hunting and fishing can provide some income, but opportunities can be limited by difficult access and poor accommodation.

Indigenous communities across different types of rural regions

As discussed earlier the economic development options available to different Indigenous communities vary greatly depending on their population size, location, resource endowments and the quality of local institutions. The size of the local labour market is a key determining factor. An Indigenous community located in a metropolitan area will be presented with a wider range of economic development opportunities than one located in a small isolated township. There are additional issues to consider for Indigenous peoples living on traditional lands (that may be defined as reserves, trust lands, native title lands, etc.). These peoples have certain rights, obligations and constraints placed on them through legislation and treaties that govern how land can and cannot be used that shapes economic development opportunities. For example, land is most likely owned collectively (and indivisible) making it more difficult to raise finance or Indigenous peoples may have use rights over land but do not have ownership rights (see Chapter 3). Together with differences in culture and values these institutional arrangements, this can result in Indigenous communities operating as social and economic islands within a wider region whether it is a large city, small town or remote area. However, it is difficult for such small groups of people to support a diversified range of economic activities and opportunities for employment. This means looking at ways in which they can leverage locational assets to create economic development opportunities for community members.

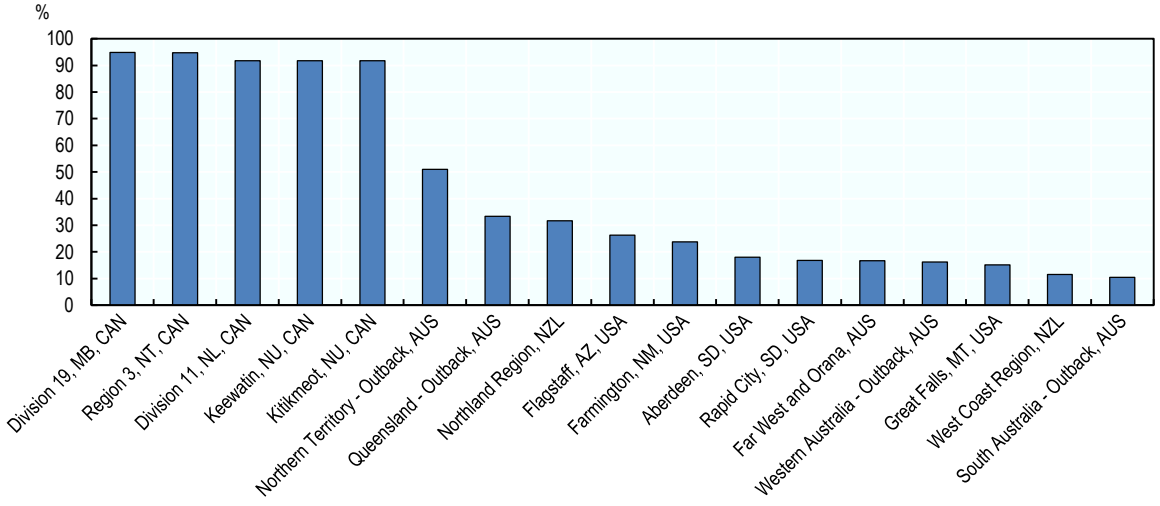
Leveraging locational assets can happen in one of two ways. For more remote Indigenous communities the presence of a high-quality resource, such as a mine, can provide more local employment opportunity and payments to the local community than would be the case if only national transfer payments were available. The resource endowment may also be related to fishing and hunting rights, landscapes and natural amenities, and water and soil resources that enable food production. Alternatively, Indigenous communities that are located closer to metropolitan areas can become wealthy by integrating their economies into the surrounding region. Indigenous communities within or close to a city can take advantage of the wider array of goods and services available in cities and community members can find employment in off-reserve occupations. In addition, these communities may have the opportunity to develop enterprises that rely on large proximate population to provide customers (e.g. casinos in the United States). Indigenous communities that are relatively close to a city but not well integrated into its economy can be relatively prosperous if they can develop an economic function that fits into the broader regional economy. Typically, this will involve co-operation with nearby non-Indigenous communities to develop their niche offer within a regional economy.

Indigenous peoples in low-density economies

As discussed in Chapter 1, a relatively higher proportion of the Indigenous population in a sample of OECD member countries (Australia, Canada, Mexico, New Zealand, and the United States) lives in rural areas. The gaps in socio-economic outcomes between

Indigenous and non-Indigenous populations are larger in these areas than in urban and intermediate regions. This is particularly the case for rural areas with a larger Indigenous population. Figure 2.2 shows rural areas with a proportion of Indigenous populations across Australia, Canada, New Zealand and the United States. As a reference point, the proportion of the population that is Indigenous in these countries is Australia (3.3%), Canada (4.9%), New Zealand (16.3%) and the United States (2%). Not surprisingly, these regions also tend to have low population densities. The average population density for OECD countries is 37.5 people per km². Only 4 out of 16 of the sample regions with the highest Indigenous population in OECD countries has a population density above 3 people per km² (Figure 2.3). These findings demonstrate the uneven distribution of Indigenous peoples across national territories and the importance of understanding the growth dynamics of low-density economies to improving outcomes for them.

Figure 2.2. Proportion of Indigenous in rural areas – Australia, Canada, New Zealand and the United States



Note: Figure shows the five rural regions from the selected countries (except only one rural region from New Zealand) with the highest share of Indigenous peoples.
Sources: Australian Bureau of Statistics (2019[31]), *TableBuilder*, http://www.abs.gov.au/websitedbs/D3310114.nsf/Home/2016%20TableBuilder (accessed on 24 January 2019); Statistics Canada (2018[32]), *Census Program*, https://www12.statcan.gc.ca/census-recensement/index-eng.cfm; Stats NZ (2019[33]), *NZ.Stat Table Viewer*, http://nzdotstat.stats.govt.nz/wbos/Index.aspx?_ga=2.242672770.1440318263.1548238156-1502974109.1548238156 (accessed on 24 January 2019); U.S. Census Bureau (2019[34]), *American FactFinder - Results*, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S2403&prodType=table (accessed on 24 January 2019).

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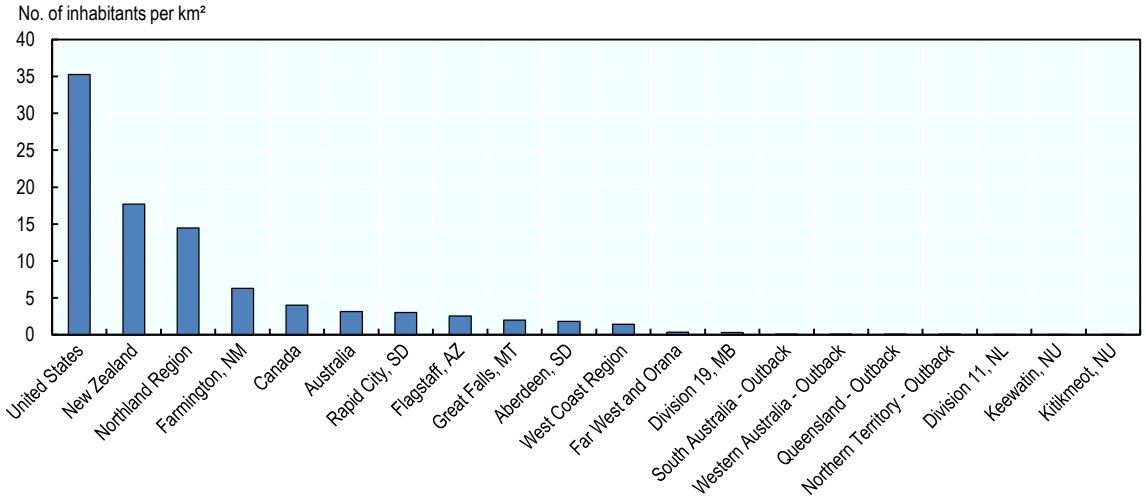
Figure 2.3. Population density in rural regions with high percentage of Indigenous populations - Australia, Canada, New Zealand and the United States



Source: OECD (2018[35]), *Regional Demography*, https://stats.oecd.org/Index.aspx?DataSetCode=REGION_DEMOGR&_ga=2.173938852.623058288.1548169324-1908064720.1536686977 (accessed on 23 January 2019).

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These rural economies also have a different economic structure to the national average. Table 1.1 evaluates the difference in the average economic structure (employment by industry) with rural regions that have a large Indigenous population (represented in Figure 2.2 and Figure 2.3) with respective national averages. These regions are much more likely to be specialised in agriculture and mining, and much less likely to be specialised in producer services (finance, insurance, and information technologies). A key development strategy for these regions will be identifying ways to add value to primary industries (mining, forestry, fisheries and aquaculture, and energy) and to develop mechanisms for linking Indigenous communities with them through employment and training pathways, and entrepreneurship and small business development.

Table 2.3. Comparing employment by industry, rural regions with large Indigenous populations with the national average (%)

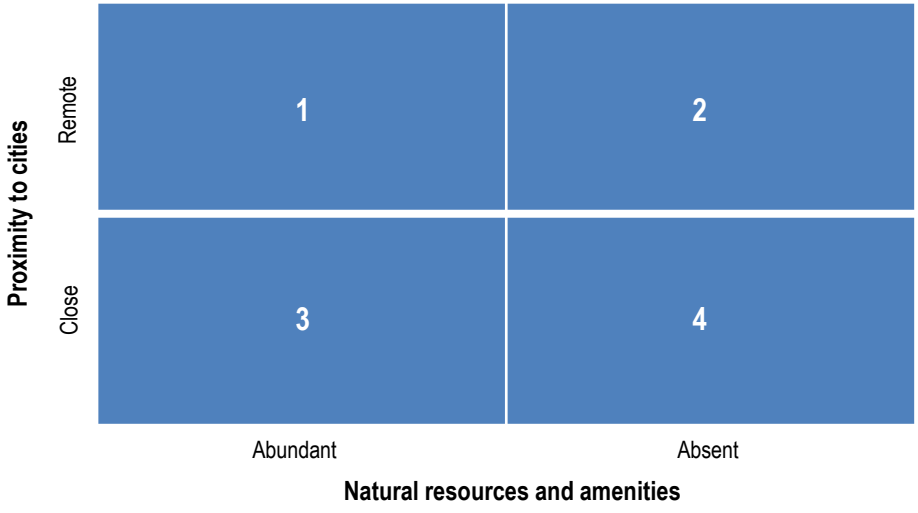
	USA difference	Canada difference	Australia difference
Producer services	-6	-11	-10
Personal and social services	3	0	3
Distributive services	-1	-5	-6
Construction	1	2	0
Industry and agriculture	3	-2	13

Note: Data for the following years: United States (2016), Canada (2016), and Australia (2013).
Sources: OECD (2018[35]), *Regional Demography*, https://stats.oecd.org/Index.aspx?DataSetCode=REGION_DEMOGR&_ga=2.173938852.623058288.1548169324-1908064720.1536686977 (accessed on 23 January 2019); Statistics Canada (2018[32]), *Census Program*, https://www12.statcan.gc.ca/census-recensement/index-eng.cfm; U.S. Census Bureau (2019[34]), *American FactFinder - Results*, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_5YR_S2403&prodType=table (accessed on 24 January 2019).

Typology to understand development opportunities for Indigenous communities in rural areas

Both population size and locational assets condition the range of potential economic opportunities available to Indigenous communities in urban and rural places (just as they condition non-Indigenous communities in a similar manner). This suggests that the extent to which Indigenous communities are successful or unsuccessful relative to non-Indigenous communities should be judged by comparing communities in similar circumstances. As such, communities located in metropolitan regions should be compared to similar geographic communities in terms of size and location. Likewise, Indigenous communities in rural areas should also be compared to similar geographic communities. Because many are small and located in remote areas, their members' level of income, employment and access to services will inevitably be lower than is the case for the average citizen who is located in an urban area. Part of this difference is the inevitable penalty of a rural location, but part may be a specific economic development penalty due to being Indigenous. The only way to identify the relative role of the two elements is to compare geographic communities of similar size and location. In terms of Indigenous communities in rural areas, the two key locational factors that shape economic development opportunities (proximity to cities and access to natural resources and amenities) can be represented in a matrix (Figure 2.4).

Figure 2.4. Typology for Indigenous economic development in rural areas



The matrix presented in Figure 2.4 outlines four basic developmental trajectories for Indigenous communities in rural communities. They are:

1. *Remote Indigenous communities with abundant natural resources and amenities* – these places are further than a 60-minute drive from a population centre of 50 000 people or more and have opportunities for commercial development related to minerals, hydrocarbons, renewable energy, fishing and aquaculture, food production and nature-based tourism. A key issue for these communities will be how to invest own-source revenues in ways that support economic value adding and diversification, and building/attracting the necessary skills to support business growth.

2. *Remote Indigenous communities where natural resources and amenities are limited or absent* – these places lack natural resources available for commercial use, and consequently economic development is largely limited to the internal market and some tourist opportunities (e.g. handicrafts). In these places, government transfers, subsistence hunting and fishing, and local bartering and sharing will play a greater role in supporting community well-being. A key issue for these communities will be ensuring access to public services that offer a sufficient quality of life to retain younger people and maintain community sustainability, culture and language.
3. *Indigenous communities close to cities with abundant natural resources and amenities* – these places are within a 60-minute drive of a population centre of 50 000 people or more with sufficient land and resources available to develop commercial opportunities related to renewable energy, food production and tourism. A key issue for these communities will be integrating with the wider urban/regional economy and developing governance arrangements to maximise the benefit of their resource base.
4. *Indigenous communities close to cities where natural resources and amenities are limited or absent* – these places are close to cities but do not have sufficient land size or the natural resources that enable commercial-scale resource-development opportunities. However, even where land parcels are small, this may still present opportunities for retail and industrial land development, and collaboration with local municipalities on planning and infrastructure is important to activating these opportunities.

This typology can help inform decision-making and dialogue about the development potential of different Indigenous communities in rural areas. Crucially the typology does not consider three important factors – variations in Indigenous rights over land and resources, the quality of the community institutions, and the development objectives of the community. It is clear that two similar size places with equivalent geographic conditions can have very different economic outcomes. In some jurisdictions, Indigenous peoples may have rights over sub-surface resources or fishing grounds (e.g. in Alaska or Nunavut) and in others, rights may be limited to the use of land (in the case of the Sámi in Sweden). This shapes the limits and possibilities for Indigenous economic development (see Chapter 3). This can also reflect differences in the quality of local institutions – the ability to identify and implement a development strategy, and or, differences in objectives (discussed further in Chapter 4). Typically, local economic development analysis assumes that all communities have similar objectives and focus on differences in the quality of institutions. However, when considering Indigenous communities, it is important to recognise that the objectives of the community may differ significantly from those assumed to hold in non-Indigenous society. In turn, this affects how standard measures (household income, employment rates and educational attainment) are utilised for comparative purposes.

Competitive advantages and opportunities

This section of the chapter evaluates the types of economic opportunities that may exist for Indigenous communities in different types of rural areas. Opportunities for Indigenous entrepreneurs emerge from the factors of production (labour, land and technologies) that exist in different regional economies. As discussed earlier, opportunities in the tradeable sector in rural areas are likely to connect with an immobile asset. From a sectoral point of view, this relates to mainly to primary industries (agriculture, mining, forestry, fishing and aquaculture). Business opportunities in energy production, services and manufacturing can

also be integrated with these primary industries. For example, food product manufacturing, construction services to the mining industry, and servicing of equipment. Other business opportunities can also emerge in relation to the management and use of natural resources such as tourism and parks management. In terms of the non-traded sector, other business opportunities exist in terms of meeting local demand (e.g. retail, cleaning and house maintenance, health and well-being, and the provision of public services).

Profile of the Indigenous business, by sector

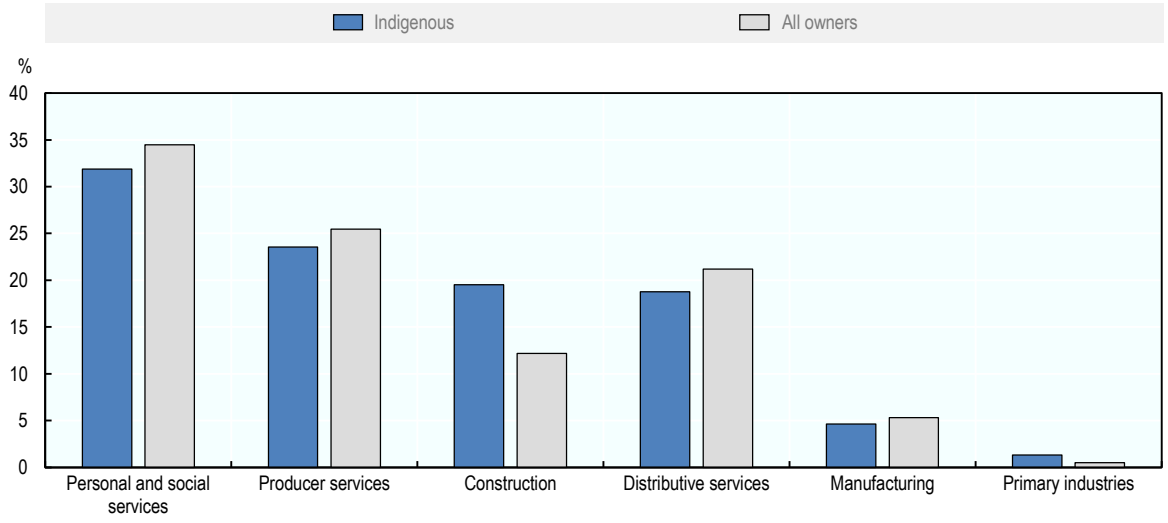
Although there are gaps and shortcomings in Indigenous business data across countries, it is possible to build a picture of it. The existing data and analysis show that specialisation in private sector self-employment and establishments is linked to land assets. This includes residential and commercial construction, mining and extractive industries, and food and agriculture. Areas of specialisation vary between countries. In terms to self-employment, there is a higher proportion of Indigenous peoples in Australia and Canada that are self-employed in the construction sector, relative to the non-Indigenous population (Canadian Council of Aboriginal Business, 2016[36]; Australian Department of the Prime Minister and Cabinet, 2018[25]). Self-employment related to the mining sector is also higher in Australia. In New Zealand, the profile of self-employment by sector of Māori is similar to the population as a whole (Ministry of Business, Innovation and Employment, n.d.[37]). In regards to business establishments in the United States, Native Americans who live on reserve have a higher proportion of business establishments than surrounding regions in mining and extractive industries (Akee, Mykerezi and Todd, 2017[38]). There is a higher proportion of establishments than the non-Indigenous population in the agricultural, forestry and fishing sector in New Zealand and Sweden (Te Puni Kōkiri, 2013[24]; Sami Parliament of Sweden, 2014[39]). Generally, lower proportions of self-employment and business establishments are evident for Indigenous peoples in the services sector across Australia, Canada and the United States. This is both related to skills set and location in the case of professional and technical services, population size (health and social care) and purchasing power (retail and wholesale).

The only systematic and regular data collection by national statistical agencies about Indigenous-owned businesses is in the United States, which shows similar trends in regards to specialisation in construction and mining (Figure 2.5). This is likely to relate to two factors. The first is construction businesses linked with public procurement, Indigenous housing and extractive industries. The second is the establishment of businesses related to the extraction of minerals, metals and hydrocarbons on Indigenous lands. Lower shares of businesses in the services sector may reflect a number of factors. This includes lower levels of human capital and the higher proportion of Indigenous populations that live in rural areas with thin markets and have low incomes.

Indigenous communities in rural areas have relatively unique areas of competitive advantage that are linked to a combination of natural resources and traditional knowledge. In any discussion about these aspects, it is important to note that Indigenous peoples use land and undertake customary activities for non-market reasons and have livelihoods particularly in remote areas that are not well integrated into market economies (Altman, 2004[40]). Indigenous peoples living in these areas tend to negotiate a balance between social and cultural obligations with business operations that will vary between individuals, kinship groups and clans (Taylor, 2008[12]). Customary activities and traditional knowledge can be understood as an area of "absolute advantage" because it is embedded within a particular location and embodied within close kinship networks that is not well-understood or shared with outside groups (e.g. as demonstrated by Indigenous arts, handicrafts and

music). Likewise, Indigenous peoples have unique knowledge and practices related to land and water use, which have evolved over thousands of years and transmitted orally from generation to generation. In order for Indigenous peoples to take advantage of natural resources, there is a need for them to have some level of legal ownership and mechanisms to turn these resources into business opportunities (Chapter 3). There are different examples of how Indigenous peoples have taken advantage of this knowledge to generate business opportunities for their communities.

Figure 2.5. Businesses, by sector, Indigenous and non-Indigenous, United States, 2016



Source: United States Census Bureau (2016[41]), *Survey of Business Owners and Self-Employed Persons (SBO)*, https://www.census.gov/programs-surveys/sbo.html (accessed on 23 January 2019).

StatLink https://doi.org/10.1787/888933959320

Food and agriculture

Indigenous businesses related to natural resource use take on different forms (e.g. sole traders, community enterprises, joint ventures) depending on the scale and complexity, and legal arrangements underpinning resource use. Food production is one business activity with which Indigenous peoples have been able to develop successful and internationally competitive businesses. The allocation of fishing rights and quotas to Indigenous peoples is one way for them to develop businesses and wealth. For example, in Alaska, a proportion of fishing rights are allocated to local communities in the Bering Sea and the Aleutian Islands as Community Development Quotas. Each community participates through non-profit corporations that manage the allocation and the revenues from it and invest in local community and economic development initiatives. These corporations also collaborate with each other to build scale and re-invest revenues from fisheries into local infrastructure and value-adding opportunities. Smaller scale examples are evident in freshwater where Indigenous communities can establish, sell or go into joint ventures in fishing tourism businesses. These examples are also evident in Canada. Land settlements in New Zealand have enabled Māori to develop globally competitive agribusinesses that link food and fibre products to Māori values related to land stewardship and sustainability. In Australia, there is an increasing interest in Aboriginal foods. For example, Kungkas Can Cook is an Aboriginal owned catering, tourism and restaurant business in Alice Springs, Australia that

employs local Aboriginal women to harvest bush foods. Across these examples, Indigenous peoples have also been able to leverage their values around stewardship and care for the country as a brand to develop niche market advantages.

Mining and extractive industries

Mining and extractive industries have historically been a source of conflict and dispossession for Indigenous peoples. However, in jurisdictions where land rights have been clarified, a legal basis exists for negotiated agreements between mining companies and local Indigenous communities, and the establishment of these businesses by Indigenous communities. Agreements with mining and resources companies (discussed further in Chapter 3) may include a suite of monetary and non-monetary benefits such as the hiring of local community members, contracting with Indigenous-owned businesses, scholarships, revenue sharing and the payment of royalties. These agreements can facilitate the growth of Indigenous-owned businesses in areas such as construction and logistics to provide services to mining operations and job opportunities for local people. This can be achieved through mechanisms such as companies agreeing to specific targets for Indigenous procurement, and encouraging or mandating larger companies to form joint ventures with local Indigenous owned enterprises. In some cases, Indigenous communities may also take on an equity stake in mining and resources businesses by investing own-source revenues. This gives Indigenous communities a greater voice in the conduct of these operations, provides an incentive for them to grow the business and gives them a sustainable income stream. Some communities have taken a step further to set up their own mining and resources companies. An example of this is the Frog Lake Energy Resources Corporation, which is owned by the Frog Lake First Nation in Alberta, Canada (Box 2.2).

Box 2.2. Frog Lake Energy Resources Corporation

Frog Lake First Nation has a population of 2 500 people and is located about 2.5 hours to the west of Edmonton in Alberta, Canada. The First Nation has a reserve of 55 000 acres which has oil and gas reserves within it. Members of the community established the Frog Lake Energy Resource Corporation (FLERC) in 2000 without any assets, cash flow or staff. The board of FLERC includes local business people and members of the Tribal Council of Frog Lake First Nation. In 2003, the corporation formed a joint venture with other oil and gas companies (current partners include Perpetual Energy, Canadian Natural, and Petromin) and then acquired mineral leases from the First Nation. By 2008, FLERC production exceeded 1 000 barrels per day and by 2009, operations were financed by internal cash flow. In 2012, FLERC formed a joint venture to undertake production off reserve lands and by 2013, it was debt free and production was exceeding 3 000 barrels per day.

FLERC is strongly linked with the community's vision for development. The operations of FLERC are based on the principle of "sustainable wealth creation" and it has developed the following vision statement: "*By 2020, we will be recognized for our ability to continuously create business opportunities and deliver long-term value for the benefit of the members of the Frog Lake First Nation and its partners*". This includes creating opportunities for employment amongst local youth, for local businesses to participate in the value chain, and by investing in community development and charitable activities.

FLERC is a good example of the Indigenous-led approach to mining and extractive industries. There are a number of key lessons to note. The first is the establishment and growth of a business that is integrated with the community's strategy for development. The mission and strategic priorities of FLERC are clearly linked to delivering better community outcomes and tribal leaders are part of the governance of the enterprise. The second is how joint ventures can be utilised to access capital and expertise to grow a business opportunity. This supported the establishment and growth of FLERC and has now put it in a position to participate as an equity partner in other projects. The third is that this approach can mean Indigenous communities are genuine partners in resource developments, and indeed can drive the process.

Sources: Frog Lake Energy Resources Corp. (2018[42]), *History*, http://www.flerc.com/history/ (accessed on 05 February 2019); Frog Lake Energy Resources Corp. (2013[43]), *Frog Lake Energy Resources Corp.*, https://www.afn.ca/uploads/files/usb2013/2-f.pdf (accessed on 05 February 2019).

Land management and environmental services

Land management and environmental services is also a growing opportunity in the context of policy responses to climate change and environmental degradation. Payments for Environmental Services (PES) are being increasingly applied across the world as a response to this challenge (Wunder, 2008[44]). The basic principle is that the user or beneficiary of the environment pays for the services provided by it (fresh water supply, storm and flood protection, pollination). These ecosystem services can be grouped into four categories: provisioning services (products such as food and fresh water); regulating services (benefits from the regulation of the ecosystem such as air quality sand pollination); cultural services (non-material benefits such as recreation and aesthetic experiences); and, supporting services (e.g. photosynthesis and nutrient recycling) (UNDP, 2019[45]). Indigenous communities can be paid for the provision of these services, which puts a monetary value on their expertise in land and water management practices that have accumulated over thousands of years. This approach is applied to Australia under the governments Indigenous Protected Areas (IPA) and Ranger programmes (Box 2.3). These programmes provide direct funding to Indigenous groups for land and water management, and these groups have also diversified to access private and philanthropic funding. This can include earning revenues from carbon credits. A good example in Australia is Indigenous fire management practices that have shown to reduce the intensity of bushfires and therefore reduce the amount of carbon released into the atmosphere. These land management practices have also been driven by and enabled technological innovations. For example, the Yawuru Indigenous community in Western Australia is developing capability in GIS mapping to support their land and water management practices. This also supports sustainable development objectives by identifying the best places for water extraction and use, clarifying sites of social and cultural significance, and places where commercial development is not appropriate.

Box 2.3. Employment opportunities through Indigenous Land Management

The Australian Government's Indigenous Protected Areas (IPA) programme enables land and sea country to be managed according to the wishes of the Traditional Owners. IPAs are voluntary arrangements through which Indigenous communities dedicate their lands or sea country to be set aside formally for conservation purposes. These areas are then recognised by the Australian government as part of the National Reserve System and deliver important Indigenous land management, cultural, social, and economic and employment outcomes. There are currently 75 dedicated IPAs which contribute over 65 million hectares, or more than 44%, of the National Reserve System. These outcomes are also shared, and in many cases strengthened by the government's funding for Indigenous rangers. Through their projects, ranger groups protect, conserve and manage environmental and cultural values. Projects can include, but are not limited to, activities such as the management of threatened species, invasive weeds and feral animal control, biosecurity activities, fire management, management of coastal and marine systems, visitor and information management, community engagement and education. These projects often contribute to economic development opportunities more broadly such as a fee for service work on behalf of government agencies, research and philanthropic organisations and the private sector; tourism enterprises; and carbon initiatives. The Indigenous ranger funding supports 118 ranger groups across the country and together with IPAs, the 2 programmes employ over 2 900 Indigenous Australians to work on land and sea country.

Source: Response to OECD Survey from the Australian Government (2018).

Tourism

Tourism is a rapidly growing rural economic activity across OECD countries. Rural tourism tends to be either nature connected and/or linked to culture and experiences. Rural Indigenous communities that are in a relatively high amenity location with adequate access will have opportunities to develop tourism businesses. The key for communities is developing a package of experiences that attract people to spend more and/or stay longer. This focus can reduce overall numbers of visitors whilst also generating sufficient revenues. This tourism package can have a number of elements. The first is accommodation on traditional lands close to high amenity landscapes (mountains, forests, rivers, lakes and the ocean). Second, are activities linked to traditional Indigenous hunting and fishing. Third, arts and cultural activities (handicrafts, music and dance) provide a unique experience for visitors and can inform them about the history and traditions of the community. In combination, these assets and activities increase the attractiveness of the experience to the participant and increase income and employment opportunities for the community. The other element to consider is how Indigenous tourism ventures are developed, which is important because they directly relate to the protection and use of Indigenous lands and culture. A model which is based on outside actors coming into communities to sell experiences, build accommodation or undertake fishing activities is unlikely to deliver long-term sustainable growth benefits for communities. Instead, Indigenous communities should take the lead in developing tourism ventures on their own terms and in a way that is linked to local business, employment and skill development opportunities (Coria and Calfucura, 2012[46]).

Culture and traditional knowledge

Culture encompasses beliefs, norms and attitudes that are peculiar a group of people who share a common sense of identity and belonging. Some aspects of Indigenous culture outlined in this report include language, ceremonies and dance, songs and kinship relations. Traditional knowledge is transmitted across generations through shared cultural norms and practices. These norms and practices also have an objectified state through representation and communication in art, literature, recorded music and images. The most important point is that culture is a foundation for Indigenous societies and critical to the reproduction of identity, language and knowledge. Culture is also not fixed and changes through generations and as Indigenous peoples interact with different cultures and use different technologies. Cultural representations and artefacts also need to be protected from exploitation and ensure that Indigenous peoples are compensated for their use. Within this context, there are many examples of Indigenous peoples have negotiated compromises between traditional and modern ways of living to generate commercial returns from culture and traditional knowledge. This has occurred within the context of growing interest amongst policymakers in OECD countries about "creative industries", which includes products and services that contain a substantial element of creative and artistic endeavour (OECD, 2014[47]). This interest has grown due to an acknowledgement about the importance of creativity to innovation and economic development, changes in consumption and the shift from subsidised art to generating commercial returns from it. A good example is the Sámi Indigenous peoples who have a vibrant creative sector that includes photo, film, handicrafts, performing arts, literature, music, books and museum activities. Traditional knowledge about biological resources has also been exploited for commercial gain (e.g. medicines, health products and cosmetics) and has been identified as an area of policy change through IP reform (discussed earlier in the chapter).

Renewable energy

Renewable energy is another source of opportunity for Indigenous communities in rural areas. Renewable energy is a growing sector and rural areas attract a large part of investment related to renewable energy deployment tends to be in sparsely populated that have abundant resources for energy production (OECD, 2012[48]). For very remote rural Indigenous communities that are off the grid, renewable energy can greatly reduce the cost of energy based on diesel generators. Renewable energy is not a "silver bullet" for Indigenous communities as it is capital intensive and potentially expensive, dependent on subsidies, does not generate much local employment and it can be unreliable. However, Indigenous communities in rural areas have land and resources (wind and water) that can be harnessed for renewable energy. There are a number of factors that need to be in place to ensure it delivers sustainable benefit. The first is engaging the local community in the process to develop renewable energy to seek consent and secure social acceptance. In the case of Indigenous communities, this means dealing with potential conflicts between renewable energy and traditional livelihoods. The location should also be optimal for renewable energy and mature technologies deployed to reduce cost and risk. Renewable energy should also be integrated with local supply chains related to forestry, agriculture, and fisheries and aquaculture. Over the past decade, Canada has seen a rapid increase in Indigenous renewable energy projects. As an example, in 2017, there were approximately 150 clean energy projects with Indigenous involvement compare to approximately 20 in 2008. Grants are provided by the Canadian government to support remote communities to develop these projects and reduce dependency on diesel as a power source. A good example is the Northern Responsible Energy Approaches for Community Heat and Electricity

(REACHE) programme that provides funding for renewable energy and efficiency and prioritises projects that demonstrate Indigenous leadership and community engagement (Indigenous and Northern Affairs Canada, 2019[49]).

The Indigenous business sector in a rural context

The profile of the Indigenous business sector differs from non-Indigenous businesses in a number of ways across the sample countries. The first is that Indigenous entrepreneurs have a lower presence in producer services. These firms usually have high knowledge content and sell services to other businesses. If these businesses specialise in niche activities, they can generate high margins and wages. Indigenous entrepreneurs are relatively more specialised in primary industries (food and agriculture, forestry and mining) and construction. These industries are more vulnerable to fluctuations in commodity prices and to levels of public expenditure. Mining and resources are one area that can generate high margins and wages (depending on the point of the commodity cycle). Renewable energy is also a potential growth opportunity for Indigenous peoples. Jurisdiction over land enables Indigenous communities to develop primary activities and negotiate benefit-sharing agreements with corporations. Properly structured these agreements can also support the growth of these types of businesses and in the services sector related to them (e.g. construction, maintenance, and cleaning and catering). Geography, institutions and levels of human capital can help explain these outcomes. In terms of geography, producer services are more likely to concentrate in larger cities, which enables them to specialise, access highly skilled labour, and benefit from knowledge spillovers. A lower proportion of Indigenous peoples live in cities than the non-Indigenous population across the sample countries. Levels of human capital are also lower and these sectors usually require a post-secondary educational qualification. Institutional arrangements also play a role. However, there are still opportunities available in the services sector. This includes services related to the management and stewardship of natural resources, tourism, and culture and traditional knowledge.

Place-based approach to Indigenous business development

To foster growth and development, Indigenous communities in rural areas must take advantage of context-specific assets that are immobile which can represent areas of absolute and competitive advantage. The previous section of the chapter presented a number of opportunities for sectoral specialisation in the primary sector for rural Indigenous communities. A key challenge for Indigenous communities is to develop strategies for adding value and diversifying around these activities by reducing bottlenecks and investing in enabling factors (human capital, infrastructure and innovative capacity). Developing these place-based economic development strategies requires institutions that can facilitate a shared vision, engage communities, co-ordinate investments and mobilise resources. Most importantly, Indigenous business growth needs to link with community development outcomes. Strategic planning for Indigenous communities is effective when it combines economic development and community planning aspects (Halseth et al., 2011[50]; Native Nations Institute, 2016[10]). This includes a process that is inclusive of and empowers different groups and interests in the community, and incorporates accessible information and data to support this dialogue. Funding support may need to be provided to co-ordinate and support this community planning process including for technical expertise, capacity building, and access to data and information. This community-led economic planning provides the basis for identifying strategies to drive development and to prioritise and co-ordinate investments in key enabling factors.

This collective vision for development should build upon areas of competitive advantage and be linked with factors that enable the growth of Indigenous enterprises. As discussed earlier in this chapter, the productivity and growth performance of rural areas tends to be influenced by two key factors: i) proximity to cities; and ii) size and performance of the tradeable sector (OECD, 2016[19]). Four main options can be pursued by rural regions to influence these drivers of productivity growth:

- Specialise in natural resource exploitation and stewardship, which includes mining, forestry, food production, renewable energy, tourism and ecosystem services (particularly for remote areas).
- Strengthen rural-urban linkages through shared governance and policies, and better infrastructure connections.
- Be integrated into Global Value Chains (GVCs). Forward and backward linkages (re-bundling) are critical to maximising value-added of natural resource industries and foreign direct investment (FDI) through the creation of a network of local suppliers.
- Develop territorially differentiated products and services through mobilising local assets and leveraging consumer preferences for local or traceable products.

Each of these strategies has different policy implications for place-based Indigenous communities. Natural resource exploitation is dependent upon the existence of the resource endowment and an appropriate regulatory environment and infrastructure connections to exploit it. If Indigenous peoples have clear property rights in relation to land and water, they can have the opportunity to give consent to developments and negotiate benefit-sharing agreements (Chapter 3). These benefits may include employment and training for local community members and access to procurement opportunities for local businesses. Rural-urban linkages are influenced by infrastructure connections and shared governance arrangements that enable co-ordination between jurisdictions (e.g. fostering connections and complementarities with surrounding communities' off-reserve). Integration with GVCs is shaped by procurement policies and support, access to finance, and skills and competencies. Product differentiation depends, to a degree, on co-ordination between different actors at a local level (e.g. through clusters and shared branding). This has the potential to be a key growth area for Indigenous businesses linked with the authenticity, quality, sustainability and traceability of products (food, handicrafts, music, arts and culture). These strategies are all conditioned by different geographies, and some good practices and lessons from specific Indigenous communities in different types of regions will now be discussed.

Remote Indigenous communities with abundant natural resources and amenities

As outlined earlier in the chapter, these places are longer than a 60-minute drive from a population centre of 50 000 people or more. In the case of Indigenous communities, they may be extremely remote without road access and facing challenging climatic conditions. Even in these remote contexts, there will be opportunities for Indigenous participation in commercial development related to minerals, hydrocarbons, renewable energy, fishing and aquaculture, food production and nature-based tourism (depending on the legal and rights framework). Kotzebue, Alaska, is a good example of a remote Indigenous community that has been able to develop an economic and community development strategy linked to a mining venture. Kotzebue is located 1.5 hours flight north of Anchorage, has a population

of 3 288 people of which an estimated 68% is Native Alaskan. In 1971, the Alaskan Government established Indigenous-led Regional Corporations and Village Corporations to oversee the governance of these land rights through the Alaska Native Claims Settlement Act. Regional Corporations have sub-surface rights, which provides a basis for negotiating benefit-sharing agreements. The Red Dog mine, which is operated by Teck is close to Kotzebue and on land owned by the Nana Regional Corporation. It is one of the world's largest zinc mines and began operations in 1989. Specific targets have been established for the hiring of local Indigenous people (now at 58%), contracting goods, services and works for the mine with Nana Corporation businesses, and creation of a Village Improvement Fund through royalties. The Nana Corporation owns businesses that provide construction, aviation and logistics services, enabling it to capture value-adding opportunities from mining and extractive industries in Alaska.

Another example is the Gumatj Corporation Ltd in northeast Arnhem Land in the Northern Territory, Australia. Gumatj is a local Aboriginal Corporation that manages Aboriginal freehold land on behalf of the Gumatj peoples who are one of 13 Yolngu clans of northeast Arnhem Land. In 2016, the Corporation established Gulkula Mining Ltd., which operates a small bauxite mine. Rio Tinto Ltd. also provided financing for the community to establish a training centre on the mining site to develop employment pathways for local Aboriginal people. The Gumatj Corporation has also developed a portfolio of businesses to diversify income streams (food production, timber harvesting, retail, construction and waste management) as mining is likely to be phased out in the region over the next decade. Both examples show how Indigenous communities with resource endowments have been able to negotiate benefit-sharing agreements and invest own-source revenues to generate value-adding and diversification opportunities.

Remote Indigenous communities where natural resources and amenities are limited or absent

Remote places without natural resource endowments and amenities have limited opportunities for economic development. In these places, government transfers, subsistence hunting and fishing, and local bartering and sharing will play a greater role in supporting community well-being. The development of the tradeable sector is still possible but will be limited in scope to small-scale tourist opportunities, and handicrafts and art. An important consideration will be local Indigenous control over firms and public services that meet local demand (e.g. waste, maintenance, community transport, retail, health and education services). Innovations such as community enterprises can enable profits to be recycled within local communities, and create opportunities for employment and human capital development. Traditional culture and customary practices also play a much stronger role for these communities, and economic development needs to be negotiated and balanced with these obligations. As a result, institutions that are locally controlled, understand the local context and can build relationships are likely to be more successful. Supporting the formation of these local institutions also requires flexibility from governments in terms of rules about the delivery of services, programmes and public procurement.

The Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) lands is such a type of community. It is located in the central desert region of Australia, covering 350 000 km² (equivalent to the size of Germany) and encompassing 26 remote communities and homelands across 3 jurisdictions (South Australia, Western Australia and Northern Territory). According to the 2016 Australian Bureau of Statistics Census, 6 036 people live in the Ngaanyatjarra Pitjantjatjara Yankunytjatjara (NPY) lands, of which 61% are Indigenous. Many people

speak English as a third or fourth language. The community has undertaken a number of initiatives that demonstrates how economic development can occur in such a remote setting. The first is the locally owned Ernabella Arts Centre in Pukatja (a community of 600-700 people). The Arts Centre provides a space for artists to meet, discuss and pass on knowledge and stories (as Aboriginal art is connected with stories about land and culture). The centre acts as a broker between artists and potential buyers through exhibitions and events that occur in larger urban centres. It is seen as a successful model because it is locally owned, has built up credibility and trust with the community over time and provides a mix of social, artistic and commercial spaces. The second is the Regional Anangu Services Aboriginal Corporation (RASAC), which is locally owned and provides a range of services to the community. RASAC is the largest employer in the region and has built a community-based employment and training model that provides support in terms of work readiness (e.g. literacy and numeracy training), personalised pathways from casual to part-time and full-time employment, and developing workplace skills. Contractual arrangements for local services have been pooled which also enables local people to manage work in a flexible way across projects, which allows them to better balance employment with cultural obligations. RASAC is perceived as a successful model because it has local knowledge about the cultural context and has relationships with local communities. This case also emphasises the importance of flexibility in employment and training, and procurement rules when operating in remote communities. The third is the Mai Wuru Store, which is another locally owned firm and has ten shops across NPY lands. There is a 30% target for Indigenous employment and additional flexibility in shifts and a mentoring programme have been introduced to retain and build the capability of local staff. A committee oversees local stores, which also make decisions about the distribution of dividends back to community members.

Indigenous communities close to cities abundant with natural resources and amenities

Rural areas close to cities are more likely to have greater scope for economic development opportunities. They are the type of region with the highest rate of productivity growth across OECD countries (OECD, 2016[19]). If these communities have relatively large parcels of land then a range of possible opportunities may emerge related to industrial activities, transport and logistics, energy, food production and tourism. Because these communities are part of a broader urban economy, mechanisms to support linkages and co-ordination in relation to planning, infrastructure, and employment and skills formation will need to be established. There are a number of examples of Māori owned agri-businesses in New Zealand, which are also close to urban centres. For example, Whangara Farms near Gisbourne and the Tumunui Trust farming operations near Rotorua. This proximity to urban centres reduces transportation costs related to accessing markets, processing facilities and agricultural services, and problems in attracting and retaining a farm workforce. The homeland of Chocktaw Nation of Oklahoma is rural but in close proximity to the Dallas-Fort Worth metropolitan area. The total service area of the Tribe is 27 488 square miles, which is about 15% of the State of Oklahoma. The Choktaw have built up a diverse business portfolio that takes advantage of their location and exemptions of Federal income tax on tribal enterprises, and from state regulatory provisions related to gambling. In terms of the services sector, these enterprises include 20 gaming operations, 3 resorts, 6 hotels, a recreational vehicle park and various restaurants including franchises. The nation also operates a number of agri-businesses that produce cattle and pecans. A continued challenge for the Choctaw is the high rates of unemployment and poverty

amongst some members of the community and a key focus for the nation is creating mechanisms to link local people with employment and business opportunities (Box 2.4).

Box 2.4. Chocktaw Nation Promise Zone

In 2014, the United States Government announced that the Choktaw Nation would be one of the first locations of a new Promise Zone initiative. Each of the five zones that were initially nominated had to put forward a plan about how they would work with local business and community leaders to address socio-economic disadvantage. In response, the Federal Government would provide the resources to help deliver the plan. The Choctaw Nation of Oklahoma's key strategies include:

- Improving skills for tomorrow's jobs, through workforce training for skilled trades and professionals and more rigorous summer and after-school programmes.
- Leveraging its role as the largest employer in south-eastern Oklahoma to create a strong base for economic revitalisation by working with partners, like Oklahoma State University, Eastern Oklahoma State College and the Kiamichi Technology Center to improve workforce training for skilled trades and professionals, with a focus on providing nationally-recognised science, technology, engineering and mathematics (STEM) certifications.
- Investing in infrastructure that lays the foundation for economic growth, including water and sewer infrastructure; these infrastructure challenges have been identified as impediments to investment in an area with otherwise strong growth potential.
- Improving educational outcomes by working across 85 school districts throughout the region to share data for continuous improvement, and bolster early literacy and parent support programmes.
- Pursuing economic diversification by utilising natural, historic and cultural resources to support growth, including evaluation of market capacity for local farmers' markets, as well as implementation of technology-enhanced "traditional" farming and ranching, and large-scale greenhouses and specialised training in business plan development, marketing and financing to support the development of women-owned businesses in the Promise Zone.

Source: The White House (2014[51]), *Fact Sheet: President Obama's Promise Zones Initiative*, https://obamawhitehouse.archives.gov/the-press-office/2014/01/08/fact-sheet-president-obama-s-promise-zones-initiative (accessed on 23 January 2019).

Indigenous communities close to cities where natural resources and amenities are limited or absent

Indigenous communities that are close to cities but have relatively small parcels of land can also generate local economic development outcomes. These communities can use land assets to attract urban development such as industrial or business parks, and retail. This requires having regulations in place related to land use and permit approvals (see Chapter 3 for further discussion). Another important aspect here is co-operation with local stakeholders (particularly municipalities) on planning, infrastructure and economic development issues, which can help generate "win-win" outcomes. Millbrook First Nation is one of the 13 First Nations in Nova Scotia, Canada, and is part of the Mi'kmaq Nation.

The reserve is about 300 hectares close to the town of Truro, which has a total population of 22 954. As of December 2017, the population of Millbrook First Nation community was 1 864 people (with 935 of that number living off reserve). The reserve is located on the main north-south highway through Nova Scotia, which links the capital Halifax to New Brunswick. The community has pursued a long-term strategy of community and economic development. Community leaders initially focused on addressing social issues and lifting educational outcomes in the 1970s and 1980s. This provided the basis for focusing on economic development issues from the 1990s. The reserve was initially split in two by the highway and the construction of a highway overpass was a very important catalyst for development. Millbrook went through a process under Canada's Indian Act to designate land that faced the highway for economic development, which meant working with the community to inform and convince them about the benefits of doing so. In 2000, development began on 46 acres of serviced land available for commercial development, and now has a number of retail businesses that constitute an estimated CAD 30 million worth of investment. Millbrook has used the own-source revenues generated from rents and taxes to build equity stakes in different businesses, undertake further real estate developments in Halifax and invest in community housing and social initiatives. Millbrook is an example of a strong community-led process underpinned by consistent leadership with business acumen. This leadership has also been looking at building relationships with the local municipality, chambers of commerce and training organisations to deliver on its vision for development.

Lessons and success factors

The quality of local institutions (leadership, governance arrangements, and community rules and regulations) play a key role in enabling or inhibiting community economic development. Successful communities have found ways to invest small amounts of capital in ways that generate positive investment returns. This is reinvested in subsequent development projects, and over time, the financial capital of the community grows. Building this own-source capital allows the community to better implement its development goals and be more successful in attracting external debt and equity finance because it is perceived to be a competent financial partner. The communities in this small sample have been able to develop businesses linked to areas of absolute and competitive advantage and meeting local demand. This has been dependent upon local institutions that have been able to articulate a vision for development and seek community agreement on it, co-ordinated planning and resource allocation decisions with private, not-for-profit and government actors and mobilised resources. These institutions have also provided mechanisms to link businesses with improved outcomes for individuals and investments in public goods. This includes linking business with employment and training pathways, investing own-source revenues in local infrastructure, and bringing goods and services to markets. Another aspect is partnerships with other local institutions (local municipalities, chambers of commerce and other Indigenous communities). These institutional characteristics have helped create a virtuous cycle whereby economic development is delivering on objectives to improve the well-being of the community.

Geography also plays a critical role in the size and location of a community shaping development outcomes. Indigenous communities close to cities have an advantage due to their proximity to a larger market and can leverage this advantage to develop a diverse portfolio of economic activities. The exact nature of these economic activities is going to depend upon the size of the city and access to it, the amount of land available to the community and its suitability for agriculture, natural amenities and the existence of surface

and sub-surface resources (e.g. timber, minerals and hydrocarbons). In remote areas, the scope of economic development is much narrower. The key factor is sub-surface resources and to a lesser degree natural amenities (rivers, lakes, forests and mountain landscapes). The exploitation and stewardship of these resources can lead to Indigenous communities running businesses or sharing in the benefits of mining and extractive industries, renewable energy, timber harvesting, fishing and aquaculture, and tourism. Remote communities with limited resources and amenities will be restricted to innovative ways of meeting local demand and trading related to small-scale arts, cultural and food enterprises. These smaller scale activities can have large impacts in remote communities and provide resources to complement government transfers and subsistence. Realising these local development strategies requires governments and Indigenous communities to work together on addressing barriers to Indigenous entrepreneurship and small business development. The following section of the chapter defines these barriers and outlines policy levers for addressing them. This includes the identification of lessons and good practices across OECD member countries.

Policies to promote Indigenous entrepreneurship and small business development in a rural context

Rural Indigenous business structures and performance reflects a number of factors and challenges that are peculiar to rural economies (Table 2.4). There are a number of policies that can be utilised to overcome these locational disadvantages and will be discussed in the following section. Investment in transport and communications infrastructure helps reduce business costs and open up new market opportunities and ways to deliver public services. The public sector can step in to provide access to finance (such as through Aboriginal Financial Institutions) and the provision of appropriate premises for business start-ups. Business support services can be expanded and redesigned to reduce barriers to entry (e.g. matching requirements and administrative burdens) for small rural enterprises seeking to innovate, grow and access external markets.

Indigenous businesses located in rural areas will also face similar challenges. However, the degree to which they affect Indigenous owned enterprises would be different for a number of reasons. The first is that the starting point for Indigenous businesses is within a social and cultural construct that is different from non-Indigenous society. This can influence Indigenous business operations in a number of ways including the importance of kinship groups to resource allocation, balancing business operations with traditional obligations and negotiating how to commercialise traditional knowledge and culture. There may not be a strong history or culture of entrepreneurship so there may be a lack of familiarity and role models, and networks with other business people and business associations. Some Indigenous peoples may also not have concepts and language that corresponds with western capitalist ideas about business and economic development. A second reason is that Indigenous people and communities may not have a reliable credit history or collateral that can form security for loans. This can also be due to property right regimes and regulatory arrangements, which put land into communal ownership that is indivisible (see Chapter 3). A third reason is that the location of Indigenous settlements may be due to non-economic factors, for example during a colonisation period a tribe was moved to a particular location that was not viewed as economically valuable. Therefore, Indigenous land can be located in relatively remote areas with poor access and linkages to external markets.

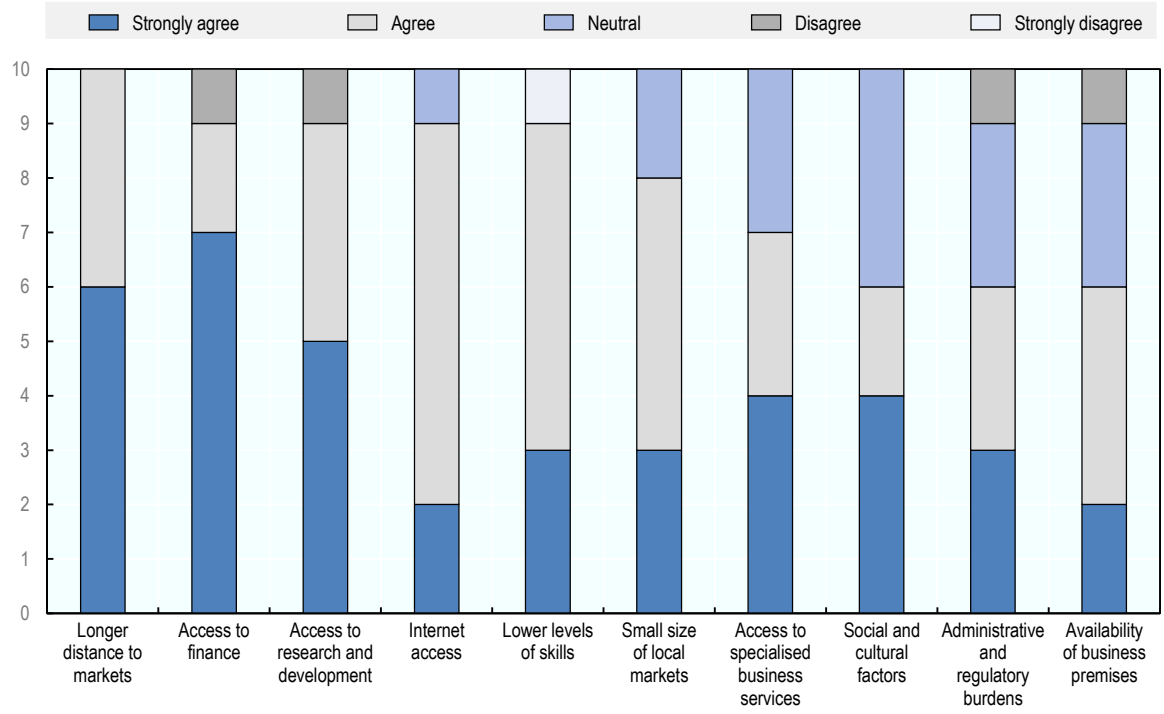
Table 2.4. Factors influencing entrepreneurship and business performance in rural areas

Factors influencing business growth	Challenges for businesses in rural areas
Longer distance to markets	Higher transportation and communication costs for businesses because the population is widely scattered and distances to large national markets may be considerable. Provision of telecommunications infrastructure can be poor because of the relatively low and dispersed nature of the demand.
Small size of local markets	Markets are smaller and more dispersed which reduces opportunities for knowledge spillovers, sharing of inputs and competition, and specialisation.
Access to research and development	There are few instances of large formal science-based innovation systems within rural remote areas, which are typically in larger cities with universities and firms large enough to support a formal research and development function.
Lower levels of skills	Historically many rural occupations did not require formal training, which has left a legacy of low levels of human capital. In areas where business and population densities are low, access to training can be more costly.
Access to specialised services	Greater average distance from business advice and support services provided through the market, such as from banks, accountants and consultants, compared with urban-based enterprises. Limited time and resources can also constrain demand for these services.
Access to finance	Rural businesses can lack sufficient access to finance because the types of enterprise that investors tend to seek out (e.g. those with high growth potential, larger firms) are limited in rural areas.
Availability of business premises	A limited supply of business premises may reflect poor economic returns for private sector developers in localities where low levels of entrepreneurial activity depress the level of demand for business property.
Social and cultural factors	Socio-cultural values and preferences can affect small business development, through its influence on gender roles, co-operation, communications and network composition. Attitudes about expansion and the value of external assistance can also be an issue.

Sources: Adapted from OECD (2016[19]), *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, https://dx.doi.org/10.1787/9789264260245-en; OECD (2009[1]), *Strengthening Entrepreneurship and Economic Development in East Germany: Lessons from Local Approaches*, http://www.oecd.org/site/cfecpr/42367462.pdf (accessed on 23 January 2019); OECD (2017[2]), *OECD Territorial Reviews: Northern Sparsely Populated Areas*, https://dx.doi.org/10.1787/9789264268234-en.

OECD member and select non-member countries provided an assessment of the relevance of bottlenecks to the growth of Indigenous businesses in rural remote areas (Figure 2.6). These results identify factors that are relatively common to all businesses located in rural remote areas. Longer distances to markets were identified as the most important factor. Difficulties in accessing finance also emerged as a critical factor across jurisdictions, which aligns strongly with previous research and literature on this topic (NSW Ombudsman, 2016[9]). Because these firms operate in low-density economies, they face typical issues such as poor-quality communications infrastructure and accessing key inputs required to start and grow a business such as skills, research and development, and specialised business services.

Figure 2.6. Relevance of bottlenecks to the growth of Indigenous businesses in rural remote areas

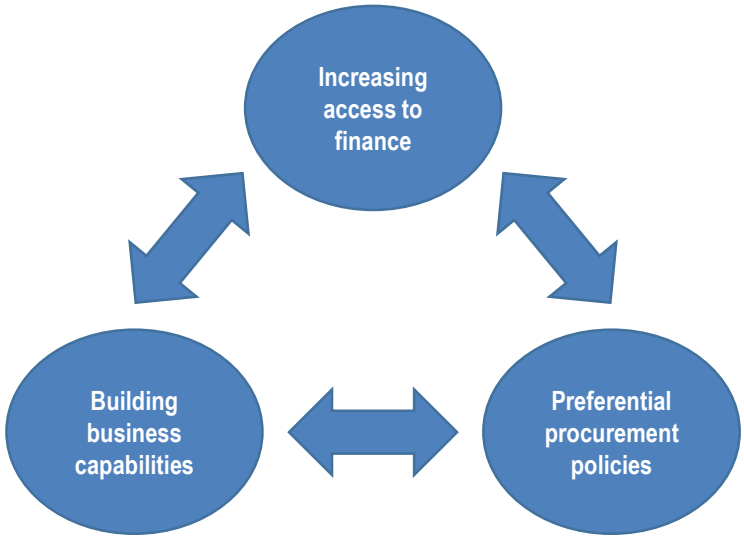


Note: Survey responses came from Argentina, Australia, Canada, Chile, Colombia, Denmark (Greenland), New Zealand, Peru, Sweden and the United States (n=10). Order of these factors is organised around responses to the "strongly agree and agree categories" minus "disagree and strongly disagree".
Source: OECD (survey response as part of the Linking Indigenous Communities to Regional Development Project)

StatLink https://doi.org/10.1787/888933959339

As discussed earlier in the chapter, the development of an Indigenous community is influenced by its location, resource endowments and amenities, its development objectives and the quality of its institutions. These initial conditions shape the development limitations and possibilities for any rural community. Governments can support development by working with communities to help them set objectives and investing in enabling factors (e.g. skills and infrastructure). Alongside these basic framework conditions, policies specifically targeted to entrepreneurship and small business development play an important role. An assessment of these bottlenecks and further engagement with OECD members and non-member countries identified three areas of relevant policy action to promote Indigenous entrepreneurship and small business growth. These three areas are: i) increasing access to finance (debt and equity); ii) building business capabilities (particularly financial literacy); and iii) addressing barriers to accessing markets through preferential procurement policies. The schematic below represents these policy areas (Figure 2.7). They will be discussed further in this section of the chapter.

Figure 2.7. Policy levers to support Indigenous entrepreneurship and small businesses in a rural context



Increasing access to finance

Defining the problem

Access to finance is critical to starting a business and enabling existing businesses to achieve their full potential. Start-ups and small businesses can be at a disadvantage in terms of accessing finance because of factors such as limited collateral and credit history, and lack of expertise with regards to business planning and producing financial statements (OECD/EU, 2017[52]). Businesses in remote areas can face additional challenges because there may be a lack of similar proposals or investments for institutions to benchmark against, returns tend to be smaller than in urban places, and there may be a lack of local financial institutions that have the local knowledge to effectively assess a proposal. These challenges can be amplified in the case of Indigenous entrepreneurs and communities for a number of reasons. Collateral can be difficult because in some jurisdictions Indigenous peoples living in traditional settlement areas do not own land or typically their home, which is a common way for small business owners to secure financing. Historical dependency on government transfers for housing and income has also resulted in a weak credit history, which makes it difficult for institutions to make an assessment of risks related to investment or finance. As a result, an entrepreneur may have difficulties in securing funding from a non-Indigenous entity and may have to bear a higher rate of interest on loans to offset the higher risk. Discrimination and cultural bias may also be a challenge resulting in lenders or investors being unwilling to even consider funding Indigenous communities or individuals.

Problems with access to finance were one of the key issues raised in fact-finding missions in discussions with representative Indigenous organisations, governments, industry and local Indigenous communities. Land is a key issue because its ownership is indivisible and can be held in trust (see Chapter 3). This complicates access to credit and essentially results in a closed market that requires finance to be guaranteed by governments. In a Canadian context, it was pointed out that access to capital was a general challenge for Indigenous entrepreneurs and was more apparent in rural and remote areas (OECD – interviews). A recent report by the Canadian Council of Aboriginal Businesses found that Indigenous entrepreneurs rely on personal savings as their main source of financing (65%) whilst only

20% rely on business loans or lines of credit (Canadian Council for Aboriginal Business, 2016[53]). Access to business loans is challenging in terms of meeting requirements for collateral and other requirements (for example only three out of ten Indigenous enterprises have a formal business plan) (Canadian Council for Aboriginal Business, 2016[53]). A lack of collateral and financial planning and management capabilities can also impact business that may wish to take advantage of procurement opportunities. In these cases, governments can step in to provide loan facilities, grants or indirectly through Indigenous-led institutions. However, gaps can still exist, particularly where community and government support ends and mainstream lending begins. This can be revealed when businesses seek to expand and penetrate new markets.

Options for accessing financial capital

Access to financial capital is a pre-condition for any form of economic development. Essentially, there are three distinct sources of funds for either a firm or a community and each has distinct characteristics: retained earnings, equity and debt. Retained earnings are generated from the firm or enterprise from previous profits and are only available once the business is operating. The benefit of retained earnings is that the enterprise, whether owned by an individual or a community, is successful enough to generate surplus funds that can be used for expansion or improvements. Equity funds are "at risk" investments by the owner of the enterprise. Profits from the firm accrue to the equity investors and if the anticipated profit stream is lower than that provided by alternative investments it will be difficult to attract equity from external investors. This increases the amount of funds that the entrepreneur or community have to generate themselves. For entrepreneurs and social enterprises, raising an adequate amount of equity finance can be the hardest task in bringing a new enterprise to life. A sufficient amount of equity is required before there is any possibility of raising borrowed funds or debt.

Debt funding comes from an outside source, typically a financial intermediary but potentially a private lender or a government. Debt finance must be repaid in a timely manner and carries an interest payment that is proportional to the risk that repayment will not occur. The relative risk of default determines the amount of equity that the business owner must provide in order to satisfy a potential lender. An enterprise with a high risk of failure and with few assets that can be sold to recover funds has little chance of finding a lender unless the firm's owners are able to provide a large share of her total required funds through equity investments. In some circumstances, firms with limited equity and significant risk can obtain debt finance if a third party, usually a government agency, which provides a loan guarantee. This guarantee shifts the default risk form the lender to the guarantor, allowing the lender to offer a loan at a lower interest rate.

While financial markets are relatively efficient and tend to allocate funds based on relative risk and return, they can have imperfections that are important to recognise. In low-density economies, there are few financial intermediaries, which reduces competition, and those in rural communities typically focus on routine lending opportunities and lack the capability to assess unusual funding requests. Typically, risks are higher and rates of return are lower for rural enterprises because local markets are smaller and it is hard to penetrate markets that are more distant (OECD, 2017[2]). Indigenous enterprises, whether owned by individuals or by communities, can also face particular challenges in raising financial capital. Lenders may have less knowledge of Indigenous opportunities and conditions, which can reduce their willingness to lend money without adequate collateral.

Finally, to the extent that Indigenous people, whether individuals or communities, have broader objectives for an enterprise than profit maximisation, this can be seen by lenders as reducing repayment capacity. More complex goals for the business tends to lead to higher costs or less revenue, which from a lender's perspective increases the risk of non-repayment. Broader objectives can be desirable but they will increase the need for more creative financing strategies that might include, pooling resources across communities to set up Indigenous financial intermediaries, seeking loan guarantees from national governments or philanthropic organisations, or relying more on external equity investors who share the community's values to reduce the amount of borrowed funds.

Government provision of tailored financial instruments for Indigenous businesses

Governments address these market imperfections by providing targeted financial instruments for Indigenous businesses at different sizes and at different points in the business growth lifecycle. This lifecycle has different phases depending upon the size of the business, sector and the regulatory framework. It is generally understood as a start-up phase, a period of growth and financing, succession and disposal. Governments in Australia, Canada and the United States all provide different financial instruments, mainly loan facilities, to address needs at different points of this cycle. Micro-finance has been used as one strategy because it is able to successfully target micro-enterprises and to support the financial inclusion of disadvantaged groups and in remote areas. This involves the provision of very small loans, support and business advice. Different thresholds are applied in countries regarding what constitutes micro-finance; for example in Australia, it may be loans up to AUD 5 000 (Burkett and Sheehan, 2009[54]). Larger loans in the start-up phase are also provided in Australia and Canada, which can be useful particularly for purchasing equipment, which is sometimes necessary for participating in public procurement and providing services to the mining industry. This support can also include a mix of grants and loans, which enable entrepreneurs to build their equity share, and if the business is successful, enables them to access further finance. Larger scale loans (direct loans and guarantees) are provided for this growth stage. Some of the design features introduced into these loan facilities include flexible repayment schedules (e.g. accounting for seasonal conditions), no interest loan periods, lower requirements for capital contributions and the direct provision of public capital.

Government support for Indigenous micro-finance initiatives

Micro-finance addresses a financing and business support gap for very small enterprises and encompasses different tools (savings, insurance and loans). Evaluations about the efficacy of these programmes across different countries are mixed with some evidence of positive effects on household income (Kovsted, Andersen and Kuchler, 2009[55]). Nevertheless, there is evidence that they are able to address a gap in the provision of credit for groups that lack personal savings, a credit history and different forms of discrimination. Indigenous entrepreneurs can face similar issues and when they wish to start a business and small amounts of finance may be required to activate a business idea. Some governments have responded to this gap through the provision of targeted micro-finance loan programmes. Whānau Ora is a collective impact model that was established in 2011 in New Zealand to improve the delivery of social services at a local level. Different commissioning agencies co-ordinate service delivery and engage Māori in decision-making as part of this initiative. The 2016 New Zealand Budget provided NZD 4 million to deliver microfinance to support enterprise development through these commission agencies. There is also a range of different microfinance providers across New Zealand, some of whom, are

specifically targeted for the Māori population (Good Sheppard, 2018[56]). In Australia, the main provider of microfinance to Indigenous populations is "Many Rivers", which was established in 2007 as a subsidiary of Opportunity International (Many Rivers, 2019[57]). It now provides loans, financial advice and support through a network of locations across Australia. Little Rivers has formed a strategic relationship with Westpac Banking Group to provide a pathway toward access to mainstream banking and some of its funding support for its activities comes from the government. This government support focuses on the provision of microfinance to remote communities.

Financial instruments for established and growing Indigenous businesses

Once Indigenous–owned businesses are established and growing, governments provide different loan facilities for them. A key characteristic of these loan facilities is flexibility in terms of scale, repayment schedules and access to business advisory support services. Examples of these programmes from Australia, Canada and the United States are outlined below.

The United States Congress passed the Indian Financing Act (1974) with the aim of addressing the disparity in access to capital between Indigenous and non-Indigenous peoples. Eligible borrowers (tribal organisations, tribal members, and businesses with at least 51% Indigenous ownership) can apply for a loan through a lending institution. Lending institutions can then apply for a guarantee for loans that provide Native American businesses with operating capital, equipment purchases, business acquisition and refinance, building construction and lines of credit. Individual loans are capped at USD 500 000 and can be increased for tribal enterprises. Since its inception, this programme has guaranteed over USD 1 billion worth of loans (Bureau of Indian Affairs, 2019[58]).

In Canada, Business Development Canada provides the Indigenous Entrepreneur Loan with access to funding of up to CAD 250 000 for existing businesses and up to CAD 150 000 for start-ups (Business Development Canada, 2019[59]). Loans can be used to acquire fixed assets, finance franchise fees, cover start-up costs, start exporting and replenish working capital. This loan facility is provided through the Business Development Bank of Canada, which is a government-backed institution that provides capital, advisory services and finance to small and medium-sized enterprises (SMEs).

In the Australian context, Indigenous Business Australia (IBA) provides business development and loan programmes for the Australian Government (Indigenous Business Australia, n.d.[60]). IBA provides a number of different loan facilities to Indigenous entrepreneurs. Business loans of AUD 10 000 to AUD 5 000 000 are provided for working capital requirements, purchase of existing businesses, plant and equipment, and other commercial assets. Flexible provisions are provided in these loans, for example, to cover contract cost, extended interest only repayments, and seasonal fluctuations. A procurement loan (up to 2 years) is another facility that is provided to cover initial capital costs related to the awarding of a contract through the Indigenous Procurement Policy (IPP) or another government programme. Support for start-ups includes a 30% contribution through a grant and includes a funding package of up to AUD 100 000 for up to 7 years. IBA also provides short-term loans to cover cash flow issues associated with invoices (of 60-90 days).

Local Indigenous financial institutions

The Federal Government of the United States has been proactive at supporting the establishment of Indigenous Community Development Finance Institutions (CDFI) (U.S. Department of Treasury, n.d.[61]). CDFIs can be banks, credit unions, loan funds, microloan

funds, or venture capital providers. The initial capital for the institution may be raised from the local community, other financial institutions and government. CDFIs are normally accountable to their local community and operate on a not-for-profit basis with legislative and funding support from governments. CDFI emerged in the United States in the 1970s and enabled by the Community Reinvestment Act (1977) that provides encouragement for financial institutions to address the needs of minority and economically disadvantaged communities. CDFIs were initially established as intermediaries to provide capital, finance and advice to these communities.

The establishment of the CDFI Fund in 1994 bolstered the CDFI movement in the United States. The fund provides a number of mechanisms to support the role of CDFI across the United States, which includes direct investment and programmes to build capacity and expertise, tax credits to attract private sector investment, and a bond guarantee programme to facilitate investment in local infrastructure. The Native American CDFI Program (or NACA Program) is supported by the U.S. Department of Treasury and has three components: i) Competitive Financial Assistance (loans, grants, equity investments, deposits and credit union shares); ii) Technical assistance (equipment; hire consulting or contracting services, pay salaries and benefits, or train staff or board member); and iii) Capacity building (training and webinars on topics such as small business) (U.S. Department of Treasury, 2019[62]). In the United States, there are currently over 70 Native American CDFI across 19 states.

Similarly, over the last three decades, Canada has also built a network of local financial institutions owned and run by Indigenous peoples. Aboriginal Financial Institutions (AFIs) emerged in the mid-1980s in Canada with the Federal Government providing the initial capital injection of CAD 240 million. Since this time, AFIs have provided over 42 000 loans to Indigenous business owners with a total loan value of over CAD 2.3 billion. Over the past 5 years, the annual value of loans disbursed has stabilised at a little over CAD 100 million, the average annual number of start-ups supported was close to 500, the average annual number of existing businesses supported was over 750, and AFIs have created or maintained 4 000 full-time employment jobs. There are three types of AFIs operating in Canada. The first is Aboriginal Capital Corporations that are capitalised by the Federal Government, typically have a revolving loan fund and also provide technical and advisory services. The second is Aboriginal Community Futures Institutions that are capitalised through Federal Regional Development Agencies (RDAs) that also provide loans and technical advice, along with strategic planning and community initiatives. The third is Aboriginal Developmental Lenders that are capitalised by provincial governments and/or the private sector and provide debt and equity capital, and business support services. These institutions are now supported by two main mechanisms at a federal level. The first is the Aboriginal Entrepreneurship Program that includes equity funding for a range of different business activities. The second is the Community Futures through RDAs that provides funding support for community planning and projects, business services and capital for SMEs. AFIs now have revolving funds that do not require ongoing supplementary financing from governments; however, financial support is still provided for operational funding. One key challenge that has been identified in Canada is that they have stretched their initial capital base, which is now reducing their capacity to take on new and riskier developmental loans (NACCA, 2018[63]).

In Canada and the United States, the growth of these grassroots Indigenous financial institutions has also led to the creation of national representative organisations that can lobby on behalf of their interests, build scale, provide technical expertise and deliver funding support. The Canadian Council of Aboriginal Business (CCAB) and the National

Aboriginal Capital Corporations Associations (NACCA) are examples of these institutions (Box 2.5). These institutions are important for a number of reasons. First is they enable local Indigenous financial institutions to advocate for their own interests with governments. Therefore, they are important in terms of giving Indigenous peoples an independent voice in debates and policy processes related to economic development. Second, is that they provide a forum to share best practices and build capacity through events and networking. Third, they provide a mechanism to deliver government support and programmes to local Indigenous businesses. Fourth, they can provide a platform that enables local institutions to build scale and attract private capital. By building scale, it may enable local institutions to attract institutional investors, which is critically important in terms of growing the overall capital base for the Indigenous economy by accessing private sector finance, an area that has not been fully exploited.

Box 2.5. Indigenous business institutions and representative organisations

Indigenous business interests can lack a clear voice and influence over decision-making about policies, investments and regulatory frameworks. To overcome these challenges there are various examples of where Indigenous businesses have set up institutions that enable them to build linkages with other businesses, pool resources and expertise, and influence political and policy processes. These types of institutions exist in countries such as Australia, Canada, New Zealand, Peru and the United States. They also play a role in terms of delivering public goods, for example by delivering programmes on behalf of governments, and generating research and data about the Indigenous business sector. Two examples from Canada are outlined below.

Canadian Council of Aboriginal Businesses (CCAB)

The CCAB grew out of an initiative in the 1980s to better link corporate Canada with Indigenous peoples. It now serves as a platform to foster relationships between Indigenous businesses, partnerships between Indigenous entrepreneurs and Canada's institutional enterprises, and awareness about the interests of its Indigenous business membership. The functions of the CCAB include: awards that recognise Indigenous business success, events that provide Indigenous businesses with expert advice, link and network with other businesses, and provide opportunities to share lessons, programmes to certify businesses are Indigenous-owned, certifies corporate performance on Indigenous relations, provision of business tools and resources, and research about the Indigenous business sector.

The National Aboriginal Capital Corporations Associations (NACCA)

NACCA is an umbrella body for 50 AFIs across Canada. It provides programme-funding support for AFIs, promotes best practices for lending to Aboriginal people, advocates to government and potential funders, and promotes the AFI network. NACCA has recently launched an Indigenous Growth Fund initiative, which is designed to leverage government funding and attract higher levels of private and institutional funding to AFIs. In the United States, the Native CDFI Network fulfils a similar function.

Leveraging private sector finance

Given personal levels of wealth tend to be lower amongst Indigenous peoples and public capital may be scarce, a key strategy for growing the Indigenous business sector is through

improved access to private capital. This can be achieved organically through the maturing of the Indigenous business sector. As businesses grow and achieve a record of accomplishment, it will become easier for them to access mainstream banking services. Profitable businesses are attractive to lenders and equity investors because they have demonstrated an ability to survive and because they have retained earnings on their balance sheets. Mainstream banks can also be more proactive at reducing barriers to Indigenous peoples and businesses accessing financial services. Banks in Australia have used the framework of Reconciliation Actions Plans to identify ways to enhance the inclusion of Indigenous peoples in mainstream banking and finance. This includes priorities to increase Indigenous employment in banking and finance, strengthening cultural competency, developing bespoke products and tools, financial literacy and encouraging savings (Box 2.6).

Box 2.6. Mainstream banking and finance and Indigenous peoples, examples from Australia

Reconciliation Action Plans

Reconciliation Australia (RA) was established in 2001 as a not-for-profit with a focus on reconciliation between Indigenous and non-Indigenous Australians. RA's vision is based on five dimensions: race relations, equity and equality, unity, institutional integrity and historical acceptance. RA provides a framework and quality assurance role for organisations to prepare Reconciliation Action Plans (RAP). Each RAP is informed by the five dimensions and provides a methodology to identify practical actions for private, public and civil society organisations to promote reconciliation.

Westpac Group

The Westpac Group is Australia's second largest commercial and retail bank and provides services across Australia. Westpac's Reconciliation Plan (2018-20) is organised around four priorities with associated priorities and targets:

- Meaningful careers – the proportion of Indigenous peoples employed in the company and retention, greater diversity in employment pathways, career progression and leadership parity, and Indigenous cultural competency training and celebrations.
- Better banking experiences – improve access to home ownership products and services, develop specific savings plans for funerals, designing protocols and guidelines for engaging with Indigenous peoples and communities, and developing bespoke communication tools to improve financial literacy.
- Backing Indigenous business – increasing procurement from Indigenous-owned businesses, capacity building for suppliers, and support for micro-enterprises.
- Prospering communities – staff volunteering and secondments to support Indigenous organisations and financial literacy training

The Westpac Group has also established an Indigenous Leaders Engagement Team to drive this strategy and an Indigenous Advisory Committee that advises monitors and evaluates the bank on its reconciliation efforts.

Australia and New Zealand Banking Group (ANZ)

ANZ is Australia's third largest commercial and retail bank and provides services across Australia and New Zealand. ANZ's Reconciliation Action Plan (2016-19) outlines the following priorities and achievements:

- Moneybusiness initiative, developed in partnership with the Australian Government in 2005, builds the money management skills and confidence of Indigenous Australians and develops a stronger savings culture in remote communities. The programme is delivered in communities through a series of workshops and support materials. In 2016, 55 100 Aboriginal and Torres Strait Islanders had participated in this initiative.
- The Saver Plus initiative is a matched savings and financial education programme supported by ANZ. Matched savings provided by the bank can be used to purchase educational items (e.g. computers and computer equipment, textbooks, school uniforms and school camps). People who have a healthcare or Pensioner Concession card, have some regular income and are participating or have a child participating in education and training are eligible. In 2016, 95 Indigenous families had participated in the programme.
- ANZ offers dedicated Indigenous traineeships to increase employment of young Indigenous peoples in the company, provides cultural awareness training to staff, and ensures that Indigenous welcome to country ceremonies are standard practice at key events.

Sources: ANZ Banking Group (2016[64]), *ANZ Banking Group - Reconciliation Action Plan 2016-2019*, http://www.indigenousculturalawareness.anz.com (accessed on 23 January 2019); Westpac Group (2018[65]), *Partnering for Prosperity - Westpac Group Reconciliation Action Plan 2018-2020*, http://www.gaawaamiyay.com (accessed on 23 January 2019).

Another potential area for growth, which is under-utilised in the case of Indigenous community and economic development, is social impact investing. Social impact investing provides finance for organisations and projects that address social and/or environmental and generate a financial return. The social impact investment market is still young and evolving. An important catalyst for this market has been high net worth individuals, family offices, foundations and institutional investors who have become interested in finding investments that deliver both a social and a financial return (OECD, 2015[66]). Constructing this market depends upon a level of demand (existence of institutions that can address social needs using an entrepreneurial approach), supply (e.g. foundations or institutional investors interested in social impact) and intermediaries (CDFIs, social banks, funds). Different elements of this market are in place in OECD countries that have Indigenous populations. For example, in the United States, there are deep capital markets coupled with CDFIs and a vibrant Indigenous business sector. However, attracting private capital into Indigenous economic and community development does not appear to be particularly strong across member countries and there may be several reasons for this. One is the lack of high-quality investment opportunities into which large amounts of capital can be deployed (OECD, 2015[66]). This demand-side problem can be addressed by working with Indigenous communities to develop businesses, and at a community level in terms of planning and project readiness, and finding ways to broker partnerships to build scale. Another reason may be challenges associated with the regulatory framework. For example, regulations

governing the structure of trusts, tax treatment of investment, and security of investments on Indigenous lands. Another barrier may be related to the availability of data. If there are data gaps about Indigenous communities and their territories, or data is not shared or available, then this makes it difficult to make sound judgements about potential investment opportunities.

Another bottleneck is lack of scale and appropriate intermediaries. CDFIs and AFIs are unlikely to attract institutional interest because they are generally small scale and serve a local market. This also restricts the size and number of loans. Increasing economies of scale can help increase the amount of finance available, reduce risk and attract the interest of institutional investors. Local CDFI can do this by creating common loan pools around larger scale projects within a region (or at a cross-regional and/or national scale). Making this happen may require some brokering and incentives from the government (and at minimum reducing barriers to co-ordination). In the Canadian context, there are also larger scale Indigenous financial institutions. For example, the First Nations Bank in Saskatchewan, Canada was established in 1996 as a partnership between the Federation of Saskatchewan Indian Nations and TD Bank. It is now a chartered bank with over CAD 440 million in assets and is over 80% owned and controlled by Aboriginal shareholders from Alberta, Manitoba, Northwest Territories, Nunavut, Quebec, Saskatchewan and Yukon. The capacity for 74 First Nations to pool resources and develop a partnership with a mainstream bank was instrumental in creating this larger scale institution. Intermediary institutions provide a matchmaking function by linking different actors in the market and creating liquidity. However, across countries, this appears to be lacking in relation to the Indigenous business sector. The development of effective intermediaries together with other reforms (data, support for Indigenous enterprises, regulatory reform) could potentially have a transformative effect on Indigenous economic development.

Key lessons and good practices

Indigenous peoples face challenges in relation to accessing finance to start and grow businesses due to limited collateral and credit history, and discrimination and cultural bias. These challenges are amplified in rural areas due to lack of financial intermediation and poor returns. Some of these challenges are shared with non-Indigenous entrepreneurs and small businesses in rural areas and other minority and/or disadvantaged population groups. Other challenges are relatively unique due to jurisdictional issues related to land, embeddedness in traditional culture and customary practices, and inter-generational poverty. Government provision of loan facilities tailored for Indigenous businesses provides a way of overcoming these challenges. It lowers risk until equity and credit records can be built and provide a pathway to mainstream banking. Loan facilities tailored for Indigenous businesses should be flexible, and structured to facilitate financial intermediation for start-ups and micro-enterprises, and for established businesses of different sizes. These loan facilities may include low-interest loans, flexible repayment schedules, and combinations with grants to leverage financial contributions. Assistance should be time-limited and calibrated so Indigenous businesses can build a pathway to mainstream banking. Mainstream banks can also help build pathways by creating bespoke products and services for Indigenous peoples, building cross-cultural competencies, and through proactive approaches to Indigenous employment and procurement.

Self-determination can be realised if Indigenous communities have opportunities to grow own-source revenue and capital. Indigenous-led CDFI and financial institutions provide a key mechanism to achieve this. The CDFI/AFI model also builds human capital in

economic development and financial literacy within Indigenous communities. They are also more likely to have stability in leadership and personal, which enables the development of relationships with local communities. This facilitates more informed decisions about the provision of credit and the capacity to combine finance with continuity of business advice and technical support. This does not take over a role from the government but can complement it by providing strong local institutions for Indigenous economic development. Indeed, local CDFI/AFI can play an important role in the delivery of public programmes. As shown in this chapter, the direct provision of loans by government institutions can play an important enabling role, as can proactive efforts by mainstream banking institutions. However, there are limitations inherent in the government-led model of providing finance to Indigenous businesses including greater risks of mismatches in the provision of support, lack of presence and relationships with communities, changes in leadership and staff, and fewer opportunities to build Indigenous community capacities in economic development. On the other hand, local CDFI/AFI have limited scale and this can generate bottlenecks in terms of growing the Indigenous economy.

A key future challenge is how to create mechanisms that enable Indigenous communities and businesses to build scale and access private capital. Three options were identified and their appropriateness across jurisdictions depends on the level of development, scale of the Indigenous business sector, and the existence and strength of local Indigenous-led financial institutions:

- Local Indigenous-led financial institutions pooling their resources to create a common pool of funds to better manage risk and create opportunities to provide larger loans.
- Supporting the creation of larger financial institutions by supporting Indigenous communities to come together and form joint institutions, including in partnership with mainstream banks.
- Developing intermediary institutions that match different actors in the market and create liquidity for Indigenous businesses (particularly within a framework of social impact investing).

Building business capabilities

Defining the problem

Entrepreneurial skills cover both cognitive and non-cognitive skills required to start and operate a business, which can include creativity, strategic planning, financial literacy, mobilising resources, managing uncertainty and teamwork (OECD, 2019[67]). The skills can be developed within school systems and through business development programmes. For children and young people within the school system, an important aspect is teachers shifting from instructors to facilitators and coaches, and supporting students to engage in multi-disciplinary projects that engage with real-world problems (OECD, 2019[67]). This process is specific to different school settings and requires experimentation and engagement between schools and their local community (parents, civic leaders and local entrepreneurs). This will be particularly relevant for Indigenous communities that have unique social and cultural settings. Another aspect is access to formal and informal training for adults to start and grow a business (OECD/EU, 2017[52]). This can include the provision of business incubation services, technical assistance, access to mentors and financial advice. Financial literacy is of critical importance and encompasses understanding about financial products, concepts and risks, and the capacity to make informed decisions and

effective actions about them (OECD, 2012[68]). Levels of financial literacy have been found to be relatively low across G20 countries with fewer than half of all adults able to achieve a minimum score of standard questions about financial knowledge (G20/OECD, 2017[69]). Existing research suggests that levels of financial knowledge are lower for Indigenous populations (Wagland and Taylor, 2015[70]). Financial literacy is recognised as an increasingly important skill in OECD countries in the context of the shift of risk and responsibility from states and corporations to individuals, and increasing complexity and choice in financial markets (OECD, 2012[68]). Financial literacy encompasses a number of competencies that are critical to starting and operating a business. This includes applying basic numeracy skills, understanding credit, interest rates, and scheduling repayments, and the relationship between risk and return. Without these basic skills in the population, it is difficult to create an environment that is conducive to business creation.

Building these business capabilities need to be integrated with initiatives that address market failures affecting Indigenous entrepreneurs and small businesses. Building business capabilities on their own will not facilitate Indigenous entrepreneurship. These capabilities need to be combined with resources and networks that enable Indigenous entrepreneurs to activate business ideas. The first is in regards to access to capital. Governments usually combine these capacity-building initiatives with grants that support entrepreneurship and small business growth. This can include direct contributions to the capital and operating costs of a business, for example, plant and equipment, business planning, participation in cluster initiatives, and marketing and promotional activities. These interventions are important for Indigenous economic development due to the lack of secure assets identified in the previous section. These direct contributions provide seed capital that can be used to leverage additional capital. The second market failure is in regards to information asymmetries. Support for participation in cluster initiatives as well as marketing and promotional activities can help Indigenous entrepreneurs to build networks and access information to support business growth and innovation. This also generates opportunities for peer-support and mentoring between Indigenous entrepreneurs and with non-Indigenous entrepreneurs.

Challenges in terms of access to formal and informal mechanisms to develop business capabilities were a common theme emerging from our engagement with Indigenous organisations, governments, industry and local Indigenous communities. This included a lack of awareness about the information, tools and resources that are available for Indigenous people looking to start and grow a business, and gaps in the provision of support (particularly around financial literacy). These problems can be generated by the fragmentation of business support services between different ministries and levels of government at a local level, and gaps in the provision of services to remote locations. There was also a consistent theme about the lack of capacity for local Indigenous communities to navigate and access programmes. Often what was missing was a local intermediary (such as an AFI) that could build relationships with local communities and provide coherent information and support on a consistent basis. Another common challenge was a mismatch between the needs and aspirations of Indigenous entrepreneurs and what was offered in terms of business support. Indigenous businesses may have different business models (e.g. based on traditional culture, mobile or seasonal) and these characteristics are not adequately reflected in programme design. Cultural mismatches and mistrust also seem to play a role. For example, people administering business development programmes often lack sufficient cultural knowledge or relationships to engage meaningfully with local Indigenous peoples. These challenges were amplified when new opportunities emerged such as through preferential treatment in public procurement, and resource extraction

projects. In this context, bottlenecks such as lack of appropriate skills and technical certifications can quickly emerge and result in Indigenous communities missing out on local business and employment opportunities.

Strategic options to address these problems

There are a number of different programmatic interventions that entrepreneurship in rural areas (OECD, 2009[1]; 2017[2]). The first is providing support networks to help entrepreneurs capture the resources they need, which often includes some form of incubator programme (Henderson, 2002[71]). These can provide a platform to deliver a range of services to micro-businesses such as legal and accounting services, and the provision of physical space to meet and work. They can also help address information asymmetries, for example by delivering programmes and activities that increase understanding about opportunities in external markets, particularly at the early stage of the business (Wyer and Smallbone, 1999[72]) The second relates to policies that promote an entrepreneurial culture in a local community (Henderson, 2002[71]; North and Smallbone, 2006[73]). This includes specialised training in entrepreneurship, promoting entrepreneurship as a career option to young people, mentoring, enterprise awards and promotion in local media (OECD, 2009[1]). OECD countries also usually have programmes targeted at SMEs to facilitate modernisation and upgrading through some combination of financial assistance, advice and consultancy, training and infrastructural improvements (OECD, 2009[1]). These business development programmes are more effective if they are delivered in a way that matches the rural business environment, for example, outreach services to small remote communities, and lowering barriers to programme participation.

Tailoring initiatives for Indigenous entrepreneurs

Strategies to promote entrepreneurship and innovation for Indigenous peoples are likely to share many characteristics with non-Indigenous rural areas. These strategies will vary across different national territories given the starting point is self-determination and community-led economic development, and these places have different levels of development, institutional arrangements, histories and resource endowments. Given these local economies are small there will be a need to prioritise areas of competitive advantage and develop the tradeable sector by strengthening links with external markets (including surrounding areas off-reserve). Consideration should also be given to how communities can take control over activities in the non-traded sector (e.g. retail, health and education services, and construction) through Indigenous-led for-profit and social enterprises. This can result in better services, reduced income leakage, and local jobs and training opportunities. Governance arrangements and programmes to support entrepreneurship and innovation (with low barriers to entry) will also be needed to help address information asymmetries, strengthen linkages with non-Indigenous actors within regions and improve access to capital and technical expertise.

However, there will also be some important differences between non-Indigenous strategies to promote entrepreneurship and innovation. The level of development and existing engagement with markets is an important consideration. At a low level of engagement, economic development might be more of a process to build capabilities to participate in local and regional economies (Altman, 2004[40]). This might include a focus on skills development, intermediate labour market programmes and social enterprises linked to address social needs. Another consideration is how governance arrangements and programmes are adapted to social forms of organisation based around kinship relations. For example, how policy and legal instruments recognise the importance of commercial

ventures that support Indigenous languages and cultural practices, improve socio-economic conditions on traditional lands, and appropriately structure relationships with community representative and political structures (NSW Ombudsman, 2016[74]). Traditional knowledge is also a unique feature of Indigenous economies. It is important this knowledge is respected and there is informed consent regarding its use for commercial purposes (e.g. cultivation and gathering of food, medicine and building materials, cultural symbols and handicrafts, and the management of land and water resources).

Building financial literacy

Low levels of financial literacy are a key barrier to building a positive environment for business start-ups in Indigenous communities, particularly in rural remote areas. Financial literacy is a basic pre-requisite for capital accumulation and it was also an area that was generally identified by interviewees as a gap in terms of support from the government. Different practices across countries suggest that a community-based model works best when helping Indigenous peoples build skills related to savings and investment, and combining it with micro-finance initiatives. There are a number of examples where not-for-profit institutions and governments have stepped in to fill this gap. In the State of Victoria, Australia, "My Moola" was established in 2006 by the First Nations Foundations as a financial literacy programme for Indigenous peoples. The programme covers cultural obligations and money, how to set goals and achieve them and teaches about financial products and services (First Nations Foundation, 2019[75]). This includes budgeting, insurance, superannuation, loans and mortgages. The Assets for Independence Program (AIP) is a general access initiative delivered by the USA Administration for Children and Families (U.S. Department of Health and Human Services, 2018[76]). AIP is a community-based programme that combines matched savings accounts with financial education to help poor families build savings and the capacity to manage them in the future. The Financial Consumer Agency of Canada (FCAC) has identified financial literacy as a key issue for Indigenous communities in the context of developing a new National Strategy for Financial Literacy. The agency recognises that these barriers need to be addressed by engaging Indigenous communities in the design and delivery of financial literacy interventions. As part of the National Strategy, the FCAC has established a working relationship with Indigenous organisations, which is co-chaired with the Aboriginal Financial Officers Association (AFOA) (Aboriginal Financial Officers Association, 2019[77]). AFOA is an Indigenous-led not-for-profit organisation that focuses on capacity building for Indigenous professionals working finance, management, band administration and programme management. It provides training and certification for Indigenous financial managers, administrators and leaders.

Targeted business development programmes

Public programmes and initiatives to build business capabilities are also usually packaged with grants (or direct contributions) for activities such as feasibility studies, business planning, marketing and product development, and financial contributions to capital costs and technologies. Grants can play an important role in building initial capital, bridging finance gaps and reducing risks associated with starting or growing an enterprise. They usually require some level of matching funding from other sources, and across the sample countries in this study, this is usually in the range of 25%-50%. These matching funds may come from personal assets and own-source revenues, private sources (e.g. in the case of joint ventures) and support from subnational governments. Across countries, this support predominantly relates to capacity building and technical expertise to evaluate and progress

project proposals. Some countries also provide direct funding for plant and equipment and economic infrastructure.

Canada, New Zealand, Norway and Sweden provide targeted support for individual Indigenous start-ups and small business owners. Australia and Canada provide similar types of support that cover both capacity building and equipment. In Canada, the Aboriginal Business Financing Program provides grants of up to CAD 99 000 to individuals and up to CAD 250 000 for community projects to support business growth and development, and this is delivered through Canada's network of Aboriginal Financial Institutions (AFIs) (Nishnawbe Aski Development Fund, 2019[78]). This includes support for business advice, capital and operating costs. Te Puni Kōkiri provides targeted capacity building support for Māori entrepreneurs in three ways: i) information provision and networking; ii) business growth assessment and planning; and iii) business support services. This requires Māori owned businesses to register with the Department and includes support and referral to other government agencies dealing in business related matters (e.g. export assistance, innovation and tourism). Māori entrepreneurs and community organisations also have access to the Provincial Growth Fund (a general fund for initiatives that lift the productivity of regions) that provides loans, and underwriting and equity (Ministry for Primary Industries, 2019[79]). The key interface for support is through Business Growth Advisors in the 18 regional offices of Te Puni Kōkiri across New Zealand. The Sámi Parliaments of Norway and Sweden also have similar support programmes and take a lead role in setting overall priorities (Box 2.7).

The Canadian Government provides the greatest scope in support for community-owned enterprises, compared to other countries, through its Community Opportunity Readiness Program (Indigenous and Northern Affairs Canada, 2018[80]). This includes contributions for capacity building and technical expertise, along with funding for equity and community economic infrastructure. Equity funding provides for some of the costs associated with establishing, acquiring or expanding a community-owned business whilst economic infrastructure includes contributions to improving local roads, energy, and water and waste systems. This programme also provides support through direct contributions for feasibility studies, impact assessments, promotional strategies and commercial advisory services. In Australia, the scope of support for community-owned enterprises is more limited. The Indigenous Land and Sea Corporation (ILSC) in Australia has provided a vehicle for Indigenous groups to acquire land to support larger-scale enterprise development (Indigenous Land Corporation, 2019[81]). ILSC is a government entity that runs enterprises through subsidiaries, undertakes joint ventures and also divests or purchases land on behalf of Indigenous groups. This can relate to community-based enterprises in the case of pastoral properties.

Box 2.7. Indigenous economic development: Sámi peoples in Norway and Sweden

Norway

The Sámi Parliament of Norway is a representative institution of the Sámi people living in Norway. The Norwegian Government allocates funding to the Sámi Parliament for various activities including for the Sámi Development Fund. The parliament is responsible for setting priorities and making decisions about Sámi economic development. The economic development priorities of the Sámi Parliament of Norway focus on the following key sectors: reindeer husbandry, marine industries, agriculture, handicrafts and creative industries. Programmes and initiatives overseen by the parliament provide capital grants directly to business, invest in economic infrastructure that supports Sámi businesses and deliver public benefit, build capacity and skills in entrepreneurship, and marketing and promotion. These grants are available in a targeted area in northern Norway.

Sweden

Like Norway, Sweden also has a parliament for the Sámi Indigenous peoples, which is also a state agency. Sweden is also a member of the European Union (EU) and as such, EU programmes and rules shape economic development initiatives. Specific funds for Sámi economic development are allocated through Sweden's Rural Development Programme (RDP) for 2014-20. To guide this allocation the Sámi Parliament conducted a strengths, weaknesses, opportunities and threats (SWOT) analysis that identified reindeer husbandry, food, cultural trades and handicrafts, and tourism as strengths and areas of potential. Grants are provided for skills training and capability building, marketing and promotion, and to works to improve ecosystems in agriculture and forestry.

Source: OECD (2019[17]); Sámi Parliament of Norway: https://www.sametinget.no/.

Targeted support for community-owned enterprise in New Zealand and the United States focuses on capacity building and technical support for project evaluation. In the United States, the Bureau of Indian Affairs (BIA) Native American Business Development Institute (NABDI) grants provide support for tribes to undertake feasibility studies on economic development projects (Bureau of Indian Affairs, 2018[82]). Funding is also available for evaluation and assessment of energy and mineral resources and opportunities through the Energy and Mineral Development Program and the Tribal Energy Development Capacity Grant. The BIA also provides technical assistance services for Native American tribes to broker connections and develop markets through events. The Māori Innovation Fund in New Zealand aims to help Māori collectives (trust or incorporated entity) increase their capabilities, understanding and knowledge about economic assets and opportunities (Ministry of Business, Innovation and Employment, 2019[83]). Support is provided across 2 areas: i) commercial advisory services, which enables an advisor to be hired for 12 months to analyse commercial opportunities and build commercial links; and ii) a governance and management development scheme that facilitates training in management, strategic planning and other business skills.

Key lessons and good practices

Indigenous peoples and communities can lack access to opportunities for developing capabilities and networks that support entrepreneurship and small business growth. These

capabilities include how entrepreneurs can utilise and combine skills such as creativity, strategic planning, financial literacy, resource mobilisation and teamwork to create viable businesses. Social networks may also be lacking that can create opportunities for entrepreneurs to access information and resources, and shape positive attitudes related to entrepreneurship (e.g. for risk-taking and tolerance of failure). These human and social capital dimensions of entrepreneurship need to be considered in the context of challenges related to accessing financial capital (discussed in the previous section of this chapter). The government needs to play a role here in the direct provision of funding for plant and equipment and activities that support Indigenous entrepreneurs in accessing the expertise and networks they need to start and grow a business (e.g. cluster initiatives, marketing and promotion, business planning and feasibility studies).

The most important consideration for governments is how to design business development programmes that are specific to the needs and circumstances of Indigenous communities. A number of elements are apparent:

- Due to limited collateral, some form of direct public investment should be provided and packaged with capacity building support (e.g. training for entrepreneurial competencies and access to technical expertise and mentors). This investment should be time-limited and conditional on the provision of other financial and in-kind resources. Building capacity is likely to lead toward more sustainable outcomes and reduced reliance on government funding in future.
- Recognising that traditional livelihoods in remote areas may not be that well integrated into formal market economies. However, they do generate resources to meet subsistence needs, re-produce language and culture, and with appropriate support can be combined with formal market activities. This value should be recognised in public support for Indigenous economic development.
- Indigenous businesses are embedded in a particular cultural and community context characterised by kinship relations. Working effectively in this environment means developing high levels of trust and strengthening relationships at this local scale. Local Indigenous-owned financial institutions are much better equipped to deliver this type of credible and close support than government departments and agencies. This can also help overcome the problem of fragmentation and gaps in the provision of support for Indigenous entrepreneurs.
- In some cases, a social enterprise may be a more appropriate tool to achieve development objectives. This can be the case for communities impacted by social problems and with basic unmet needs (e.g. problems with chronic disease, poverty and water and sanitation issues). Social enterprises can develop local employment and skills pathways, and recycle profits back into community development initiatives. Examples of these social enterprises might include local stores, house maintenance, catering, and health and fitness. Indigenous business and economic development programmes should also be inclusive social entrepreneurship and alternative business models.

Preferential procurement policies

Defining the problem

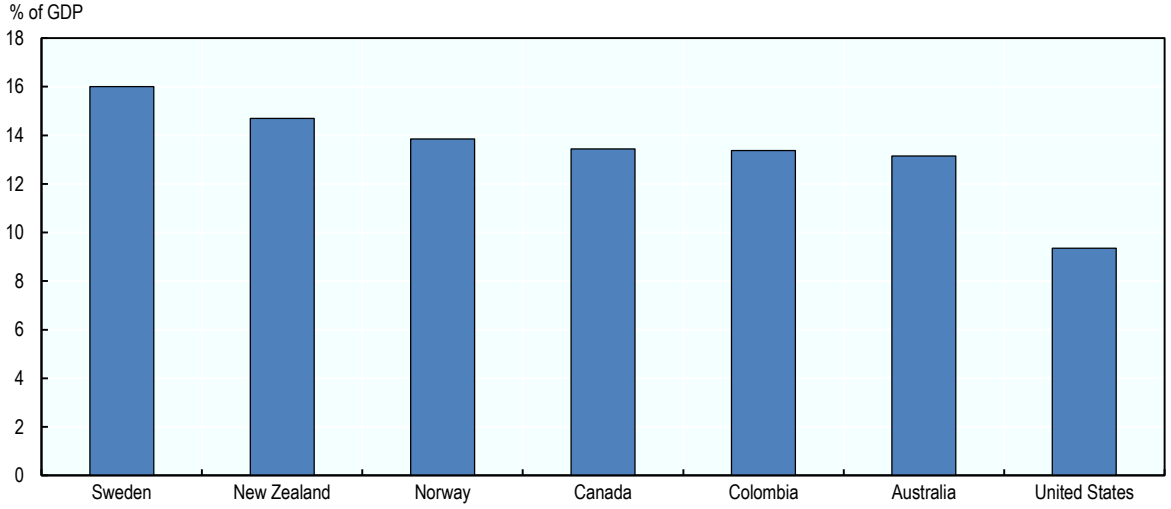
Many Indigenous peoples and communities face systemic disadvantages in terms of socio-economic status and accessing markets. The absence of resources, assets and capabilities

means that in spite of best endeavours communities can be stuck in a cycle of weak investment, growth and employment. Barriers to market access for Indigenous peoples can occur because of supply-side factors such as insecure property rights (see Chapter 3), lack of skills and inadequate infrastructure. Weak demand for Indigenous products, services and skills also play a role. On the demand side, there may also be a lack of familiarity, trust and awareness on behalf of public entities and corporations, and a reluctance to invest and increase risks associated with project cost and delivery schedules. Corporations and governments may structure procurement in such a way (through the size of projects, rules and technical requirements) that make it difficult for Indigenous-owned enterprises to access these opportunities. Therefore, opportunities to develop skills, employment and businesses are lost.

Preferential public procurement (adjusting policies regarding the purchase of goods, services and works by governments and state-owned enterprises to meet social objectives) has been used as a lever in some countries to expand access to markets for Indigenous-owned businesses. These schemes have been criticised on the basis that they distort markets and increase costs, which outweighs the benefit of achieving their secondary objectives. However, preferential treatment and targets can help overcome barriers to market access by providing strong and predictable increases in demand for goods and services for disadvantaged population groups. This can contribute to promoting entrepreneurship and small business development within these groups. As will be discussed further in this section, complementary initiatives are required to ensure minority-owned enterprises can benefit from preferential procurement regimes.

Public procurement is potentially an important lever for achieving social and economic outcomes. The size of the public procurement market across OECD countries is significant. Governments in OECD member countries spend on average 12% of their gross domestic product (GDP) on public procurement (excluding procurement by state-owned utilities) and this is significant for some countries with Indigenous populations (Figure 2.8) (OECD, 2011[84]).

Figure 2.8. Public procurement as a percentage of GDP, select countries (2015)



Source: OECD (2017[85]), *Government at a Glance - 2017 Edition: Public Procurement*, https://stats.oecd.org/Index.aspx?QueryId=78413 (accessed on 24 January 2019).

StatLink https://doi.org/10.1787/888933959358

Preferential procurement policies for Indigenous businesses

Recently national and some subnational governments in OECD countries have adopted the policy of using government procurement contracts as a way to stimulate Indigenous business growth. McCrudden (2004[86]) provides a useful overview of the history of public procurement as a means to achieve social objectives. Procurement set-asides go beyond prohibitions on discrimination and employ various forms of "affirmative action" to accomplish social objectives and encourage entrepreneurship amongst minority groups (e.g. African Americans, Indigenous peoples, women and people with disabilities). Mandatory set-asides for federal contracts for Indigenous peoples (as direct contractors and as sub-contractors) is a practice that has been used by the Canadian Government since 1996. Evaluations of the effectiveness of various set-asides provide mixed results. A number of problems that reduce the effectiveness of these programmes have been identified in the literature (McMurtry, 2014[87]; Myers and Chan, 1996[88]; Noon, 2008[89]; Oakes, 2010[90]). This can include lack of experience in bidding for government contracts, difficulties in finding potential partners for subcontracts, lack of minority-owned firms in sectors such as construction and manufacturing, and the use of silent minority partners in the business ownership structure. These challenges can be summarised in terms of problems in the design of public procurement processes and barriers to the creation of minority firms that can take advantage of these opportunities (Box 2.8).

Each of these factors is likely to apply to Indigenous peoples living in rural areas. The first point is that procurement strategies are likely to be less effective in low-density economies due to the smaller number of contracts available, lack of scale and specialisation in the local economy, and the longer distances that are required to travel. For these schemes to work in rural regions, it is important that different levels of government have a shared commitment to preferential procurement and co-ordinate their actions. In particular, local municipalities are critical because of their role in terms of investment and maintenance of local infrastructure.

Box 2.8. Common barriers to minority participation in government contracting

Enchautegui et al. (1997[91]) carried out a nation-wide study of minority-owned firms in the United States and identified the following factors as instrumental in the limited success of procurement policies.

Barriers to minority participation in the government contracting process:

- Failure of government to break large contracts down into smaller projects so that minority firms, which tend to be smaller, can compete.
- Extensive granting of waivers from minority subcontracting requirements to majority contractors.
- Ineffective screening for false minority fronts.
- Limited notice of contract competitions.
- Bid shopping on the part of majority prime contractors, who disclose minority forms subcontracting bids to their majority competitors so they can be underbid.

Barriers to the formation and growth of minority firms:

- Lack of financial capital: minorities have lower incomes, fewer assets and diminished access to business loans.
- Lack of social capital: minorities' access to business networks is limited and their own family networks may be smaller or less valuable than those of their majority counterparts.
- Lower human capital endowments: minorities have less education and professional training, and their access to union and other apprenticeship programmes is more limited.
- Minorities' access to lucrative, nonminority consumer markets is comparatively limited, due in part to historical patterns of residential segregation.

Source: Enchautegui, M. et al. (1997[91]), *Do Minority-Owned Businesses Get a Fair Share of Government Contracts?*, https://www.urban.org/research/publication/do-minority-owned-businesses-get-fair-share-government-contracts (accessed on 24 January 2019).

Preferential procurement programmes

The United States has the longest-running programme to support public procurement from Indigenous businesses through the Small Business 8(a) Program, which was established in 1978 (U.S. Small Business Administration, 2018[92]). Under this provision, Indigenous people are identified amongst other minority groups – for example, Black Americans and Hispanic Americans – and a target of 5% of all public procurement is set for these groups. Only small businesses are allowed to participate and this definition varies by number of employees and turnover across different industry sectors. Businesses are certified with the Small Business Administration, and a number of wraparound supports are provided, including the capacity for small firms to enter into a "mentor-protégé" arrangement that enables a more experienced partner to form a joint venture with a minority-owned business.

The Federal Government of Canada began a specific focus on Indigenous businesses in its public procurement through its *Procurement Strategy for Aboriginal Businesses* (PSAB) in 1996 (Indigenous and Northern Affairs Canada, 2018[93]). This programme has mandatory set-asides for the procurement of goods, services and works that target an Indigenous population. There is also support for voluntary set-asides and for "Indigenous Participation Components" whereby a proportion of a value of the contract is set-aside for Indigenous participation, which can be direct (sub-contracting, hiring) or indirect (training, scholarships, bursaries, grants). Qualifying businesses are also certified with a Federal Agency and procurement co-ordinators work with Indigenous enterprises to assist them to participate.

The Australian Government established its Indigenous Procurement Policy (IPP) in 2015 (Department of the Prime Minister and Cabinet, 2018[94]). Australia uses a mix of targets and mandated set-asides to incentivise Indigenous participation. Support is provided in terms of concessional loans and performance bonds as inadequate capital and assets were identified as a binding constraint to participation in public works. Supply Nation is a non-profit entity that undertakes registration and matching for Indigenous businesses, and receives support from the government (Supply Nation, 2019[95]). A specific mechanism to facilitate joint ventures between Indigenous and non-Indigenous enterprises is lacking, as is the case in Canada and the United States (Table 2.5).

Table 2.5. Indigenous participation in federal public procurement, Australia, Canada and the United States

	Set-asides and targets	Qualification	Other assistance and support
Australia (2015)	● Target of 3% by 2019-20 ● Mandatory set-asides for Indigenous business to compete (e.g. remote) ● Minimum Indigenous content on contracts over AUD 7.5 million	● 50% Indigenous-owned	● Concessional debt products and performance bond facility ● Commonwealth-state co-ordination on reporting and supply-side programmes ● Support to Supply Nation (non-profit entity for registration, matching and capacity building)
Canada (2010)	● Contracts that serve a primarily Aboriginal population are set aside for competition among qualified Aboriginal businesses ● Voluntary set-asides are possible by federal departments and agencies ● Federal departments and agencies set targets on an annual basis	● 51% Indigenous-owned and controlled and at least one-third Indigenous staff (if larger than 6 staff) ● Joint ventures at least 33% Indigenous content	● Certification on Industry Canada Aboriginal Business Registry ● Procurement Co-ordinators (outreach and partnership building) ● Strategic Partnerships Initiative
United States (1978)	● Minimum 5% of all federal contracting to small businesses owned by minorities (not Indigenous specific)	● 51% minority-owned	● Certification under Small Business Administration ● Mentor-Protégé programme ● Management and technical assistance programme ● Assistance and tools provided by the Bureau of Indian Affairs

Targets and set-asides for Indigenous participation in public procurement are perceived as a positive initiative that is delivering results for Indigenous businesses and communities. For example, Australia launched its Indigenous Procurement Policy in 2015 and in 3 years,

it has increased the value of contracts going to Indigenous owned businesses from AUD 6 million to over AUD 1 billion. The setting of targets and mandatory set-asides, along with regular reporting on outcomes to government, have been seen as very important in generating behavioural change in public procurement. Conversely, the absence of these specific targets and lack of monitoring and reporting on outcomes was seen as reducing the effectiveness of these initiatives. Another basic issue is how businesses are registered. In the case of Canada and the United States, this registration is undertaken by government agencies (Industry Canada and the Small Business Administration respectively). In the case of Australia, it is undertaken through a non-profit entity, Supply Nation. Eligibility and definitional issues were raised as a problem, along with the administrative requirements placed on Indigenous businesses to register (OECD – interviews during fact finding mission to Australia, July 2018). These basic definitional and registration issues are something that needs to be addressed in a way, which is consistent and does not place an undue burden upon Indigenous enterprises.

Outcomes from preferential public procurement in Canada and the United States are listed in Table 2.1. The total value of procurement for the United States through the Small Business Administration 8(a) Program (2013-18) to Indigenous-owned small businesses was USD 57 013 111. There were 69 contracts in this period with an average size of USD 832 981 and a median value of USD 97 498. The total value of public procurement for Indigenous businesses and organisations in the same period in Canada was USD 145 247 771. There were 857 contracts with an average size of USD 221 261 and a median value of USD 83 511. This data demonstrates the importance of designing procurement packages to allow for smaller contracts, which helps facilitate the participation of Indigenous-owned enterprises in the public procurement market.

Table 2.6. Preferential public procurement: Indigenous enterprises in Canada and the United States (2013 – 2018)

	Total value of procurement (USD)	Number of contracts	Average value of procurement contract (USD)	Median value of procurement (USD)
Canada	145 247 771	857	221 261	83 511
United States	57 013 111	69	832 981	97 498

Note: Figures are in USD (nominal). For comparative purposes, the 2018 exchange rate with USD has been applied to calculate values for Canada. Data for the United States covers the value of all contracts awarded by the Small Business Administration 8(a) Program to Alaska Native, American Indian, Native American, Native Hawaiian and tribally owned businesses. The data from Canada covers the value of Aboriginal Business set-asides under the Procurement Strategy for Aboriginal Businesses.
Sources: United States Government (2018[96]), *USAspending.gov*, https://www.usaspending.gov/#/ (accessed on 24 January 2019); Canadian Government (2018[97]), *Home Page*, https://open.canada.ca/en (accessed 24 January 2019).

Private sector procurement

Multi-national firms are also increasingly adopting preferences for minority groups in their tendering processes, even where they are not required, as a corporate social responsibility measure. There is also an economic rationale for Indigenous procurement, for example by minimising transportation costs and building stable relationships with suppliers (Canadian Council of Aboriginal Business, 2016[36]). Large-scale mining and extractive and energy projects generate economic impacts for local economies in terms of backward linkages (use of machinery and logistics to extract resources), forward linkages (processing and services)

and final demand (expenditure of income from resource extraction). Evidence suggests these impacts are limited in the case of Indigenous businesses in a mining context with most benefits flowing in terms of direct employment (Horowitz et al., 2018[98]). This is consistent with other research showing that local linkages are difficult to develop, particularly in rural remote regions (Ivanova, 2014[99]). Often local Indigenous communities can miss the benefits due to unequal relationships in the negotiation process and lack of capacity to capture supply chain opportunities (Campbell and Hunt, 2012[100]). Barriers to Indigenous businesses realising these opportunities can include limited experience and skill development, complexity and size of contracts, inadequate access to information and limited capital (Sosa and Keenan, 2001[101]).

In recent years, there has been significant growth in benefit-sharing agreements in Australia and Canada as corporations have adjusted their procurement policies and benefit agreements have sought to address these barriers. This can include setting specific target in the proportion of the mining operation's goods and services being provided by Indigenous businesses, setting up local Indigenous business registries, and a greater focus by corporates on relationship building with local Indigenous communities (Canadian Council of Aboriginal Business, 2016[36]; Sosa and Keenan, 2001[101]). These "wrap around" supports are a key success factor and can extend to the provision of low-interest loans, onsite training and health services, structuring procurement to incentivise joint ventures between local Indigenous firms and large contractors.

Box 2.9. The mining industry and Indigenous peoples, experiences from Australia

In the past two decades, mining and resources companies in Australia have developed stronger relationships with Indigenous communities. An indicator of this is the approximately 2 000 Indigenous Land Use Agreements (ILUAs) between Indigenous groups and the industry. This is in a general context where the benefits from projects to host communities are seen as important to "social license to operate". Mining and resources companies take different approaches to these issues.

Rio Tinto has established Indigenous participation targets for Indigenous peoples that vary across different geographies and product areas within its business. Specific strategies are then developed for different projects. A good example is the Amrun Project Local and Indigenous Participation Strategy, which applies to a bauxite operation in Cape York, Queensland. The strategy includes the following elements:

- Different categories for procurement – local (within the mining lease), regional (far north Queensland), state (rest of Queensland), national (Australia) and international – to improve transparency in reporting of outcomes.
- Development of a Directory of Indigenous Businesses (based on 50% ownership), which focusses on opportunities for sub-contracting to Tier 1 firms (defined as larger integrated engineering and construction firms).
- Inclusion of Indigenous-related criteria in the procurement of goods and services to the operation (e.g. weighting toward local Indigenous participation).
- Proactive outreach to local Indigenous businesses through events and capability building.

Fortescue Metals Group's Billion Opportunities programme was launched in 2011 as an initiative to generate business opportunities for Aboriginal people. Since its inception, the programme has awarded 270 contracts and subcontracts valued at AUD 2 billion to 110 Aboriginal-owned businesses and joint ventures. The company has utilised a number of measures to increase Indigenous procurement:

- Setting a clear target for the value of goods, services and works procured from Indigenous businesses.
- Structuring procurement so joint ventures are established between local Indigenous companies and Tier 1 suppliers (that may be from Australia or internationally based).
- Setting up trust models that result in traditional owners building an equity stake in these operations.
- Establishment of a low-interest loan facility with the ANZ Bank so local businesses could purchase equipment related to contracts.
- Appointment of local Aboriginal Business Development Managers to provide mentoring and support, brokering and facilitating into programmes.
- Provisions of facilities and support services (transport, housing, training and health) to support Indigenous employment participation.

In 2015, BHP released an Indigenous Peoples Policy Statement, which provides three key commitments:

- Undertake participatory and inclusive social and environmental impact assessments.
- Seek agreement on and document engagement and consultation plans with potentially impacted Indigenous peoples.
- Work to obtain the consent of Indigenous peoples (within a framework that respects traditional decision-making processes, recognises human rights and is done in good faith).

BHP develops and implements project-specific Indigenous Economic Empowerment plans that include: provision for pre-employment training, employment, career development and retention of Indigenous employees; business procurement from Indigenous enterprises; and Indigenous peoples' vocational training and livelihood support through voluntary Social Investment Plans.

Sources: Rio Tinto (2015[102]), *Amrun Project - Local and Indigenous Participation Strategy*, https://www.riotinto.com/documents/Amrun_Project_Amrun_Local_and_Indigenous_Participation_Strategy.pdf (accessed on 24 January 2019); Fortescue Metals Group (2019[103]), *Creating Opportunities*, http://www.fmgl.com.au/workingresponsibly/creating-positive-social-change/creating-opportunities (accessed on 24 January 2019); BHP (2019[104]), *BHP Indigenous Peoples Policy Statement*, https://www.bhp.com/our-approach/operating-with-integrity/indigenous-peoples/bhp-indigenous-peoples-policy-statement (accessed on 24 January 2019).

Challenges and complementary support strategies for Indigenous businesses

In the context of increased demand for the supply of goods, services and works from Indigenous businesses, a number of common supply-side constraints have emerged. The first is difficulties in accessing finance and raising capital for bonding insurance to work on building and construction projects. A good example of addressing this issue is the *Performance and Warranty Bond Facility* introduced by the Australian Government that is accessible to Indigenous-owned businesses as a tendering business is often required to put up 10% of the total value of the contract (Indigenous Business Australia, 2019[105]). The second is business skills and competencies such as managing cash flow when businesses take on larger contracts. A good example of addressing the business skills and competencies of Indigenous-owned firms competing in the public procurement market is the 7(j) Program run by the Small Business Administration in the United States (U.S. Small Business Administration, 2018[106]). This programme makes provision for support to minority-owned firms participating in the 8(a) Program for Assistance such as training, executive education and one-on-one consulting in a wide range of business activities, including marketing, accounting, opportunity development and capture, contract management, compliance and financial analysis. The third is building relationships, with the government and other businesses. Indigenous entrepreneurs and business owners tend to lack business-to-business linkages that can help them access new jobs, resources and expertise. Supply Nation, in Australia, is an example of a non-governmental entity and its role includes facilitating relationship building between Indigenous businesses and with public and private procurement markets. This includes being part of a national Indigenous business registry, advice and information services, and matching with procurement officers at events.

Governments can also play a role in better planning the future pipeline of public works and co-ordinating how public sector agencies engage with Indigenous businesses. This is important for two reasons. The timing and amount of public works can be variable, particularly in a rural context; this can result in uncertainty and fluctuations in the flow of projects and can make it difficult in terms of business planning. Large-scale infrastructure and natural resource projects are complex and involve public and private organisations. In Canada, the Strategic Partnership Initiative enables the co-ordination of public and private resources in large-scale projects and matching of procurement and employment and training opportunities to the specific needs of local Indigenous communities (this initiative is discussed further in Chapter 4). The Australian Government has also incorporated Indigenous procurement and training into its "City Deal" initiative. City Deals encompass agreed investments between different levels of government to common urban development objectives. As part of the Western Sydney City Deal, a working group has been set up to reach out to companies that win contracts to link them with local Indigenous businesses and potential employees (NSW Government, 2019[107]). There is potential to extend this methodology to provide a forward pipeline of infrastructure projects at a regional level that can support a strategic approach to Indigenous procurement by linking businesses to opportunities and working with them on the skills and certification requirements to undertake works. Initiatives such as these require a regional governance arrangement to link different levels of government and the private sector to pool information about future infrastructure plans and identify opportunities to better integrate and sequence infrastructure delivery.

Key lessons and good practices

Indigenous entrepreneurs and community enterprises can face difficulties in accessing market opportunities due to a mix of supply and demand-side factors. On the supply-side Indigenous entrepreneurs may lack assets, networks, skills and infrastructure needed to access procurement markets. As discussed in earlier, a coherent and consistent approach to governments co-investing in these enabling factors is needed to activate and sustain Indigenous economic development. However, insufficient demand for the goods and products of Indigenous-owned enterprises is also a challenge. This may be due to lack of familiarity and trust, and a record of accomplishment. The benefit of preferential procurement programmes is that they begin to address this problem by creating a predictable increase in demand for goods and services from Indigenous-owned enterprises. The public procurement market in OECD countries with an Indigenous population is large and even small targets and set-asides can make a significant difference. Policymakers need to acknowledge that public procurement is likely to be more effective in an urban setting because of the scale and intensity of procurement opportunities. In remote areas, co-ordination between levels of government (particularly local municipalities) will be critical to developing a sustainable pipeline of public works. In some rural remote regions, procurement related to mining and extractive industries will be an opportunity. Similar lessons in terms of complementary initiatives also apply, with the addition that proactive strategies also need to be in place for local firms to manage fluctuations in demand and to access markets during transitional periods. The following complementary initiatives are needed to ensure preferential targets and set-asides for Indigenous-owned enterprises deliver sustained improvements in outcomes:

- Transparent procedure to certify and register Indigenous-owned enterprises based on a single nationally agreed definition, which may be done through a public agency or a not-for-profit entity being given a mandate and resources to carry out this function.
- Initiatives that build networks that enable Indigenous-owned firms to access resources, know-how and technical expertise (e.g. mentor-protégé relationships, technical assistance, and brokering and facilitation).
- Initiatives that compensate Indigenous-owned firms for lack of assets and a record of accomplishment (concessional loans and insurance).
- Integrated infrastructure planning and delivery that gives different actors (Indigenous-owned firms, education and training organisations, and government agencies) information about future projects, their technical and staffing requirements and identifies opportunities for improved co-ordination and sequencing.

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Chapter 3. Indigenous lands: Recognition, management and development

The objective of this chapter is to assess and identify the key features of governance that enable Indigenous communities to realise the development potential of land and water resources, supporting self-determination. The chapter begins with a discussion about Indigenous rights to land, the recognition and enforcement of these rights, and the legal frameworks that shape options for land management. The second section discusses the different tools that give Indigenous peoples the capacity to manage land, participate in or undertake land use planning, establish objectives for community development and obtain revenues from land. The third section of the chapter focuses on how Indigenous peoples participate in different phases of project development, and can negotiating benefits with investors to create sustainable business and employment opportunities.

Key findings

- Indigenous lands are territories and waters that Indigenous peoples traditionally use or occupy.
- Clarification of legal rights over land and waters is critical for Indigenous peoples to mobilise economic development opportunities and achieve self-determination.
- Effective Indigenous land tenure systems require transparent and fair procedures to recognise rights, allocate them to groups, demarcate and title land, and protect from intrusion.
- Indigenous land management encompasses the processes whereby different agencies and levels of government make decisions about the use of Indigenous lands. Three types of Indigenous land management are defined based on the degree of autonomy granted to Indigenous peoples: self-governance, joint management and co-existence.
- The chapter identifies and discusses a number of different instruments (land use planning, regulation of resources, and land leasing and acquisition) that can be utilised to mobilise the economic potential of land under these different models.
- Indigenous communities also face the situation where governments and corporations will seek to invest in projects that affect their lands, traditional activities and livelihoods, and commercial interests.
- This chapter discusses effective practices (e.g. agreeing on the definition of consultation, early engagement, compensating for costs, and monitoring and enforcing agreements) to include Indigenous peoples in environmental approvals processes and negotiate benefit-sharing agreements with project proponents.

Recommendations

Recognise and protect **Indigenous land rights** by:

- Ensuring Indigenous tenure is reflected in statutory instruments, in accordance with existing obligations under national law.
- Providing specific procedures to address conflicts related to existing treaties and agreements with Indigenous groups and unresolved land rights issues with Indigenous groups.

Support the **allocation of land rights** by:

- Adopting technical rules for demarcation processes in collaboration with Indigenous peoples and have Indigenous peoples participate in the delimitation of boundaries.
- Recording Indigenous land rights in registry systems that are transparent and easily accessible, in order to prevent competing land claims and facilitate access to data.
- Ensuring efficient and timely administrative processes for land demarcation, titling and registration.

- Providing technical support for Indigenous communities to collect data about land and water resources and map it to inform regulatory decision-making and to identify opportunities for economic development.

Activate and support economic development opportunities on Indigenous lands by:

- Providing Indigenous communities with the authority, data and support to develop land use plans, land codes and zoning maps that clearly identify areas of protection on ecological and cultural grounds, and for potential economic development (applicable under the self-governance model).
- Ensuring mechanisms are in place for Indigenous communities to have meaningful consultation on land use planning of municipal and other authorities that have jurisdiction on or near their traditional territories (applicable under all models).
- Creating opportunities for Indigenous peoples to benefit from surface and sub-surface resources by:
  - Developing and updating data that provides information on the quantity and quality of these resources.
  - Ensuring that traditional knowledge and practices are incorporated into decision-making about natural resource management including planning and licensing.
  - Clarifying property rights over natural resources and providing commercially viable pathways to exploit these resources and/or lease them to third parties (applicable under the self-governance and joint management models).
- Creating agreements that support the inclusion and leadership of Indigenous peoples in conservation and natural resource management and give opportunities for Indigenous peoples to generate economic development opportunities from them (e.g. land stewardship, ecosystem services and cultural and tourism activities) (applicable under the self-governance and joint management models).
- Introducing efficient tools and processes into Indigenous land tenure regimes that facilitate investment and open up markets for land:
  - Support for the acquisition of lands that can be used for traditional purposes and to generate own-source revenues (including freehold and public lands).
  - Long-term leasing of land parcels that are transferrable.
  - Revision of succession rules and support for land consolidation that overcome problems of fragmentation (applicable to the self-governance model).

Ensure the participation of Indigenous peoples in decisions about projects (e.g. infrastructure, energy and mining projects) that affect their traditional territories by:

- Supporting and encouraging project proponents to engage in dialogue and meetings with Indigenous groups prior to submitting projects for approval and agreeing up front on the terms and procedures for engagement (e.g. timing, location, language and translation, and financial support).

- Increasing the scope of environmental impact assessments to include traditional knowledge and socio-cultural issues, and to assess the cumulative and wider impacts of projects on Indigenous people's cultural values and traditional activities.
- Developing a national framework for consultation with Indigenous groups about project development that seeks alignment with UN international standards of Free, Prior and Informed Consent and thus comprises:
  - Reduced or no costs associated.
  - Broad and early consultation.
  - Clear information and informed engagement.
  - Possibility to present alternatives.
- Supporting the implementation of benefit sharing agreements that:
  - Are guided by common tools and templates, and best practice examples.
  - Provide opportunities for third-party advice and support to Indigenous groups.
  - Combine monetary and non-monetary benefits that are linked to objectives for the community's long-term development and well-being.
  - Establish agreed timing and an action plan for implementation.
  - Have mechanisms for addressing disputes and/or revising the terms of the agreement.
  - Include provisions for project closure and remediation.
  - Provide regular reports on progress and outcomes to community members.
- Developing accessible databases that systematically record and publish benefit-sharing agreements (excluding commercial-in-confidence information), in order to ensure more transparency and, ultimately, more accountability.

Introduction

This chapter analyses the key features of governance arrangements that enable Indigenous communities to realise the development potential of land and water resources, supporting self-determination. The chapter begins by discussing Indigenous rights to land, the recognition and enforcement of these rights, and the legal frameworks that shape options for land management. The second section focuses on land management issues, which refers to the different tools that give Indigenous peoples the capacity to manage land, participate in or undertake land use planning, establish objectives for community development and obtain revenues from land. The third section outlines the different phases of project development on Indigenous land. This includes how Indigenous peoples participate in planning and licensing procedures and are consulted about projects under development that may affect their lands and livelihoods, as well as negotiating benefits with investors to create sustainable business and employment opportunities.

Scope and definitions

The value of land and water for Indigenous peoples resides in a myriad of aspects: cultural, spiritual, social, environmental, political and economic. The spiritual beliefs and worldviews of Indigenous peoples are deeply rooted in their connection with the land and often with related subsistence activities of hunting, fishing and gathering. Indigenous stewardship of land contributes to environmental preservation and biodiversity. Access to land provides Indigenous peoples with stronger negotiation positions, being better able to leverage and protect their interests. These different aspects complement each other. The enjoyment of cultural practices does not detract from environmental protection and greater political power contributes to keeping land in the hands of Indigenous peoples. Anthropological and sociological studies have long investigated the relationship of Indigenous peoples with their traditional lands, referring to this complexity of values and functions (Tidwell and Zellen, 2016[1]; Lennox and Short, 2016[2]; Jentoft, Minde and Nilsen, 2003[3]).

Box 3.1. Indigenous testimonies about the meaning of land and water

"The land has everything it needs. But it couldn't speak. It couldn't express itself. Tell its identity. And so, it grew a tongue. That is the Yolngu. That is me. We are the tongue of the land. Grown by the land so it can sing who it is. We exist so we can paint the land. That's our job. Paint and sing and dance. So it can feel good to express its true identity. Without us it cannot talk. But it is still there. Only silent.

People should listen and learn and understand, because this is what Australia means. Australia has patterns and designs and stories, and objects beyond that. Australia has a culture, a significant culture for both worlds. For blackfella and whitefella to know about and to understand. What is the meaning of blue-white water in the sea? And the green ferrying water running from the inland? And also the aggy baggy blue water inland? It is all meaningful, and they all have stories, songs, patterns and designs. And this is what I say; this knowledge is a document and our titles for our country.

But we are on a different territory today when new things are coming into our lives, like mining and money affairs. Sometimes this makes Yolngu people move away and not care about what belongs to us. But we need to care for our bays and rivers, water holes and rocks – it is a very powerful part of our connections and titles that we remain to care for those countries."

Djambawa Marawili AM, a leader of the Madarrpa clan, Yolngu people, and Member of the Prime Minister of Australia's Indigenous Advisory Council

"In Anishinaabemowin, the language of the Ojibwe, Odawa and Potawotomie people of central Canada, many of our words are derived from the land and nature. When we say we are are connected to the land, we truly are.

*In Anishinaabemowin, the word for the "earth" is "*akii*". Akii is the root of many of our words. For example, the word for lightning in our language is "*nimkii*" which describes the zagged light from the sky touching the earth. The word for frog is "*mukii*" which translates to mean the being that lives in the mud, in the earth. The word for elderly man is "*akii wenzii*" which describes a man who is standing and hunched forward facing the earth. There are many words in our*

language that are connected to the earth and the natural life around us. We regard Mother Earth – Shkakii mi kwe *– as sacred, as medicine, as a nurturer of life.*

*In Anishinaabemowin, the word for "water" is "*nibii*" or "niibii". We regard water as the lifeblood of Mother Earth. Water sustains life and is also medicine. We understand that we cannot live without water, but water can survive without us. Each of us come into this world through water. It teaches us that we can overcome challenges and go around obstacles. It is also the root for many of our words. The word for calm person is "*niibokawin*" which describes a person as like tranquil waters. "*Nibiin*" translates into summer, a season when the water becomes warm while "*niibiishaaboo*" translates into leaf water to describe tea.*

Our ceremonies honour the earth and the water. These are the elements of life that our people hold in honour above ourselves. That is why we protect these elements and see ourselves as stewards caring for them, praying for them, concerned for them. It is about balance in our use of these elements and gifts from the Creator."

Dawn Madahbee Leach, Aundeck Omni Kaning First Nation, General Manager – Waubetek Business Development Corporation, and Vice-Chair of the National Indigenous Economic Development Board of Canada

"We, the Sámi people, are the indigenous people in Sápmi. Our people have lived here since time immemorial, managing the lands and waters with great respect and care. We are a part of the landscape in Sápmi. Our lives – our trades and cultural expressions – adapt flexibly in order to balance what nature can give and what we can take without depleting nature. Our deep relationship to nature is difficult to capture in words. To live in nature and to live directly from what nature can give, creates an immediate relationship between us and nature, the lands and waters. We rely on a living relationship to Sápmi, our home. If we – or someone else – destroy nature, it will also harm our culture. The environment in Sápmi is delicate. A resilient nature requires that we use it very carefully. A long-term perspective and a sustainable way of life have always been the basis for our traditional trades. If a natural resource declined in a certain area then it was possible to use alternative resources while the weakened resource had time to recover and renew itself. Through combined use of traditional and modern trades, this natural self-regulation is still embedded in our trade structure. However, our traditional flexible and diverse resource use is at risk and on its way to disappearing altogether, not the least through the exploitation of our lands. The meaning of land is expressed by the Sámi poet Paulus Utsi:

As long as we have water, where fish live
As long as we have land where reindeer graze
and walk
as long as we have land where the wild hides
We have consolation on this earth
Once our homes don't exist any longer and our
lands are destroyed
Where shall we then live

Our own land, our livelihood has shrunk
Lakes have risen
Rivers have dried out

Creeks sing with sorrowful voices
Lands blacken, the green withers
Birds become silent and flee

All the good we have been given
Does not reach our hearts
That which would have made our lives easier
Lost its value

Hard stone roads make our movements painful
The calm of the wild person
Weeps in its heart

The hurrying time
is thinning our blood
our unison snaps
the water stops roaring"

Per-Olof Nutti, President, Sami Parliament of Sweden

By definition, Indigenous peoples are those who inhabited a country prior to colonisation (see Chapter 1). During the colonisation process, there were episodes of forced removal and internal displacement. Treaties and agreements were made, and in many cases violated. There were institutional policies of assimilation that sought to break traditional relationships with land and lack of opportunity to shape or give consent to agriculture, forestry, fisheries and aquaculture, and mining. As a result, many Indigenous peoples lost the use and control of their traditional territories, were relocated to reserves and fragmented and dispersed. From a settler point of view, this had a legal basis either through the doctrine of discovery and terra nullius and/or through formal and ad hoc agreements with tribal leaders (Box 3.2). As this chapter demonstrates, the contemporary legal basis for Indigenous land rights varies across jurisdictions. However, the unique status of Indigenous peoples (as nations within a nation) is generally recognised, and on that basis, there is an allocation of legal rights to them, including to land and water.

Box 3.2. Dispossession and subjugation: The role of the Doctrine of Discovery and terra nullius

Fifteeth-century English legal scholarship forwarded the Doctrine of Discovery, with long-lasting ramifications for Indigenous rights. The doctrine provided that newly arrived Europeans immediately and automatically acquired legally recognised property rights in Indigenous lands and also gained governmental, political and commercial rights over the inhabitants without the knowledge or consent of Indigenous peoples.

The notion of *terra nullius*, meaning empty or void land, is one of the key elements of the Discovery Doctrine. The doctrine argues that the lands that were not possessed or occupied by any person or nation, or were occupied by non-Europeans but not being used in a fashion that European legal systems understood or approved, were considered to be empty and available to be claimed. Indigenous lands easily fell into the category of not being governed according to European laws and cultures, and were thus available for discovery claims.

The doctrine has been severely criticised as a fictional justification of the European colonisation and of the subjugation of Indigenous peoples and lands around the world. Despite this, it is only in recent decades that the governments and courts of Australia, Canada, New Zealand and the United States have sought to overcome this doctrine of land dispossession.

Source: Adapted from Miller, R. et al. (2010[4]), *Discovering Indigenous Lands*, http://dx.doi.org/10.1093/acprof:oso/9780199579815.001.0001.

Without delving into sociological considerations that explain the spiritual, cultural, social value of land, this chapter focuses on how Indigenous peoples can mobilise the economic potential of the land. Access to land, if deployed correctly, can be a powerful tool for Indigenous development, however, they may conceptualise it. As peoples entitled to the right of self-determination and the right to determine their own development path, Indigenous peoples should be free to use their assets in the manner that is best aligned with their own development goals.

Chapter structure

The chapter presents the key lessons, mechanisms and tools for Indigenous peoples to access, control, care for and develop their lands, according to their own objectives. It is organised as follows:

- **Rights to land** discuss how lands have been both taken away and granted by states and how rights are recognised and enforced in order to be able to access and use land, against detrimental uses of third parties.
- **Land management** concerns the tools available to states and/or Indigenous groups to manage land, participate in or undertake land use planning, establish objectives for community development and obtain revenues from land.
- **Project development** on Indigenous land and how Indigenous peoples participate in planning and licensing procedures and are consulted about projects under development that may affect their lands and livelihoods, as well as benefit from employment, infrastructure development and revenue-generating opportunities.

Box 3.3. Glossary

- **Local communities**: groups of Indigenous peoples who shared a common sense of identity and belonging, and attachment to a territory. While communities vary in size, identity, internal equity and land-use systems, they all share strong connections to their lands and distribute rights according to norms, which they themselves devise. "Local communities" are referred to in international agreements such as the Convention on Biological Diversity and the 2015 Paris Agreement on climate change.
- **Customary law**: norms that have force within the community. When national legislation recognises that customary law has force, the rules also become part of statutory law.
- **Land rights**: rights of people to land, either individually or collectively. These rights include the rights of access, withdrawal, management, exclusion, alienation and others. They can also include the rights to various natural resources on and below the surface of the land. Land rights, particularly in the context of agrarian countries, are inextricably linked with the right to food and a host of other human rights. In many instances, the right to land is bound up with a community's identity, its livelihood and thus its very survival.

Source: Oxfam (2016[5]). *Common Ground: Securing Land Rights and Safeguarding the Earth,* https://d1tn3vj7xz9fdh.cloudfront.net/s3fs-public/file_attachments/bp-common-ground-land-rights-020316-en_0.pdf (accessed on 05 October 2018).

Traditional lands and rights frameworks

What are Indigenous lands

Indigenous lands can be defined as the territories and waters that Indigenous peoples traditionally use or occupy. Traditional use or occupation is the one in accordance with cultural practices and customs, and which is necessary for the reproduction of Indigenous livelihoods, language and culture. These territories include spaces for housing and social events, for cultivating food, harvesting and hunting and sacred spaces for rituals and connection with their ancestry. It often belongs to the Indigenous group as a collective, in an extended view of ownership which may be also composed of deceased members and spirits. Individuals or families may in some cases own or occupy specific plots of land, having the rights to use and transfer them to others in the community.

The definition of Indigenous lands may not be straightforward empirically, whereas it remains necessary for legal purposes such as land rights recognition and demarcation. It involves two complex and disputed concepts: community and territory. To attribute rights to a group, first the group has to be identified as a unity that can speak for itself and represent common interests (as a community) then it has to be allocated a geographical unit over which it conducts its affairs (for purposes of social reproduction, economic activity or spiritual beliefs), i.e. a territory. Some indications on this process of attribution of meaning are provided in Box 3.4 referring to the case of Aboriginal communities in Australia.

Box 3.4. On community and territory: Dispatches from Australia

In each part of Australia, there are many kinds of Aboriginal groups that can be defined in relation to interests in, and associations with, land. While some of these have labels, others do not. Whether labelled or unlabelled, none of these geographically definable socio-political Aboriginal entities is synonymous with "the territories of Aboriginal people" because the same population can normally be divided into a number of different landed entities, such as small unilineal land-holding units, local sets of totemically or ritually linked units, language groups, named sets of distinct languages, groups holding environmentally similar country, people coming from the same direction, people who hail from the same residential community, members of the same legally incorporated body etc. Identifying these different kinds of geographically definable entities in a particular area yields a number of overlapping "territories" for the same population and the question then arises as to whether or not one of these candidates is to be selected to be the relevant locus of communal interests in land for a land claim, or not.

The term "community" for instance is used in several different ways in writings on Aboriginal people. One refers to the "geographic community" as the population of people at a particular Aboriginal settlement such as former missions or government stations, regardless of how socially integrated such a collectivity may be or how few of its residents may subscribe to a notion of the common good. This is a very common sense of the term "community" as used in Aboriginal affairs.

A community can be at once a place, a population of residents (in some cases frequently shifting about, in other cases very sedentary), a collection of subsets of ethnic, territorial and other groups, a focal concentration point in a regional system of overlapping egocentric social networks, a local cultural milieu, a mini-economy, a political unit both formal and informal, and a unit of local governance. Another sense of "community" refers to an Aboriginal social field within the wider context in which it is embedded, such as the Aboriginal community of Sydney, or the Aboriginal community of Australia.

Communities can be determined by geography or not. To illustrate, "clans", "tribes", "language groups" and "patrifilial groups" are categories of person, not residential aggregates. It is notable that most if not all native title determination applications have thus far been made exclusively, or in the first place, on behalf of non-residential categories of person, even where a local resident population is somehow covered or referred to in the finer detail or in a subsequent determination. The "community of native title holders", however legally defined, is not going to be the same as, or necessarily closely aligned with, populations living within determination areas.

In all, if defining "community" and "territory" may seem unavoidable from a legal standpoint, for instance in native title determination procedures, one must at least reject a "cookie-cutter" approach to Aboriginal society in which there are or were discrete, cell-like societies. Instead, it is necessary to remain open to the empirical possibility that there are points of cleavage and discontinuity in the social, cultural, economic, marital and other communicative and culturally constructed fabrics of Aboriginal Australia.

Source: Sutton, P. (2003[6]), *Native Title in Australia: An ethnographic perspective.* Cambridge University Press, pp. 85-99.

Why land matters

The former United Nations Special Rapporteur for Rights of Indigenous peoples, James Anaya, has stated that securing the rights of Indigenous peoples to their lands is of central importance to Indigenous peoples' socio-economic development, self-determination and cultural integrity (2012[7]). Because of this strong connection to the land, land rights are crucial to the maintenance of the collective identity of Indigenous groups. Furthermore, access to land and natural resources is fundamental for material reproduction, be it through traditional subsistence activities or leading socio-economic development in novel ways. Indigenous land rights are also important in terms of protecting cultural and language diversity, mitigate the effects of climate change (forests managed by Indigenous peoples are estimated to store 37.7 billion tons of carbon) and as a tool to empower women (Oxfam, 2016[5]).

Land has significant economic value. Across OECD countries, land and buildings constitute by far the most important share of wealth, making up 86% of the total capital stock (roughly evenly split between land and property), with a corresponding value of USD 249 trillion (OECD, 2017[8]). For Indigenous people, the value of land may be more difficult to assess, because of the challenges of measuring social and cultural aspects of the land. Even then, this shows the importance of land as an asset – with value in itself and as a basis for further economic development. The formalisation of Indigenous property rights is positively associated with improved economic outcomes. Research from Canada demonstrates that formal property rights in the form of modern treaties reduce transaction costs, increase resource extraction on Indigenous lands and are associated with higher local income (Aragón, 2015[9]).

Framework for Indigenous Rights at an international level

The main treaties and conventions of international law[1] on Indigenous peoples' rights are the Convention 169 of the International Labour Organization (ILO), the United Nations International Covenant on Civil and Political Rights (ICCPR) and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The ILO Convention and the UN Covenant have binding effects for ratifying states, while the UN Declaration expresses a political commitment from the states that voted in favour of it, which is not legally binding. The main rights ensured by these documents that matter for land use issues are land rights, but also right to self-determination, right to development, right to remedy and the right to participate in decision-making. Cultural rights, which involve language, spiritual beliefs and practices such as hunting and fishing, are also relevant.

Self-determination and land rights

The ICCPR has two provisions that touch upon land rights: the right of all peoples to self-determination (Article 1) and the protection afforded to "minorities" to enjoy their own "culture" (Article 27). Without an explicit mention to "indigeneity" or to land rights, these provisions have nonetheless been used to support the recognition of Indigenous peoples' rights and claims to land (United Nations Human Rights - Office of the High Commissioner, 2019[10]).[2]

The ILO's 1989 Indigenous and Tribal Peoples Convention (C169), which has been ratified by 22 countries, recognises the right of Indigenous peoples to maintain their cultural and political integrity, including a right to collective forms of property ownership (Gilbert, 2016, p. 107[11]).[3]

The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), adopted in 2007 by 144 states, provides the most comprehensive treatment of Indigenous rights as yet. It explicitly recognises that Indigenous peoples have the *right to self-determination*, which is to "freely determine their political status and freely pursue their economic, social and cultural development" (Article 3). This right contains an economic aspect, related to subsistence and control over natural resources (Gilbert, 2016, p. 242[11]). It also has a procedural dimension of participation in decisions that affect their territory and traditional ways of life (see below).

As per the *right to development*, recognised in the ILO C169 (Art. 7) and the UNDRIP (Art. 32), Indigenous peoples have the right control the direction of their development and decide their priorities and strategies in their own terms.

Regarding *land rights*, the UN Declaration states that Indigenous peoples have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired including the right to own, use, develop and control these lands (Art. 26). It further notes that states should give legal recognition and protection to these lands, territories and resources and that they should establish, together with Indigenous peoples, independent, impartial, open and transparent processes to recognise Indigenous peoples' laws, traditions, customs and land tenure systems (Art. 27).

Procedural rights: Participation, consultation and redress

The right of participation corresponds to governments' duty to consult in good faith with the aim of obtaining free, prior and informed consent (FPIC) (Articles 19 and 32 of UNDRIP). Nation-states have the obligation to consult and co-operate in good faith with Indigenous groups in order to obtain their free and informed consent, prior to the approval of any project affecting Indigenous lands and resources. FPIC does not, however, entail a collective right to veto. While involving Indigenous peoples at an early stage, the process of dialogue and negotiation should extend over the course of the proposal, from planning to implementation and follow-up. More than being informed about a proposal, Indigenous peoples have to be given the possibility to influence the outcome of decision-making and to suggest alternatives to it.[4]

If conflicts or disputes over land rights arise, Indigenous groups have the right to seek remedies for their situation. The *right to redress* – recognised in Article 6 of ILO 196 and Article 10 of UNDRIP – comprises different types of remedies, such as land restitution, fair and just monetary compensation, material assistance or an official apology. Indigenous peoples have the right of restitution for lands which were taken from them in a discriminatory manner (Article 28, UNDRIP). Whenever restitution is impossible, because of encroachment on third parties' rights, some other form of compensation is due.[5] The just, fair and equitable compensation can be due in monetary form or in the form of lands, territories and resources of equal quality, size and legal status (Article 28, UNDRIP). In general, relocation should be preferred over monetary compensation, given the special relation that Indigenous peoples have with their territories.

Redress can take the form of judicial claims for land, too. For instance, in some provinces in Canada, when land promised under treaty is not reserved or only partially attributed to an Indigenous group, the group is entitled to file a judicial claim that obliges the state to fulfil its obligation. This is assured under the Treaty Land Entitlement process.[6]

Ratification and adhesion status

The international rights described above impact national laws and obligations differently, depending on the nature of the document from which they arise. By nature, declarations are documents that express political commitments for nations who vote in favour of it. Countries can vote in favour or against it, or abstain from voting; they do not sign or ratify it. A certain number of votes in favour are required for a declaration to enter into force. Countries can always opt in or out of a declaration afterwards. In some cases, states have reconsidered their initial positions. For example, Canada, which initially had objector status to the UN declaration, has since adhered to it. Adhering countries do not have new legal obligations but the declaration provides a context for the development of domestic policies.

In contrast, treaties and conventions express rights and obligations that ratifying states are responsible for. When a treaty or convention is made, countries first sign it, which indicates support for its principles and the intention to ratify it. The ratification is an internal process by which the treaty is approved by the national parliament or congress. For that to happen, countries usually enact a national law or statute, which may also be followed by similar enactments at the state or regional level. In some countries, however, that is not necessary, as the internal approval expressed in the ratification process automatically turns the international treaty into a source of national law.[7] This stronger degree of responsibility partially explains why less than 30 countries ratified the ILO conventions, in comparison to 144 adhesions to the UNDRIP.

Beyond ratification or adhesion status, the evolution of Indigenous land rights at the international level has informed national laws (and vice versa). For example, the idea of collective forms of ownership based on the social function of land and its importance to a community's identity is now reflected in many national constitutions. While state property rights regimes, in general, are based on individualistic land rights, there has been a legislative and jurisprudential evolution towards the recognition of collective Indigenous land rights. In addition, there has been a growing recognition of land rights as a "right to use" based on the significance of land and natural resources for Indigenous culture and way of life. In this way, rights to use land have sometimes been interpreted as an essential human right for Indigenous peoples. In many countries, there is also a growing trend towards the recognition of the duty to consult with Indigenous communities in issues that impact them.

Land rights: Classification and comparison between countries

Defining property rights

Property rights are the rights of someone over a thing (*in rem)*, which can be sustained in opposition to others. The relation is defined between the person who holds the right and all the others who do not – not between the person and the thing. It generates obligations to people, such as the one of not destroying another person's property, as a general rule. Whereas the classical legal perspective sees property as a right to a thing, in anthropology property is perceived as a network of social relations, which dictate the behaviour of people in respect to using and disposing of things (Small and Sheehan, 2008[12]). Without entering into these social relations and power dynamics, here the concern is with the land, which is seen as a thing over which property rights can exist.

The classification below proposes defining Indigenous land rights according to the attribute, source of law history of occupation, type of ownership and division.[8]

Table 3.1. Classification of land rights

Attribute	Possess, use, transfer, manage, and exclude
Origin (source of law)	De jure: Statutory De facto: Customary
Type of ownership	Private, public, or collective
Division	Individual/household or communal land plots

Box 3.5. Classification of property rights

Attributes

Property rights typically have five attributes: right to possess, to use, to manage (and to explore resources), to transfer and to exclude others from accessing your property. Full property rights or "fee simple rights" contain all these attributes (owner). Some Indigenous rights frameworks grant ownership rights, but with limitation on the right to transfer (proprietor). In the United States, individuals can have "restricted fee", by which they hold title to land but can only transfer it with government's approval. Through treaty rights, Indigenous tribes have the right to possess and use lands, which are held in trust by the United States' government on their behalf (proprietor). The right to use includes the right to explore natural resources in culturally appropriated manners for the subsistence and well-being of the group. It also comprises the right to exclude others from accessing their land. In Brazil, to illustrate, Indigenous peoples have perpetual usufruct of their lands, which are recognised through the demarcation process, but not the full ownership.

Summarising the attributes, property rights are understood to be a "bundle of rights", composed of five different attributes. Table 3.2 is an adaptation of Ostrom and Schlager (1996[13]) of the framework of Indigenous property rights. The full owner is the one who can exercise five different rights over land: access, extraction, management, exclusion and alienation. Proprietors cannot alienate land, while possessors cannot pretend to be the sole users of land. That is, possessors cannot exclude others from the use of land, as it happens with holders of non-exclusive Native Title in Australia. Authorised users only have the rights to extract resources and access the land, while the authorised entrant can enter the land but nothing more than that. The entrant has a stronger right that the one of a passant, though.

Table 3.2. Bundle of property rights

	Owner	Proprietor	Possessor	Authorised user	Authorised entrant
Access	X	X	X	X	X
Extraction	X	X	X	X	
Management	X	X	X		
Exclusion	X	X			
Alienation	X				

Source: Bennett, D. and R. Sierra (2014[14]), "Multi-scale dimensions of Indigenous land tenure in the Amazon", http://dx.doi.org/10.1007/s10745-014-9660-x.

Source of law

According to the source of law, there are rights defined and upheld in law (statutory rights) as opposed to rights defined by the Indigenous group by force of customs or traditions (customary rights).

Statutory rights are conferred in different legal instruments, such as treaties, agreements, native title or Constitutional norms. Treaties were used at the time of European settlement to resolve disputes with Indigenous groups in Canada and the United States, and remain valid today. Many treaties contained provisions to relocate the Indigenous group to a reserve somewhere else than the area that they had traditionally occupied. In Australia, the government granted Aboriginal title to Indigenous groups, which confers ownership rights opposable to all but the government. That is, the government has the right of pre-emption and the right to extinguish the title by an explicit legislative act. In these countries, several Indigenous land claims are still being negotiated. Statutory rights are the category analysed in this chapter.

Customary law is the set of beliefs, practices and customs that are accepted and recognised as mandatory by a group or community. Contrarily to written law, it is not codified. Often it is perpetuated through intergenerational transmission of knowledge (myths, storytelling, performances, rites and shared practices). Customary law can be the basis of land possession and in this sense originate formal title to land. The Native Title Act 1993 in Australia, for example, is a response to the aboriginal title doctrine, according to which Aboriginal people have customary rights to land which persist after the sovereignty of Australia. Native title is thus defined as the rights in relation to land and waters possessed under the traditional laws acknowledged, and traditional customs observed, by Aboriginal peoples or Torres Strait Islanders. Throughout this chapter customary land rights are not analysed in depth.

Type of ownership

Type of ownership refers to land being owned privately by individuals, collectively by the Indigenous group or community, or publicly by the government. It is common that the government owns the land but grants perpetual usufruct rights to the Indigenous community, in which case the land remains public.[9] When land claims arise, for instance as identified in Latin America's territorial turn (Finley-Brook, 2016[15]), they have been often solved by granting a collective land title, whose holder is the community.

Division

Land rights can be attributed to individuals or collectively, to a group. Many Indigenous lands entail secure formal entitlement based on community held tenure. But they may be allocated to individuals and families within the group, more informally. For instance, in the Ecuadorian Amazon, families have rights over specific land plots, in which they build their houses and have small gardens (Bennett and Sierra, 2014[14]). Households can sell plots to other members of the community and transfer them to heirs, as well. Moreover, the right subsists when the person leaves the community temporarily; hence not being associated with regular use. These rights are defined by the community and are thus opposable to other community members, but in relation to external actors, i.e. the legal system, the opposable right is the one held collectively over the broader territory. Bennett

and Sierra (2014[14]) found that the communal formal title was only activated in the event of conflicts with external users, such as settlers or park staff. Yet, in the event of internal disputes, they would resort to community leaders, whose decision is typically respected.

Sources: Own elaboration based on Ostrom, E. and E. Schlager (1996[13]), "The formation of property rights", in Hanna, S., C. Folke and K. Maler (eds.), Rights to Nature: Ecological, Economic, Cultural and Political Principles of Institutions for the Environment, Island Press, Washington., Finley-Brook, M. (2016[15]), "Territorial 'fix'? Tenure insecurity in titled Indigenous territories", http://dx.doi.org/10.1111/blar.12489; Bennett, D. and R. Sierra (2014[14]), "Multi-scale dimensions of Indigenous land tenure in the Amazon", http://dx.doi.org/10.1007/s10745-014-9660-x.

Comparison of land rights across countries

United States

In the United States, Indigenous peoples' right to land is recognised in treaties, court decisions and laws (statutory law). Reservations were created through treaties, often by extinguishing Indigenous rights to traditional land. Not all tribes have reserve lands and not all Indigenous groups have been recognised as tribes.

Reservation lands are owned collectively by the tribe but held in trust by the federal government. In terms of property rights, it has all the attributes but alienation: tribes cannot alienate or mortgage land held in trust without the federal government's consent. The federal government has exclusive jurisdiction with regards to these lands and holds the obligation to protect them against interferences by other levels of government or third parties. On trust land, the inherent governmental powers of tribes are presumed, which include civil and criminal jurisdiction and the power to tax (Göcke, 2013[16]). Indian trust land is thus exempted from state codes and state or local taxation. Tribes on reservations have rights to the surface and sub-surface natural resources in it, and thus can hunt, trap, fish and graze livestock. Federal laws require the tribe's consent for third parties to carry out these activities on reservations.

Other key features of the Indigenous land tenure system in the United States are:

- Besides trust land, tribes or individuals may hold land under "restricted fee" title. In that case, they hold title to land but can only transfer it with the government's approval. In practice, the restricted fee is treated in the same manner as trust land.
- Allotted lands are remnants of reservations which had been broken down. They were taken out of trust and passed to individuals. They have thus fee simple title. One issue with these lands is fractionation (see later in the chapter for further discussion).
- Land rights of Alaska Natives are ruled by the Alaska Native Claims Settlement Claim (1971), which divided the state into 12 regional corporations. These corporations have freehold land and rights to sub-surface resources.[10]

Canada

In Canada, Indigenous and non-Indigenous people can hold fee simple land. Indigenous peoples' traditional rights to land are recognised by proclamations, treaties, statutory laws, agreements, settlements and in court decisions. However, the government's historical views of Inuit, First Nation and Métis peoples resulted in differential treatment with regard to land rights. For example, the *Indian Act*, which regulates the management of lands

reserved for "Indians", included most First Nation people, but excluded Inuit or Métis people. While Inuit traditional land rights were officially recognised through later court decisions and land claims agreements, the recognition of Métis traditional land rights is now being contemplated as a result of recent court decisions.

Historical treaty processes in Canada conferred land rights to First Nations, although in exchange for the extinguishment of rights over traditional territories under Indigenous law. As a result, federal reserves were created exclusively for use by First Nations and were regulated by federal laws such as the *Indian Act*. On reserve, First Nations people in Canada have quasi-property rights. Under the *Indian Act*, reserve land is "a tract of land, the legal title to which is vested in Her Majesty, which has been set apart by Her Majesty for the use and benefit of a band". This is an example of bare legal title, where title is in the Crown and land is inalienable, but the "Indian band" holds right of use and occupation and certain other beneficial interests. Once reserve status is granted, the lands cannot be unilaterally diminished or taken away by the federal government. However, First Nations may increase their reserve land base by applying to the government to create an addition-to-reserve. Reserves are exempt from property and estate taxes. Sub-surface resources are generally owned and administered by the respective Province (Göcke, 2013[16]).

The Inuit did not sign any historic treaties with Canada and do not have reserve lands like First Nations peoples. Instead, Inuit and Canada have entered into 4 land claims agreements, covering about 40% of Canada's land mass, including parts of Labrador, Newfoundland, Nunavut and Quebec. The Inuit title is identical to Aboriginal title and includes the right to use the land in any way that respects the use by future generations.

New Zealand

In New Zealand, the Treaty of Waitangi of 1840 set the basis for the recognition of Māori people's right to land. Subsequent legislation put forward the definition of customary and freehold Māori land and established rules for the recognition and transfer of Māori land (Māori Land Act 1993).

Māori freehold land is the legal status of lands owned by Māori individuals under the jurisdiction of the Māori Land Court. The origins of this title cannot be traced to a single legal document but come to be explained historically. The Māori Land Court was created in the 19th century to approve the conversion of customary land into freehold land, owned by individuals or co-owned by groups of individuals.

In the 20th century, this process led to fractionation of Māori land, with smaller tracts of land being co-owned by several individuals.[11] The average Māori land block is only 52 hectares with 100 owners. There are about 2.7 million interests in 27 212 Māori freehold land blocks.

Australia

In Australia, Commonwealth and state governments enacted land rights acts in the 1970s and 1980s. The Commonwealth Aboriginal Land Rights (Northern Territory) Act and the South Australia government grant collective inalienable freehold title to Indigenous people. In the State of New South Wales, the Aboriginal Land Rights Act (1983) has a different configuration. It granted Indigenous peoples the right to claim lands. One hundred and twenty Aboriginal land councils were established; they claim unused or unoccupied Crown land to the government. Once granted, they have the freehold title over land and can sell, lease or subdivide land, pending the approval of a central body, the New South Wales

Aboriginal Land Council.[12]

At the national level, it was the High Court's Mabo Decision in 1992 that recognised aboriginal rights to land, which precedes colonisation. In response to this decision, the Commonwealth enacted the Native Title Act 1993, which provides recognition of pre-existing rights to land and waters. The allocation of rights depends on successful claims that prove the continuity of occupation by an Aboriginal group. Scholars and activists have highlighted the difficulty in proving a continuous, unbroken physical and spiritual connection to the land, given the fact that Australian colonisation has precisely served the purpose to remove Indigenous peoples from their lands and alienate them from their own history (Sutton, 2003[6]).

Federal and state land regimes coexist. The federal regime of Native Title, as per the 1993 Act, grants rights of possession, which can be exclusive or not. It is the right to continue occupying traditional lands to which the traditional owners' group has historic connections to. In this sense, it is a collective right.

Aboriginal land rights regimes vary across states and territories.[13] In the Northern Territory and South Australia, the land rights acts confer collective fee simple title. The collective is inalienable and cannot be mortgaged. It can be leased to third parties but if the lease exceeds a certain amount of years, the government's prior approval is required. The majority of these acts do not confer rights to sub-surface resources. In particular, Northern Territory and South Australia – where approximately 98% of the total amount of collective fee simple land is situated – do not confer sub-surface rights when granting land to Indigenous peoples.

Western Australia is the only state which uses the reserve system. The right to reserves do not include rights to sub-surface resources or the right to veto resource exploitation on this land. Reserves can be diminished, altered or taken away by proclamation of the governor, that is, unilaterally. Indigenous peoples cannot prevent non-Indigenous peoples from accessing and using their lands.

Sweden

Sweden's Reindeer Husbandry Act 1971 does not specifically address land rights issues. The legislative framework nonetheless recognises the right to use the land for the purpose of reindeer husbandry, including the right to take water for the herd's and the herder's survival. Only the members of local economic associations of reindeer husbandry, called *sameby,* are entitled to such rights, which correspond to around 12% of the Sámi population. *Sameby* members also have certain fishing and hunting rights but do not exercise control over fishing and hunting activities in the grazing lands. The majority of the Sámi are not members of a *sameby* and, as such, are legally prevented to practice reindeer husbandry and do not have hunting and fishing rights on the *sameby* land. In other words, they are on equal footing with other Swedish citizens by law.

There is no right of refusal for developments by the Sámi on the lands that they use for reindeer husbandry. The Sámi are typically consulted when large development projects are being proposed on *sameby* lands; however, the methods of this consultation differ. This is so because the Swedish system is based on the notion that different land uses can coexist and that conflicts can be solved locally. Hence, in terms of competing uses for land, they are treated as one of many stakeholders.

Summary

Table 3.3 provides a summary of Indigenous property rights across five OECD member countries (Australia, Canada, New Zealand, Sweden and the United States). These property rights contain different attributes that can vary significantly within and between countries. These rights fundamentally shape the limits and possibilities of Indigenous economic development.

Table 3.3. Indigenous property rights: Comparing the Australia, Canada, New Zealand, Sweden and the United States

	Statutory Indigenous property rights
United States	● **Owner** of lands and sub-surface resources in Alaska (Regional Corporations). ● **Individual owner** of fee simple title (allotted lands). ● **Collective proprietor** of reserve land and restricted fee title.
Canada	● **Collective owner** of land through comprehensive agreements. ● **Collective owner** of land acquired in the market. ● **Collective proprietor** of reserve land. ● **Individual possessor** of reserve land allotted by collective.
New Zealand	● **Individual owner** of Māori land, often in co-ownership.
Australia	● **Collective owner** of land through Commonwealth and state land rights acts (e.g. Northern Territory, South Australia and New South Wales) ● **Collective proprietor** of exclusive Native Title determinations (national). ● **Collective possessor** of non-exclusive Native Title determinations (national). ● **Collective possessor** of reservations in Western Australia.
Sweden	● **Collective authorised user** of land, but only for *sameby* members and with the purpose of reindeer herding.

Box 3.6. Indigenous lands across countries

The amount of land rights conferred to Indigenous peoples differs significantly across countries. The actual amount does not say anything about the legal nature, content, scope and degree of protection of the rights (see sections on recognition, allocation and protection below). It also does not say anything about lands which are claimed by Indigenous groups but not recognised by states.[14]

In the United States, Indigenous peoples make up 2% of the population. As proprietors, they hold land rights to approximately 4% of the country's landmass or around 400 000 km², of which 184 000 km² lie in Alaska (Göcke, 2013[16]).

In Canada, Indigenous peoples represent 4.9% of the total population and hold around 626 000 km² or 6.3% of the total landmass. Most of it lies north of the 60th parallel, while in the southern provinces, which are home to approximately 95% of all Indigenous peoples within Canada, only 37 000 km² are held by Indigenous groups (Göcke, 2013[16]).

In Australia, Indigenous peoples account for 3.3% of the total population. Almost half of Australia's land mass is currently subject to a recognised Indigenous interest and 25% is under native title claim, as such:

- About 27% of Australia's land mass is exclusively held by Indigenous people, including 12% under exclusive native title (proprietor) and 15% under statutory land rights (owner).
- About 23% of Australia's land mass is subject to non-exclusive native title (possessor).

The vast majority of land held by Indigenous groups lies in the Northern Territory, South Australia and Western Australia (more than 90%). In New South Wales, Victoria, Queensland, and Tasmania, where two-thirds of all Indigenous Australians live, Indigenous groups hold very little land (Göcke, 2013[16]).

In New Zealand, Māori groups constitute 16.3% of the total population. Māori freehold land is approximately 5% (about 1.4 million hectares) of the country's land area, predominantly concentrated in the mid to upper North Island. This number, however, only comprises lands held in form of Māori Freehold Title. In addition, Māori tribes collectively hold land obtained via historical claims processes, yet the official records are not easily accessible.

In Sweden, the Sámi people, who are 0.2% of the total population, do not have exclusive rights to occupy the land. What they have is the right to use lands for the purpose of reindeer husbandry (authorised user). The grazing lands for herds are extensive, covering approximately half of Sweden. In these lands, however, many other competing uses coexist.

Note: Data on population as estimated in Chapter 1 of this report.
Source: Own elaboration based on Göcke, K. (2013[16]), "Protection and realization of Indigenous Peoples' land rights at the national and international level", http://dx.doi.org/10.3249/1868-1581-5-1-goecke.

Legal recognition of land rights

Formal recognition by governments of Indigenous land rights is both a historical and an ongoing process. It dates back five centuries in settler societies such as Canada, New Zealand and the United States and is intrinsically connected to the history of colonisation. In Sweden, it goes back to nation-making efforts 400 years ago. It remains to some extent unresolved: ongoing negotiations and judicial claims mean that not all Indigenous groups have had their rights recognised. For the ones that have, states' obligations have not always been fulfilled or implementation has not been satisfactory. These issues can be addressed through treaty revisions. Furthermore, in Latin American countries, even though the 20th century has witnessed the recognition of land rights in constitutions or national laws, the implementation gap is wide (Martínez Espinoza, 2015[17]).

Treaty revisions, specific claims and modern-treaty making (also called comprehensive land claims) have been carried out throughout the 20th century. Treaties are a particular type of agreement that must contain: recognition of the Indigenous group as a "distinct political community" rather than a minority group within the existing state; negotiation of the terms of the agreement that are fair and undertaken in good faith; and inclusion of responsibilities and obligations for both parties, to bind them in an ongoing relationship (Petrie, 2018[18]).

In the United States, not all Indigenous groups have been recognised by the government as

tribes.[15] Among those who have, not all tribes have federal reserves – it is estimated that there are 576 recognised tribes and 326 reserves, whereas some tribes have more than one reserve. The United States ceased negotiating treaties with Indigenous peoples in 1871. Many tribes have been assigned a reservation by treaty but received smaller tracts of land or were removed by force from their lands. For this case, outstanding claims can be postulated in the judicial system. Between 1946 and 1978, claims were arbitrated by the Indian Claims Commission to acknowledge and offer monetary compensation for the loss of Indigenous lands. After that period, the authority was transferred to a federal court of claims, with similar functions.

In Canada, Supreme Court decisions have often been a key factor leading to the recognition of Indigenous land rights not comprised by historic treaties. In 1973, the government began developing and implementing the Comprehensive Land Claims Policy to give effect to these rights through modern treaties. The Inherent Right Policy followed in 1995, providing for the recognition and implementation of the inherent right of self-government. Generally, comprehensive claims are based on Indigenous peoples' traditional use and occupancy of the land. The content of an agreement can include: transfers of land ownership; land, water, heritage, environment and wildlife management; financial compensation; a self-governance agreement; an economic development strategy; and sharing of resource revenue. Since 1975, 19 comprehensive land claims, 6 comprehensive land claims with self-government and 16 self-government agreements have been negotiated (Government of Canada, 2015[19]). This process of land recognition is ongoing with over 50 separate negotiations underway (Government of Canada, 2016[20]). A "whole-of-government approach" to the implementation of modern treaties was established in 2015.[16] At the same time, Canada's policies for recognising and implementing Indigenous rights in negotiated agreements are evolving. Since 2015, Canada has been involved in Recognition Indigenous Rights and Self-Determination discussions with Indigenous collectives. These discussions allow the parties to co-develop approaches to rights implementation, relationship renewal and other shared priorities. Currently, there are over 75 of these discussions underway.

Box 3.7. Modern treaty making: The case of the Cree and Inuit of Northern Quebec

In 1975, the Cree and Inuit of Northern Quebec signed an agreement with the federal government and the province of Quebec regarding land and economic development issues, the James Bay Northern Quebec Agreement (JBNQA). It was the first modern treaty in Canada's history. The treaty established categories of lands, with different use regimes. It offered direct financial compensation for the development of the Hydro-Québec project in Indigenous lands and foresaw the establishment of Indigenous corporations to manage these funds with the purpose of promoting the economic development of the Cree and the Inuit. It also created Indigenous organisations for environmental protection, education, health and social services.

The James Bay Northern Quebec Agreement (1975) is an emblematic case. Among the many interesting aspects, the very process of treaty-making provides some guidance, which the OECD gathered during a study mission to Canada.

- **Signing a pre-engagement agreement**: such an agreement defines the rules and procedures under which negotiation will take place, ranging from the composition of the negotiators' team to the schedule of meetings. Having a timeframe helps to

set expectations, while the joint deliberation about the rules of negotiation renders the process more legitimate.

- **Financial assistance to Indigenous negotiators' team**: Keeping a high-skilled group of negotiators working intensely for what can be long periods of time is costly, and so is producing maps, deeds and other evidence. Indigenous peoples must be granted financial assistance to pursue the negotiation and this support has to be stable. The capacity of the negotiators' team and the resources put at their disposal for technical activities is one of the main ways in which Indigenous peoples can address the power imbalance inherent in negotiating with the government.
- **Legitimate parties capable of decision-making**: The agreement will not advance if the people sitting at the table cannot assume responsibility for what they negotiate. As it was the case in the making of the JBNQA, it is necessary that senior civil servants engaged can honour the commitments made, and that the Indigenous leadership is considered a legitimate representative by their group.
- **Broad consultation process**: Indigenous negotiators and leaders must consult broadly and regularly with the Indigenous population concerned by the agreement. In the JBNQA process, leaders travelled to all the communities explaining the importance of the treaty and asking feedback from people. Consultation must start as early as possible and keep people informed of the process. Not only is consultation a right of the concerned population but it also contributes to greater ownership of the agreement and is likely to facilitate implementation.
- **Compensation for past wrongs**: Treaty-making can be used to address past wrongs. It can encompass land restitution and, if giving back all the land is possible, direct financial compensation. This impossibility may exist because the lands have already been destined to other uses, such as an urban settlement or an infrastructure project. Compensation for past wrongs is one way under which Indigenous peoples can obtain financial resources to develop their lands.
- **Well-defined implementation plan**: The agreement must contain the obligations of the parties and the timeframe and means of implementing these obligations. Treaties that set obligations but remain vague about how they can be fulfilled often fall in an implementation vacuum. The lack of a well-defined implementation plan was considered a drawback of the JBNQA, and so much so that additional agreements redefining terms of implementation were subsequently signed.

While this case study is informative and offers a helpful perspective on how Canada has been negotiating modern treaties with Indigenous peoples for over 40 years, it must be noted that the modern treaty process has been critiqued by Indigenous parties almost continually since its inception. In particular, capacity and financial imbalances at negotiation tables, as well as the rigidity of federal mandates and processes, have been impediments to progress. Over the past several years, ongoing federal policy reform initiatives have sought to address these challenges. These efforts continue today.

Allocation of land rights

Once land rights are legally recognised, there needs to be a procedure for allocating it. Land allocation is the process of indicating which territory belongs to which group, i.e. assigning

land parcels to specific recipients. In countries such as the United States and Canada, treaties assign land to Indigenous groups – they contain the geographic location of the land and are enforceable against others (see section on recognition above). In other cases, the legal recognition (e.g. constitution or national law) does not include the physical boundaries of Indigenous territories; hence, subsequent actions are needed. Land registration, mapping and land demarcation are the three different forms of allocating land discussed in this sub-section.

Allocating land rights remains a challenge for the effectiveness of Indigenous rights around the world. Many authors have stressed the "implementation gap" in Indigenous rights, referring to "the differentiation between formal recognition of the international rights framework, and the lack of [corresponding] administrative and policy practices" (Martínez Espinoza, 2015[17]). In Latin American countries, land demarcation processes have lagged behind the constitutional recognition of Indigenous rights to land. In North America, ongoing land claims show that the recognition process in unfinished business (see section on recognition above).

Land registration

Asserting in legal documents that certain groups or peoples have the right to lands is not enough in itself to secure that these groups or peoples continue to use and live in these lands. In some cases, the group already lives in the recognised lands, and its occupation does not face serious threats. In these cases, the transfer of title (land registration) to the name of the group suffices to perpetuate the current state of affairs. Even then, transferring title is an administrative act that requires certain conditions to be in place, such as the existence of land registry, the convocation of adjacent owners to present any opposable claims, the civil capacity of the group to act as owner, and ensuring that informal rights holders such as tenants are not excluded.

Box 3.8. Land registry in Canada

In Canada, the *Indian Act* required the creation of a separate system of land registration to allow them to register leases, land transfers, amendments, licenses and mortgages and other instruments that may be attached to land. It excludes customary land holdings, which are not recognised by the *Indian Act* and have no legal status but are not uncommon among First Nations. Today, the government manages and operates a single registration database with three distinct systems which accommodates the three main forms of First Nations land tenure. The Indian Lands Registry System (ILRS) only registers rights affecting reserve lands as recognised under the *Indian Act*, and where the government is responsible for lands administration. The First Nations Land Registry System is for registering instruments relating to lands managed by First Nations according to land codes made under the *First Nations Land Management Act*. First Nation Land Management (FNLM) is a government-to-government relationship through which First Nations can opt-out of the 33 sections of the Indian Act related to land and environmental management by government officials, allowing for limited self-government.

Under the terms of full self-government agreements, there is a third system, called the Self-Governing First Nations Land Registry. Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) maintains these three electronic registries for First Nations.

Land registration in separate systems leads to uncertainty and higher transaction costs. Information has to be gathered from different authorities, which may also have competing or incomplete records. The Food and Agriculture Organization of the United Nations (FAO), in guidelines on the Responsible Governance of Tenure, indicates that, when possible, the registry of Indigenous lands should be made in the same system than non-Indigenous lands, to make land registry systems more complete and simpler (FAO, 2012[21]). This in turn would facilitate the analysis of eventually competing claims and the definition of geo-referenced boundaries.

Mapping land

The act of mapping is not free of conflict. Boundary setting reveals disputes about what "traditional territory" means. Traditional territory is not the one used by the group as a place of residence but the one necessary for their social and material reproduction, including here for spiritual purposes. Who has the authority to map is another issue. Co-mapping initiatives have proven to combine the authority and technical expertise of the government with the knowledge of the place and self-determination rights of Indigenous peoples. On the other hand, some understand that Indigenous-led initiatives are best suited because they can produce and maintain knowledge within the community, which supports data sovereignty.

A myriad of mapping initiatives has been created in the past 50 years, with the main purpose to assist Indigenous peoples to claim lands and resources. Alaska and Canada pioneered mapping projects in the 1970s, which documented land use and occupancy patterns. The commonly used method of "map biography" traces the subsistence regime of individuals spatially through time, showing hunting routes, gathering patterns and such. This method was applied in studies with the Inuit of Labrador, the Yukon, the Northern Ontario Cree and in Copper River Basin communities in Alaska, just to mention a few (Chapin, Lamb and Threlkeld, 2005[22]). Mapping with Indigenous peoples in Southeast Asia, Africa and Latin America began in the 1990s, also to produce documentation for land claims, and have ranged from georeferenced maps to sketch maps. Although most projects have pursued a participatory approach, the issue of control has been less advanced (Chapin, Lamb and Threlkeld, 2005[22]).

Demarcation and land titling

Land demarcation is the formal process of identifying the actual locations and boundaries of Indigenous land or territories, and physically marking those boundaries on the ground (Gilbert, 2016[11]). In Latin American countries in general, Indigenous land rights have been granted in constitutional norms but are pending demarcation processes. These been identified as the major impediment to the effectiveness of Indigenous rights in Latin America (Gilbert, 2016[11]).

Land demarcation is a process of allocating previously recognised rights. Land titling procedures provide legal descriptions of the nature of the land and resource rights held, in accordance with laws and land tenure systems. A team of specialists appointed by the government or formed by civil servants, often geographers and anthropologists, is assigned to define the geographic limits of the traditional territory. The traditional territory is the one necessary for the maintenance of Indigenous cultures and livelihoods, in accordance with their traditional ways of life. It reflects the existence of spiritual sites, social reproduction needs and subsistence activities. According to the principle of self-determination, Indigenous groups should have greater authority in deciding about its own

land boundaries. As it is today in many Latin American countries, Indigenous peoples do not have the final word about where their lands are but the team of specialist does.

The procedure for land titling and demarcation can be developed in different ways, which have to be pre-defined by governments, in consultation with Indigenous peoples. But there are some elements that every land titling and demarcation procedure should contain. The former UN Special Rapporteur listed the minimal components as: "(a) identification of the area and rights that correspond to the Indigenous community; (b) resolution of conflicts over competing uses and claims; (c) delimitation and demarcation; and (d) issuance of title deed or other appropriate document that clearly describes the nature of the right or rights in lands and resources". He recommended the creation of a land commission with the specific mandate to facilitate the securing of Indigenous land rights (UN Doc. A/HRC/18/35/Add. 7:36 as quoted in Feiring (2013[23])).

Protection of land rights

States must ensure that Indigenous peoples are protected from coercion and violence in regards to the use of their land. In Latin America, land-related violence against Indigenous peoples is well-documented, particularly in the context of large-scale projects in extractive industries and agribusiness. The 2018 report of the United Nations Special Rapporteur on Indigenous peoples, titled *Attacks and criminalization of Indigenous Peoples Defending their Lands and Rights*, shows how urgent this situation is.[17]

States have a duty to effectively protect Indigenous peoples' land and resource rights. The UN rapporteur recommends that "in order to address the root causes of attacks and criminalisation, collective land rights of Indigenous peoples need to be recognized" (UN Human Rights Council, 2018[24]). According to the UNDRIP and Convention No. 169, the main mechanisms to do so are identification, demarcation, titling or other legal recognition of land (discussed above), along with adequate access to justice and penalties for unauthorised intrusion. Through improved access to justice, Indigenous peoples can claim their right to redress, as discussed in the section about international rights.

Furthermore, states also have a duty to prevent non-Indigenous persons from securing ownership, possession, or use of Indigenous peoples' lands or territories. According to the International Land Coalition, "experience shows that many Indigenous peoples have been tricked or forced to give up their lands to outsiders through fraud or other dishonest means" (Feiring, 2013, p. 20[23]). States must ensure that unauthorised intrusion or use of Indigenous peoples' land or territories is adequately and promptly penalised (Feiring, 2013[23]).

Concerning land related-violence, the UN Rapporteur recommends that states promptly investigate attacks and take measures to provide for effective redress (UN Human Rights Council, 2018[24]). Programmes of protection of human rights defenders and communities are needed to prevent attacks. In the context of project development, there should be mechanisms for consultation with Indigenous peoples and comprehensive impact assessment studies – which is discussed in the third part of this chapter.

Providing Indigenous land rights goes beyond the question of granting title: it involves a complex set of legal, social, economic and political issues. Indigenous property rights are not only about the recognition of land rights, but also concerns land management frameworks that can work for Indigenous peoples. In all, the effective management of land is critical for the realisation of Indigenous development goals as well as broader regional and national ones, which is the topic of the second section of this chapter.

Instruments to mobilise the economic development potential of Indigenous lands

This section examines different land management instruments that can be utilised to mobilise the economic potential of Indigenous lands. Since land rights vary across countries, the possible land management systems will also vary. If an Indigenous community has the right to use lands but no right to sub-surface resources, this community cannot manage licensing for extractive industries on their own, only be consulted about it. If on the contrary an Indigenous group is considered a self-governing nation within the nation, then land management is only one among the many possible responsibilities that they hold, which include deciding on health, education, and infrastructure, among other issues. Therefore, the conditions and instruments discussed in this section cannot always be used by all countries, as it depends on the underlying rights framework. It is a toolbox that States and Indigenous groups can open and use, but not all tools are available to everyone.

Indigenous land management models

Framing land as an asset for economic development means that, once land rights are secured, Indigenous peoples can use the land to foster their self-determined development goals. The clarification and implementation of rights are important, as argued in the previous section, because they set the basic ground rules for these activities to take place, while also reducing uncertainty and preventing conflicts.

Indigenous land management encompasses how and by whom decisions are made about environmental, natural resource, commercial and cultural heritage management activities that take place in Indigenous land by Indigenous communities, bodies, organisations and individuals, on their own or with private stakeholders and government actors (Hill et al., 2013[25]) (Box 3.9). It concerns related fields of intervention that need to be developed such as planning, infrastructure investment and capacity development. Due to the special relationship that Indigenous peoples have with their territory, this task is fundamentally different than the one of managing non-Indigenous land. It is shaped by kinship relations, cultural and spiritual beliefs, and traditional uses for subsistence and respect for the environment.

Management practices mostly refer to land but can also include water. In Australia, for example, co-management models of natural reserves under the Natural Reserve System (NRS) comprise both land and water. There are several hundred Indigenous land and sea management groups across Australia that cover areas under Native Title and national and marine parks (Australia State of the Environment Report, 2016[26]). In Chile, the Rapa Nui Rahui Marine Protected Area (MPA) was created around Easter Island in 2017. The preservation of the Rapa Nui's artisanal fishing practices will be grandfathered into the management plans for the MPA. This will contribute to the preservation of the Rapa Nui's traditional way of life and protect the area from industrial commercial fishing.[18]

Box 3.9. Indigenous use of land

Indigenous use of land can range from cultural to environmental to commercial ones (Table 3.4). Traditional hunting, gathering and craftsmanship are included, but also activities that may require new organisational structures and capacities, such as managing natural parks, monitoring environmental impacts and conducting ecotourism.

Table 3.4. Use of land by Indigenous peoples

Category	Activity
Customary or cultural resource activities	Hunting, gathering
	Ceremony
	Protection and management of culturally significant places
	Transfer and documentation of traditional ecological knowledge
	Documentation and translation of language
	Indigenous knowledge and activities for youth education
	Artistic expression through painting or craft
Natural resource activities	Weed and feral animal control and monitoring
	Fire management
	Monitoring and management of threatened species and ecological communities
	Conservation of natural water bodies
	Soil erosion control and soil rehabilitation
	Native nursery, seed collection and planting
	Visitor and tourist management (e.g. track maintenance, signage)
	Monitoring threats to biosecurity
Land management for improved conditions in settlements	Dust mitigation
	Firewood collection
	Management of community water supplies, rubbish and sewage disposal
	Parks and gardens
	Infrastructure (e.g. building, road maintenance and construction)
	Protection from fire
Commercial economic activities	Retail and tourism-related services
	Metals, minerals and hydrocarbon extraction
	Horticulture (e.g. vegetable garden, orchard) and plantations, and harvesting of plant foods, medicines and seed for sale
	Harvest for commercial wildlife industries
	Pastoral and related activities
	Art and craft production
	Land restoration and other natural resource management services
	Employment in Indigenous and co-managed parks and protected areas

Source: Adapted from Hill, R. et al (2013[25]), *Indigenous Land Management in Australia: Extent, Scope, Diversity, Barriers and Success Factors,* CSIRO Ecosystem Sciences, Cairn.

Typology of land management

The possible arrangements for Indigenous land management can be divided into three ideal types,[19] according to the degree of autonomy granted to the Indigenous community:

- **Self-governance of Indigenous land**: The Indigenous group has been empowered by the state to have a level of autonomy over the management of Indigenous lands and natural resources located within it. This conditional autonomy may derive from the self-government capacity of the group, attributed by a treaty or agreement that addresses nation-to-nation relations. Alternatively, it may arise from specific agreements that hand over regulatory authority over environmental issues from the government to the Indigenous group.
- **Joint land management model:** In this model of joint, shared or co-operative management, also referred to as co-management, the Indigenous group shares the responsibility and the authority over land issues with government authorities. It may arise from the creation of specific institutions, such as natural resources boards and land councils, which are equally composed of Indigenous and non-Indigenous representatives. It may also come from the creation of protected areas, such as parks or nature reserves, with a management model defined as shared. It can eventually be that the government has the authority over natural resources but the Indigenous group participates in the decision-making process of issuing licenses and permits.
- **Co-existence:** In this model, Indigenous groups are considered an interested party in land management issues that affect their designated lands. Their lands may be affected directly or indirectly, for instance, if a project does not occur in their lands but its impacts extend over them. Without autonomy to decide over such issues, they can nonetheless be part of decision-making processes. They may be consulted in administrative procedures, such as environmental licensing, and influence the elaboration of laws, plans and other policy documents.

Different land management models can be observed within the same country, whenever the underlying land rights framework is diverse and multiple. For instance, in Australia, the federal native title regime gives possession of traditionally owned lands, whereas at the state level there can be freehold lands. The boundaries and beneficiaries of these different regimes do not necessarily coincide, but they may do. In the United States, there are collectively-owned trust lands (reserves) and individually owned land under "restricted fee", which have to be governed by different regulations.

Furthermore, case-by-case differences may exist within a certain regime. In Canada and the United States, for instance, because nation-to-nation relations have been regulated by treaties and agreements, conditions and powers are not uniformly attributed. To illustrate, many Canadian land claim agreements granted decision-making powers to Indigenous groups in what regards land use and environmental issues in their territories (Simons and Pai, 2008[27]). In some agreements, Indigenous groups own mines and mineral resources, such as in the Yukon Indian Agreement, while in others they only receive resource royalties, such as in the Nunavut Land Claim Agreement (Simons and Pai, 2008[27]).

Land management tools

Because of this variability of Indigenous land regimes and considering specific geographic, cultural and institutional settings, there are different challenges and tools that can be applied to address them (Box 3.5). In the case of self-governance, there may be ownership rights but restrictions on the right to transfer, which inhibits the use of land as security for credit. Within the framework of joint land management, there may be a lack of sufficient data about traditional livelihoods to make informed decisions about how to manage resources. In regards to co-existence, traditional knowledge may not be sufficiently incorporated into decision-making about land use and natural resource management. This section will discuss different tools available for Indigenous land management, and the lessons and challenges associated with them.

Table 3.5. Tools to mobilise the development potential of Indigenous land

Tools	Problems they address
Land use planning	● Indigenous traditional knowledge, interests and preferences are not considered adequately in the strategic and statutory planning process. ● Lack of clarity about locations for appropriate development that considers socio-cultural, environmental and economic objectives. ● Mismanagement of negative externalities between Indigenous and non-Indigenous lands (pollution, noise, and land use incompatibilities).
Natural resource conservation and management	● Indigenous communities are not involved in the governance of natural resources (land, water, air quality, forests, flora and fauna) on their traditional territories. ● Indigenous communities miss out on business, revenue and employment opportunities associated with conservation management.
Regulation of resource use	● Data about natural resources on Indigenous lands and monetising their value is lacking. ● Competition and over-use of natural resources and lack of control over licensing. ● Traditional knowledge not incorporated into policy and regulatory settings.
Leasing of land	● Inalienability makes it impossible to use land as security when seeking finance for land development.
Acquisition of land	● Indigenous lands that are formally recognised are relatively small and face barriers to development (e.g. remoteness, poor infrastructure). ● Complex and costly judicial and administrative processes to acquire land and lack of funds to do it.
Consolidating and co-ordinating land ownership	● Fragmentation of land ownership due to allocation to individuals and family groups makes it difficult to generate economies of scale and restricts options for development.

Indigenous land use planning

Land use planning refers to a process whereby decisions about different socio-economic activities (agriculture, heavy industry, commercial, retail and housing) should take place. This also includes the conservation of places for environmental and socio-cultural reasons. Societies usually seek to shape and control land uses in ways that achieve economic, social and environmental objectives. It is also an important tool for managing negative externalities such as pollution, noise and congestion. Land use planning usually has two

dimensions: strategic and statutory. Strategic land use planning involves the development of long-term plans regarding land use that usually takes accounts of future demographic trends. The statutory land use system controls development through the zoning of land for different uses and encompasses the administration of these regulations by governments.

Land use planning in a self-governance framework

Indigenous-led community land use planning is possible where Indigenous groups have attribution to manage their own lands – i.e. in the self-governance model. Through this instrument, a community can agree on a common vision for land development, clarify rules about land use and foresee future activities. It makes it clear to them and to external stakeholders what they consider acceptable and desirable to take place in their own community. It is an exercise in being proactive, dictating rules and taking control of their own future.

Taking the case of Canada, the Indian Act establishes that the government is in charge of land and natural resources administration in reserves. However, the government is using different approaches to progressively transfer this responsibility to opting First Nations. Key approaches are the Reserve Land and Environmental Management Program, the First Nations Land Management Regime and lastly a broad self-government agreement that includes land management.[20]

Canada has been funding land management programmes since the late 1980s. In 2005, the government introduced the most recent land management funding programme, the Reserve Land and Environmental Management Program, which offers funding to First Nations for capacity-development related to land and environmental management activities. The programme allows First Nations to function at any one of three levels of increasing responsibility: training and development, operational level or delegated authority. As of 2017, there were 138 active participants: 27 training and development communities, 100 operational communities and 12 delegated authority communities.

The First Nations Land Management Regime, enacted in 1999 is for First Nations that elect to opt out of the land and resources provisions of the Indian Act. In so doing, even though land ownership remains with the government of Canada, the administration of land and natural resources becomes their responsibility. It is a form of sectoral self-government. First Nations receive financial and technical assistance to develop a land code. The land code sets out basic provisions regarding the exercise of rights and powers over land – the umbrella for other land laws. Once a First Nation's land code is ratified through a Community Approval Process, they opt out of the lands-related sections of the *Indian Act* to gain control over their reserve lands, environment and resources. As of October 2018, 122 communities were active in the regime, with 44 in the developmental stage and 78 operating under their own land code.

First Nations have reported significant benefits from entering the FNLM regime. The regime recognises the inherent right to govern reserve lands and resources. In addition, they gain the legal capacity to acquire and hold property, borrow, contract and invest money, be party to legal proceedings, and directly collect and control land revenues and mortgage individual interests. Autonomy also reflects the ability to make laws and regulations in a timely and transparent fashion, and in respect of each First Nation's practices and traditions. This has been translated into more certainty for landholders and more capacity to enforce breaches of the law.

The case of Canada shows that the devolution of land management authority is a process that requires time, resources and capacity. Land administration, as a highly technical issue, needs competent staff, with a dedicated office, with the ability to compile information, produce maps, enact laws and enforce regulations. A non-judicial authority has to be set up to solve eventual disputes regarding land uses, property rights and environmental violations. These processes should be simple and clear, avoiding excessive administrative burdens. Funding streams are currently available from the government but, in the future, investing in autonomous revenue sources may become a necessity. One alternative is taxation from land use activities (titling, transfer, leasing, licensing).

Less clear in this case is the meaning of "community" in "community land use planning". The existing programmes seem to replicate dominant planning practices at the community level, without leaving room for local practices to flourish. As they require the creation of a land code, a land authority, zoning maps and such, they fit Indigenous land use planning into an existing model. The involvement of community members in shaping this model is not evident, either. These land use planning processes should, however, be participatory, involving the broadest possible range of local stakeholders. It is the task for Indigenous communities to find a "third space" of planning that accommodates both the dominant planning practices, which bring certainty and legality, and the traditional practices of land management, based on traditional knowledge (Porter et al., 2017[28]). In practical terms, this task comprises consultation, engagement-building and capacity-building of the local community. Chapter 4 discusses in more details the meanings of community planning.

Inclusion in regional and municipal land use planning

This instrument can apply across self-governance, joint management, and co-existence models. In some jurisdictions, regional and municipal land use plans sometimes do not include formally recognised Indigenous lands. Mechanisms to include Indigenous communities in land use planning at a subnational level can also be weak. Local and regional land use plans contain high-level objectives and policies for growth management, environmental protection, infrastructure and economic development. In Canada and the United States, as reserve lands lie under federal jurisdiction, provinces and municipalities do not necessarily integrate them into their spatial planning frameworks. The image of a "blank" left purposely in regional maps is most compelling. In Quebec, for instance, the territory of the reserves is not portrayed in the province maps and there are no relations between the planning administration and the reserves (OECD interviews, May 2018).

Yet impacts and overlaps are most strongly felt at the local level. Environmental degradation, road infrastructure, energy projects and water management are all issues that likely affect a reserve and its surrounding municipalities or, if remote, lands owned by the regional level of government. Moreover, it is not uncommon that traditional territories cut across municipal or regional lands, cases in which the local authorities have to manage and regulate competing land uses.

Considering these interactions, local governments should develop planning frameworks that are inclusive of Indigenous peoples and/or should invest in joint management of resources or joint venture projects. Taking the example of Canada again, in the South Saskatchewan Region, Alberta, municipalities are required to develop land use assessments that include local histories and heritage sites (Box 3.10). Joint management of resources is addressed in the section of "nature conservation" further below in this chapter.

Box 3.10. Municipal planning and Indigenous heritage: A good practice from Alberta, Canada

The South Saskatchewan Regional Plan (SSRP) requires that municipalities consider the broader implications of land use, growth and development, including on historical resources. Until now, however, these considerations largely excluded pre-settlement Indigenous heritage sites, many of which are more difficult for city planners to identify. These spaces include ceremonial and sacred sites, wildlife corridors, traditional hunting grounds as well as places with significant narrative history.

In April 2016, the City of Lethbridge initiated its Traditional Knowledge and Use Assessment (TKUA) by holding a ceremony jointly hosted by Elders and officials from the Kainai, Piikani and Siksika Nations. Through the TKUA, the municipality is able to work collaboratively with these three nations to create a greater understanding of the local Indigenous heritage of the region. Traditional land use experts from these three nations are working in partnership with a local archaeology firm to identify, document and capture the history of the Siksikaisitapi (Blackfoot peoples) in this region for thousands of years.

The TKUA is part of a larger relationship building process between the City of Lethbridge and its Blackfoot neighbours – and other Indigenous – neighbours in line with the Truth and Reconciliation Commission of Canada's Calls to Action, as well as the UNDRIP. Reflecting the spirit and intent of reconciliation, the TKUA is working closely with the Blackfoot Confederacy to understand and protect this history. In this way, it is the Indigenous nations themselves who are empowered to gather information and tell their histories. The work of the TKUA is an example of reimagining the relationship between municipalities and Indigenous communities and promoting reconciliation at the local level. It also represents a significant step on the part of Lethbridge to acknowledge Indigenous histories as essential and foundational to city planning, rather than something that can be accommodated after development.

Source: Alberta Urban Municipalities Association (2017[29]), *Municipal Planning Hub* , https://www.auma.ca/sites/default/files/Advocacy/Programs_Initiatives/Municipal_Planning_Hub/municipal_planning_hub_-_january_2017_version_to_post_on_hub.pdf.

In Sweden, many of the issues that impact the Sámi remain the purview of the national government (OECD, 2019[30]). Sectoral policies that relate to how land is used impact the Sámi reindeer herding industry; and yet, it is not always clear how they are connected at the regional and local levels. Moreover, while the unique assets of the Sámi for northern development are recognised at a general level, regional strategies for development do not have clear mechanisms through which to support these assets and promote their development and there are limited incentives for the regional level to engage with the Sámi. Nonetheless, recent reforms have resulted in increased competencies for regional planning at a regional level. The Sámi Parliament has expressed the view that regions should adopt a strong spatial vision for development, which engages and includes Sámi perspectives. One way in which this can be achieved is by providing sustainable support for the updating of Reindeer Management Plans and incorporating them into strategic spatial and land use planning, as to influence decision-making.

Conservation and natural resource management

Natural resource conservation and management refer to decision-making frameworks and

processes regarding the protection and sustainable use of water, land, forests, fisheries, flora and fauna. This is important for regional development because these frameworks help develop mechanisms to convert natural resources into economic development opportunities. In the past, Indigenous peoples were excluded from these frameworks. Decisions about the management of fisheries, forests and water resources were taken away from Indigenous peoples during colonisation. The creation of nature reserves and natural parks justified the displacement of Indigenous groups from their traditional territories (Dowie, 2009[31]). More recently, Indigenous peoples have been included in decision-making about the protection and management of natural resources. This may include the joint management of parks, natural reserves and World Heritage sites. In protected areas managed by Indigenous groups, traditional activities and livelihoods coexist with the goal of environmental preservation, as opposed to reserves in which human settlements and subsistence hunting and traditional livelihoods are banned (Dudley, 2008[32]).[21]

Joint management of natural resources

Local government authorities and Indigenous groups can sign an agreement to share functions, powers and duties concerning the management of natural resources. Joint management may cover a whole territory, for instance, a nature conservation area. Alternatively, it may refer to specific resources, e.g. water management of a river basin. It can be more comprehensive, to encompass regulatory powers over all the natural resources of a given territory and how they can be utilised for regional economic development.

The New Zealand Resource Management Act (1991) is an example of the inclusion of Indigenous peoples in environmental decision-making. The act is the main legislative framework for environmental decision-making in New Zealand. Sections 36B to 36E of the Resources Management Act allow for joint agreements between local authorities and Māori groups to share regulatory and managerial functions over natural resources (Fox and Bretton, 2014[33]). They generally relate to land that has been vested back into *iwi* or is a reserve or Crown land. They can stimulate a collaborative approach between local governments and Māori groups, leading to improved, stronger ties between them.

In practice, these agreements have been rarely negotiated. The literature identifies significant barriers for the elaboration of agreements (Fox and Bretton, 2014[33]). For one, the law requires proof of "efficiency" of agreements. The main reason to sign such an agreement is not to speed up processes but to amplify the sphere of concerned authorities, leading to more legitimate and fair decisions. It is unlikely that joint decision-making *per se* will make processes more economically efficient unless Māori groups contribute to the costs of running such affairs, which would be on its turn a barrier for their engagement. Second, authorising parties can cancel the agreement at any stage. In that event, powers and functions would revert to the local government. This implies that governments have an advantage in the event of conflicts. Conversely, if an agreement is signed it can be incorporated into the settlement process, requiring reluctant councils to work with the *iwi*. Despite these difficulties, authors observe a trend in New Zealand towards stronger forms of joint decision-making with *iwi*, which includes agreements (Fox and Bretton, 2014[33]).

In New Zealand, local authorities are also obliged to determine whether a proposed project or activity affects Māori people and land. To better make this determination, many of them have established Māori advisory committees (Fox and Bretton, 2014[33]). Almost a third of local authorities involve Māori in compliance monitoring activities, especially in cases where the resource consent included a specific provision for Māori participation (OECD, 2017[34]). In 2014, through the National Government's freshwater management reforms, a

more effective role is being given for *iwi.* For one, *iwi* will have a place alongside other key parties and interests in alternative collaborative planning processes, described in quality decision-making reform. Second, *iwi* will provide advice and formal recommendations to a council regarding decisions on submissions on freshwater plans and projects. The reform included a statutory requirement for the advice and recommendations to be explicitly considered before decisions are made (Fox and Bretton, 2014[33]).

Instruments to include Indigenous peoples in the management of nature conservation areas

The main instruments by which Indigenous peoples can manage nature conservation areas are agreements, memoranda of understanding or through adapted and new institutions. Agreements can be comprehensive regional agreements or specific land use agreements. In Australia, there are also lease-back agreements, in which the government returns a park or reserve to its Aboriginal owners, and then leases it back from them.[22] Memoranda of understanding (MoU) are another type of formal agreement that sets out the rules and conditions for shared involvement in park planning and management. MoU can be further specified by other instruments, such as joint statements and shared principles. New institutions that can be created are heritage trusts, funds, boards and councils. They should have a cross-cultural, co-operative governance structure composed by Indigenous representatives and governmental authorities. These institutions would normally be responsible for managing funds, enacting plans and enforcing regulations.

Self-governing conservation areas

Indigenous communities may manage the territory according to their own rules and regulations. It means transferring responsibility for the area from the government, either by treaty or settlement, or specifically regarding the authority to manage a given area for environmental conservation purposes. Indigenous and Community Conserved Areas (ICCA) are the umbrella category defined by the International Union for Conservation of Nature (IUCN). It comprises *de facto* voluntary governance arrangements led by Indigenous peoples for conservation purposes, in accordance with customary laws and practices. Indigenous Protected Areas in Australia fit this definition and, in addition to contributing to nature conservation, also provide for job creation through parks ranger programmes (Box 3.11).

Box 3.11. Indigenous Protected Areas in Australia

The Indigenous Protected Areas (IPA) Programme commenced in 1997 in Australia as a formally recognised component of the National Reserve System, supporting Indigenous landowners to voluntarily declare reserves on their freehold land. IPAs occur over areas of land or sea held by traditional owners where the Indigenous communities have entered into an agreement with the Australian government to promote biodiversity and cultural resource conservation.

IPAs rest on a prerequisite of Aboriginal "ownership" of land and waters to be protected, that is, Aboriginal communities must already have a native title or other forms of "ownership" over the area. Marine IPAs may rely on ownership of coastal land, islands and inter-tidal areas, native title, registered marine sacred sites or Indigenous fisheries plans or agreements. Once an IPA has been declared, following initial funding discussions and management planning, subsequent investment proposals can be made to implement a plan of management. IPAs offer resources for land management without the loss of autonomy that may be associated with co-management schemes. As of 2017, there were 75 dedicated IPAs, across 44.6% of the National Reserve System and 9% of Australia's land mass. Over 60% of IPAs are managed by Indigenous ranger groups. The Indigenous Rangers and Indigenous Protected Areas programmes have helped deliver economic, social, cultural and environmental outcomes. Together, they created more than 2 500 jobs through full-time, part-time and casual employment (OECD, 2019[35]).

In the first years of the programme, low amounts of funding limited the conservation outcomes that could be achieved and the availability of ranger positions. That no longer being a central issue, attention now is being directed to supporting capacity for Aboriginal and Torres Strait Islander communities to actively govern IPAs. Increasingly, Indigenous law and practice are guiding the development of conservation planning. The conjoining of ecological protection and Indigenous community decision-making and governance for biodiversity management can achieve long-term sustainability.

Sources: Godden, L. and S. Cowell (2016[36]), "Conservation planning and Indigenous governance in Australia's Indigenous Protected Areas", http://dx.doi.org/10.1111/rec.12394; Ross, H. et al. (2009[37]), "Co-management and Indigenous protected areas in Australia: Achievements and ways forward", http://dx.doi.org/10.1080/14486563.2009.9725240.

Joint management of conservation areas

Co-operative management, also called shared or joint management, involves communities and governments formally sharing the management of the environment and the natural resources within it. It suggests an ideal for participatory management that enhances equity of Indigenous groups and helps to ensure distribution of benefits from conservation (Plummer and Fitzgibbon, 2004[38]; Carlsson and Berkes, 2005[39]). In Australia, Gurig National Park became the first jointly managed National Park in 1981 and since then further co-management arrangements have been adopted in other parks. In Canada, joint institutions for environmental governance have arisen from comprehensive land claims processes. In Sweden, The Laponia World Heritage site has a shared management model between the government and the Sámi Indigenous people. Sámi representatives hold the majority on the board of directors of the organisation, and the management structure has been adapted to traditional Sámi organisational practices and knowledge (Reimerson, 2016[40]). Another example is the Finnmark Estate in Norway which is overseen by a Board

of Directors with 50% of the representation nominated by the Sámi Parliament of Norway. The Finnmark estate has a number of responsibilities including property development, hunting licenses and outdoor recreation.

Challenges and lessons

Establishing the limits of a protected area can be a complex task, given pre-existing property relations and the inter-dependency of natural ecosystems. Taking these elements into consideration, boundary-setting of ICCAs has to incorporate traditional land use activities with economic and recreational activities, and ecological conservation. Boundaries have to be large enough to accommodate the traditional activities deployed by Indigenous peoples on land, such as hunting and fishing, with the goal of preserving the ecosystem. ICCAs have to be considerably large and comprehensive to integrate different natural elements of an ecosystem. For instance, the management of a river used for fishing and protected by surrounding vegetation cannot be excluded from an ICCA in a forest. Here the problem of the third polluter may arise, meaning that activities outside the defined conservation area can generate negative impacts on it. Managing these conflicts requires a clear allocation of responsibilities and mechanisms to co-ordinate decision-making with relevant bodies.

The Indigenous peoples responsible for stewardship should also have sufficient funds to conduct activities. Charging fees for park entry is a way to collect revenues, as for example is the Uluru Park in the Central Desert of Australia. Indigenous peoples can also earn revenue from carbon conservation activities – as stewards, Indigenous peoples are actively contributing to carbon sequestration (WRI, 2017[41]). In addition, ecotourism activities can be pursued, e.g. guided tours and educational activities. Indigenous persons may secure employment in ICCAs as rangers, guides or administrators. The park rangers in Indigenous Protected Areas in Australia are an example of this (Box 3.11). These own-source revenue, business and employment opportunities are highly compatible with the preservation of the environment.

Self-governance and joint management arrangements also requires leadership, planning and administrative capacity. Retaking the example of Australia, the elaboration of management plans by Indigenous stewards in IPAs has required technical support from the government, as the plan must abide by Australian and international laws for protected area management. The plan must at the same time provide ways to include Indigenous customs, law and culture, which requires cultural sensitivity of those involved in it. It is an opportunity for Indigenous peoples to combine the two "ways": scientific planning and traditional knowledge. Capacity building efforts should be a priority in the aftermath of establishing ICCAs (discussed further in Chapter 4).

Regulation of fishing, hunting and sub-surface resources

This section discusses Indigenous peoples' rights to fish, hunt, gather food and extract surface and sub-surface natural resources, for commercial purposes or not. As subsistence activities, they perpetuate social and cultural values and strengthen their connection to the land. As enactments of old traditions, they recreate links with ancestors and retrace the significance of their traditional territories. As productive activities for commercial purposes, they can be a significant source of own-source revenues. The regulation of fishing, hunting and sub-surface resources applies in different ways across self-governance, joint management and co-existence models.

Country frameworks

In terms of the self-governance model, title to sub-surface resources is not necessarily allocated to Indigenous peoples upon conveying land rights. In Australia, the states' land rights legislation which grants collective fee simple title to land does not confer rights to sub-surface resources. The federal government's Native Title provisions recognise traditional owners' occupation of land as it has been held historically, which generates cultural rights, but not the right to access and control sub-surface resources. Under the national and state frameworks, Aboriginal people have fishing and hunting rights.

In New Zealand, Indigenous peoples do not generally hold sub-surface rights to Māori freehold lands. According to the *Crown Minerals Act,* sub-surface resources of national relevance are owned by the Crown, even if situated on privately held land. Yet the transfer of land title ought to include title to sub-surface resources if these resources were known and used by the Māori at the time of the conclusion of the *Treaty of Waitangi* of 1840. Separate acts have regulated Māori's hunting and fishing rights. Māori people have customary and commercial rights. Customary rights refer to hunting, fishing and harvesting for cultural and subsistence purposes, which are granted under New Zealand law. For commercial purposes, under the Sealord Deal of 1992, Māori people were granted 50% of Sealord Fisheries and 20% of all new species brought under the quota system, shares in fishing companies and NZD 18 million in cash.

In Canada, the rights to reserve land generally do not include sub-surface resources, which may be owned and administered by the federal government or by the regional level of government, the province. In comprehensive agreements (modern treaties) that result in the transfer of fee simple land to Indigenous people, sub-surface rights have to be explicitly conferred in the agreement or it is assumed that they were not so. Hunting and fishing rights are granted in reserve and fee simple lands. In the territories traditionally occupied by Indigenous peoples which are not part of reserves or owned as fee simple land, there may still be fishing and hunting rights, exclusive or not. In the James Bay Agreement, for instance, exclusive fishing and hunting rights are attributed in Category II lands, where non-exclusive rights are given in Category III lands. It may also be the case that Indigenous peoples are given permission by private owners to hunt and fish on their lands.

In the United States, conversely, quasi-property rights to reservation lands include the right to sub-surface resources, which are also retained by the government on behalf of the tribe. Indigenous peoples have the right to hunt and fish on reserve lands.

In Sweden, co-existence and joint management models apply, as Sámi people have rights to use the land for reindeer husbandry purposes only; however, they do not have the right to the sub-surface resources. The provision of hunting and fishing rights is assured to those who are members of the cultural and economic associations of reindeer herders, the *sameby*. The *sameby* cannot generate revenues from the commercial exploitation of these rights.

Across these different jurisdictions and land management models, the main issues that emerge are related to knowing the size and value of resources; defining the licensing authority; managing competition for resources; and, allocating property rights related to surface and sub-surface resources. Another fundamental issue is consultation about the rights to access and explore sub-surface resources located in Indigenous lands, e.g. mining, which is the topic of the third section of this chapter.

Size and value of the resource

Indigenous peoples do not always know the size and value of the resources in their land, because of the quality and ownership of data collection. Poor data collection may weaken Indigenous peoples' bargaining power and obscure economic development opportunities. Furthermore, when the data exists, governments have to share it with Indigenous peoples, including the raw data. Alternatively, Indigenous peoples have conducted mapping and Geographic Information System (GIS) exercises themselves, in order to own and control the data.

The quantification of the value of traditional activities matters because of how the dominant planning system allocates value to land. In short, western planning attaches value in terms of highest and best use, which includes consideration about the productivity and exchange-value of land. Indigenous hunting and fishing, when practised for subsistence and cultural reasons, do not convert into goods with an economic value in the market. Their use of land tends to be perceived as less productive than commercial activities, which can be exchanged or produce goods and services in the market. Attributing value to non-commercial activities can help counter the argument that lands used by Indigenous have less value because these activities are not visible in strictly economic terms. This quantification depends upon attributing value to non-economic activities and recognising them as productive uses of land even if outside the market economy.

Licensing authority

The licensing authority may be the state or the Indigenous group. In Canada, Indigenous peoples control the licensing process within reserve land. However, where Indigenous peoples have non-exclusive fishing and hunting rights, the government authorises fishing and hunting by non-Indigenous individuals. This may create conflicts, as Indigenous peoples perceive their rights to be diminished by hunting and fishing from outsiders.

In Sweden, the *sameby* do not regulate the emission of licenses to third persons. The state administers licenses and retains the revenues generated from it. Sámi people who are not members of a *sameby*, i.e. approximately 88% of Sámi in Sweden, have to apply for licenses as any other Swedish citizen. The licensing application is open for Swedish citizens equally. Sámi people outside the *sameby* resent not being granted hunting and fishing rights as Indigenous peoples, carriers of traditional cultural practices. *Sameby* argue that licensing should be under their authority and bring positive economic effects in the form of own-source revenues.

Managing competing resource users

Competing uses of land arise when non-Indigenous with licenses for hunting and fishing compete with traditional practices carried out by Indigenous peoples. In some cases, the number of licenses is not great and the lands are vast, and conflicts do not arise. Yet in some circumstances, as mentioned for Canada and the United States, leisure hunting and fishing are perceived as excessive by Indigenous peoples. There may also be competing uses of land for other purposes, such as roads, forestry and mining, which reduce the land area available for traditional uses. Land encroachments not only limit the size of the hunting area but also cause changes in migration patterns of animals and create dangers for them, e.g. road crossing. By affecting the habitat of animals, these other uses of land also affect traditional hunting. Cumulative land use mapping is a tool that can be used to identify the impact of different activities on the land and on animal habitats and in so doing determine

if these activities are compatible with the preservation of the environment and of Indigenous' traditional ways of life.

Allocation of resource rights

Within a self-governance framework, some Indigenous communities are allocated sub-surface rights and use them to develop own-source revenues. In the Nunavut Agreement, for example, the Nunavut Tunngavik Incorporated (NTI) holds sub-surface rights. NTI had, as of 2009, signed 80 mineral exploration agreements with 15 different companies, granting them rights to explore 20% of sub-surface Inuit owned lands.[23] Besides granting exploration rights to others, Indigenous communities may pursue these activities themselves. In Canada's Northwest Territories (NWT), the 27 Dene First Nations fully own and operate a mining company, called DEMCo. DEMCo pursues mining activities with a strong sense of community engagement and environmental preservation.[24] Chapter 2 includes further discussion on community-owned enterprises.

In New Zealand, the Māori hold percentages of the country's commercial fishing quota and now control close to 30% of New Zealand's fisheries. The quota system sets total allowable catch rates for each species and allocates fishing quotas to owners. The owner can use its quota with its fisheries or lease out the quota to third parties. In Alaska, there is a similar model (Box 3.12). In this system, Indigenous peoples perceive greater benefits from commercial activities that would have been carried anyway. They are also better positioned to influence the design and implementation of the management model.

Within a joint management and co-existence framework opportunities to leverage natural resources is limited. In the case of Sweden, Sámi fishing and hunting rights are strictly defined as cultural practices (OECD, 2019[30]). It is forbidden to take commercial advantage of them. The Swedish policy of linking Sámi identity exclusively with reindeer herding has blocked them from pursuing economic activities that would nonetheless be compatible with their traditional way of life.

Box 3.12. The Western Alaska Community Development Quota Program

The Western Alaska Community Development Quota (CDQ) Program, created in 1992, is an economic development programme associated with federally managed fisheries in the Bering Sea and Aleutian Islands (BSAI). The programme designates a portion of fishery quotas for exclusive use by the 65 eligible western Alaska villages. According to U.S. Census Data, the population of CDQ communities totalled over 27 000 persons from 2000 through 2010. In 2010, approximately 81% of the community members were Alaska Native.

In general, economic terms, these villages are remote, isolated settlements with few commercially valuable natural assets with which to develop and sustain a viable, diversified economic base. As a result, economic opportunities are few, unemployment rates are chronically high, and communities and the region are economically depressed.

The purpose of the programme is to provide western Alaska communities with the opportunity to participate and invest in BSAI fisheries, to achieve sustainable and diversified local economies in the area and to alleviate poverty and provide economic and social benefits for residents.

Six non-profit corporations (CDQ groups) manage and administer the CDQ allocations, investments and economic development projects. CDQ groups use the revenue derived from the harvest of their fisheries allocations to fund economic development activities and provide employment opportunities. Jobs generated by the CDQ Program include work aboard a wide range of fishing vessels, internships with the business partners or government agencies, employment at processing plants, and administrative positions. In the period 2013-2018, the CDQ groups collectively earned $322.4 million in ex-vessel and first wholesale value from their allocations (not accounting for royalty payments) (NOAA Fisheries Alaska Regional Office, 2018[42]).

Source: (NOAA Fisheries Alaska Regional Office, 2019[43])

Land leasing

Land leasing can be done internally, to tribe members or to external actors. This option is only available to Indigenous groups that are proprietor or owners of their lands (self-governance model). It can increase legal certainty for possessors, facilitate the development of productive activities and support job creation. It can also generate revenue and bankable interests to land, thus facilitating access to credit.

Enhancing access to credit

As discussed earlier, full property rights include the right to possess, use, manage, transfer and exclude others from a resource or good. Indigenous lands are usually held in trust by the state or are the common property of an Indigenous group. There is an argument that these collective ownership arrangements and the indivisibility of Indigenous lands constitute a paternalistic approach, which inhibits the effective functioning of markets (Gilbert, 2002[44]). The inability to transfer ownership means land cannot be used as collateral for loans. However, these ownership arrangements help prevent land grabbing and fragmentation and preserve the Indigenous estate.

Development of Indigenous lands is more complex due to common ownership arrangements. Indigenous lands, which are held in trust, require administrative procedures to permit changes in land use. In New Zealand and the United States, individual "restricted fee" or freehold land can be transferred only with the approval of the overseeing authority (Māori Land Court and Bureau of Indigenous Affairs respectively). In the case of New Zealand, approval of 75% of registered Māori owners are also required. Alternatively, land can be transferred to affiliated Māori individuals. In short, this means that Indigenous lands cannot be sold freely in the market, hence are not considered liquid assets and have lower market value than similar non-Indigenous lands.

In New Zealand, Māori freehold land has worse rating arrears than non-Indigenous lands, because of the restrictions on sales but also the multiple ownership structures and an overrepresentation of unproductive lands (Coffin, 2016[45]). With worse rating, access to credit is more difficult or when it is granted the conditions are not the same. It is also a matter of lack of management structures that assist Māori owners in meeting the requirements of financial institutions (Kingi, 2008[46]). In some cases, Māori owners have created a limited liability company to meet such requirements, which include putting assets aside and having independent managers (Kingi, 2008[46]).

In Canada, the inalienability of reserve land cancels out the possibility of using land as collateral to obtain loans and mortgages. Houses in reserve land may be owned, but if the land is not under full ownership, the value of what can be put for equity is significantly lower. It would be only the value of the materials used to build the house, not the value of the house plus the land it sits on. To circumvent this restriction, some First Nations use machinery and equipment as collateral for loans. Even then, the level of credit that Indigenous peoples can access, based on the property on reserve lands, ranks far below those of non-Indigenous people, in what is a clear position of disadvantage.

Even in a system in which land cannot be sold or used as mortgage, bankable interests can be generated, which would improve access to credit for Indigenous people. Bankability is a measure of a bank's willingness to take that asset as security for a loan. Leasing land can increase its bankability. It is a way to maintain the underlying communal title while creating a sufficiently transferable interest to be used as collateral for a loan (Australian Department of the Prime Minister and Cabinet, 2016[47]). Leases can have characteristics which are similar to freehold tenure, for instance, being long-term or renewable. In Australia, depending on the state land rights act, leases can be authorised. The Northern Territory Aboriginal Land Rights Act (1983) requires that traditional owners consent to the lease but does not impose time or price limit on the lease. In Queensland, the trustees of Indigenous lands can create long-term leases.

Leasing to tribe members

Land leasing can take place among tribe members. It gives more legal certainty to possessors of land plots, encouraging them to invest in housing maintenance. For example, the Canadian model of Certificates of Possession creates individual interests in land plots, for residential use. However, there have been some unintended consequences associated with this instrument because some band councils have not imposed restrictions or monitored transfers of these certificates. Certificates can also be issued in the absence of effective land use zoning regimes that means inappropriate or incompatible land uses arise if these certificates are transferred to commercial enterprises.

Leasing may also serve for dedicating land to productive activities. For instance, if there are several co-owners, leasing transfers the right to use and develop the land plot to a single co-owner. This is the case in New Zealand, where a lease agreement can be signed between Indigenous co-owners. Due to the fragmentation of Māori lands, this arrangement facilitates increased economies of scale and opportunities for development.

Leasing out to external actors

Leasing out to external actors creates opportunities to generate own-source revenues for tribes and promote economic development. In Canada and in New Zealand, these provisions exist. In many contexts, however, leasing land is not permitted; for example, the Native Title Act 1993 of Australia forbids traditional owners from doing so.

In Canada, for reserve lands to be available for leasing, the band council has to obtain ministerial approval to "designate" them as such in their land use plans. Leases are long-term (e.g. 50 or 99 years) and transferable. This is an important lever for communities because it opens up land for commercial activities. The Mashteuiatsh community in Quebec and the Millbrook of Nova Scotia have facilitated local business development with this instrument. This enables the band council to earn revenues from rents and create local employment opportunities.

First Nations who have adhered to the provisions of the First Nations Land Management Act may lease out land without ministerial approval (see section on planning above). Under this framework, First Nations opt out of the land provisions of the *Indian Act* and become the management authority over the land. Once a land authority is created and a land code is enacted, the First Nation can lease out land without having to seek approval from the government. This scheme provides far greater powers over land issues than it is the case under the *Indian Act* but on counterpart demands that the tribe develops its own codes and regulations and applies them strictly.

Leasing land to external actors has to be approached with care. For one, the land which is available for leasing must be detailed in community plans and in accordance with the community land code. Planning may avoid that leases take over the territory and disrupt the spatial fabric of the community. Moreover, greater community control over the leases, deciding about who the land is leased to and for which purposes, contributes to generating investments that are aligned with the vision that the community has for itself. Second, the collective appropriation of revenues, at least partially, should be ensured to generate benefits for all, not just for the individual leasers. Third, short- or medium-term rents should be preferred over long-term or perpetual ones as it would facilitate the revision of lease conditions (price and authorised uses). Additional conditions may eventually be set to ensure heritage, cultural and environmental protection.

Land acquisition

Land acquisition is an instrument that can complement Indigenous territories in important ways. When reserves are of modest size, as it happens in Canada and the United States, acquiring land can be a means to expand the housing offer and develop economic activities. Even when the allocated territory is big enough, acquiring freehold land can facilitate access to credit: as reserve land title cannot be sold or mortgaged, it cannot be used as collateral. Lastly, once the land is an important source of wealth, land acquisition can serve to the purpose of generating revenues and consolidating an asset portfolio for the Indigenous community, as governments everywhere do.

Mechanisms to acquire land

There are different ways in which Indigenous peoples can acquire land. The revision of historic settlements may be an opportunity to expand the territory, either by claiming new lands that were not provided before or by demanding lands that had been promised but not actually delivered. Restitution of Māori lands in New Zealand, for example, which has been taking place over the past 25 years, gives back land that had been confiscated by or irregularly alienated to the government in the 19th century. The restitution process has allowed several tribes (*iwi*) to acquire land that once had belonged to them. Indigenous peoples can also be given priority access to surplus public lands that are available for sale (Box 3.13).

In Canada, the federal "additions to reserve" process allows to expand the territory of the reserve (contiguous addition) or create a new reserve (non-contiguous addition). This policy was created in 1972 to fill a gap in the Indian Act. It can be applied in three circumstances: i) where there is a legal obligation or commitment by the government to contemplate reserve creation; ii) where a tribunal decision conferred compensation that can be used in the form of land acquisition; or iii) where a band needs additional reserve land for purposes such as to accommodate community growth or protect culturally significant sites. A band council must submit a reserve creation proposal to the government,

which assesses it according to the criteria of cost-effectiveness, environment protection, third-party interests and concerns related to local government and public access. The process had been regarded as lengthy and opaque by First Nations and local governments. After three years of consultations, in 2016, the government of Canada issued a policy directive in order to streamline the process. The directive instructs that interests be assessed collaboratively, bringing together municipal governments, the band council and other Indigenous groups and third parties. It has also made land selection more flexible, to accommodate for these different interests and concerns during the process. Importantly, the directive allows community additions for economic development purposes, which enables First Nations to invest in projects of economic interest. Legislation introduced in December 2018 will further streamline this process once it comes into force.

Box 3.13. Prioritising Indigenous access to surplus public lands

Indigenous groups may be given priority in acquiring public land. In New Zealand, there is a policy called Right to First Refusal (RFR) for tribes (*iwi*) which have signed a treaty settlement with the government. Upon signing the treaty, an *iwi* can make a list of Crown-owned land that interests them in the long-term. If a Crown agency wishes to dispose of land and if this land is included in such a list, then the Crown agency is obliged to give preference in acquisition to the *iwi*. The property is acquired at market price under the freehold tenure regime. As a matter of fact, the first priority goes to other government departments or local authorities, if they need the land for public purposes such as building a road. The second priority goes to those from whom the land was acquired or its successors. The Indigenous tribe has thus the third priority in acquisition. Still, this policy places tribes in a much better position to acquire land that it is already of their interest.

One caveat in the Right to First Refusal policy is the short time span between the formal offer of land and the decision to acquire it. Tribes are given 20 days to decide about the offer, which for many of them is insufficient to consult widely with the group and to make funds available. To circumvent this caveat, the government of New Zealand designed an online portal, the Crown Property Disposals Portal. This portal allows *iwi* to access detailed information about properties as soon as they enter the disposals process, including maps and locations, land area, covenants and photos. It means that up to 18 months sooner than the formal offer, *iwi* can have access to complete information and take time to make the decision about buying a property or not.[25]

Source: (Land Information New Zealand, 2017[48])

Lastly, Indigenous communities can purchase freehold (fee simple) land in the market. Depending on the location and size of land, prices may be high. This condition is aggravated by the fact that Indigenous communities in many countries struggle to have significant levels of own-source revenue that they can dispose of to make such acquisitions. The option of acquiring fee simple land ends up being used by Indigenous tribes which have been somewhat economically successful and count with significant own-source revenues. The Millbrook First Nation of Nova Scotia (Canada), for instance, has acquired 1 500 acres of fee simple land – the same amount of reserve land. This land, which includes property in Halifax, the capital city of Nova Scotia, has been developed for commercial and residential activities.[26] This asset base generates revenues to the First Nation, which can then be reverted into the general budget, paying for socials services, infrastructure and

community development projects. Tribes in the United States can purchase lands and then request to the Secretary of Interior to convert them from fee simple to trust land. This is an interesting strategy to preserve and expand the Indigenous land base for future generations (King, 2013, p. 211[49]). To illustrate, the Tohono O'odham Nation purchased 130 acres of land in Arizona in 2003 and converted it to trust land.

Consolidation and co-ordination of Indigenous land ownership

In some jurisdictions, such as in New Zealand and the United States, individuals can hold Indigenous lands. The removal of common ownership structures may help encourage responsibility and investments to improve land productivity. However, the experience of New Zealand and the United States indicates that individual ownership does not solve the problem of low productivity in Indigenous lands. Over time, inheritance and transfer of land plots amongst family members' results in multiple co-owners and land fragmentation, which creates barriers to the use and investment in Indigenous lands for social and economic development purposes.

Land fractionation in the United States

In the United States, tribes initially communally controlled reserve land. The General Allotment Act of 1887 assigned land ownership to individual tribe members and held in trust by the Bureau of Indian Affairs (BIA). The act was silent about heirship, that is, if an Indigenous person passed away without a will, which was common, how would land be passed on to their heirs. Given the silence of the act, the prevailing interpretation was to follow the state rules, which dictated that land should be distributed equally among remaining family members. Across a few generations, these rules led to the exponential multiplication of owners and to breaking down land into smaller parcels. This is known as the "heirship problem", or fractionation.

Fractionation is a problem for several reasons. For one, smaller land plots and fractioned co-ownership dramatically hinder the possibility of developing productive activities, such as agriculture. The economic and law literature have long associated Indian land fractionation with lower economic development outcomes on reserve (Russ and Stratmann, 2014[50]). Second, it generates high registry-keeping costs. The BIA has to keep records of all land plots and the costs of doing so are the same regardless of property size and value. The costs of keeping the registry may surpass property values in many cases. Russ and Stratmann (2014[50]) estimate that the complete elimination of fractionation and the associated recordkeeping activities held by the BIA would save USD 6 billion over 10 years in recordkeeping costs alone.

The main strategy adopted by the US government to address this issue has been land consolidation programmes. Land consolidation is the act by which the BIA acquires fractional interests from willing sellers at fair market value (voluntary transfer). The bureau places the acquired land into trusts for the interest of tribes. The current programme is called Land Buy-Back – part of the Cobell settlement signed in 2012. While the best hopes to solve this issue are placed in land consolidation, some commenters notice that voluntary sales have only limited effectiveness (Russ and Stratmann, 2014[50]). Making use of the eminent domain power of tribes (compulsory transfer) could return larger tracts of land to tribes' powers, which could then translate into productive uses for Indigenous land.

Land fragmentation in New Zealand

New Zealand faces a similar situation of land fractionation and absent owners. Māori freehold land represents today 5% of New Zealand. It does not equal to all land owned by Māori people but refers to a specific category of land that lies under its jurisdiction of the Māori Land Court. This came to be progressively since the 19th century, during which different treaties and amendments regulated the matter. The key point here is that Māori freehold land is owned in common in unequal shares, meaning that each owner owns each piece of the land in a share (Boast, 2016[51]). Throughout the years, succession created a situation in which a share of land has multiple co-owners, many of them absent or with an unknown location. There are restrictions on transfers: Māori freehold land can only be transferred to affiliated Māori individuals, to anyone if 75% of registered owners and with the approval of the Māori Land Court.

Succession and fragmentation have engendered a patchwork of small land holdings, more isolated and less "useable". Māori land is of poorer quality than general land in New Zealand, as historically it had been relegated to less fertile areas (Kingi, 2008[46]). Today 80% of Māori land is non-arable. Moreover, the use of 30% of Māori land is severely restricted, meaning land that is locked up under conservation estate or zoned for other uses than economic activity (Coffin, 2016[45]). One barrier for development is the requirement of approval of co-owners to carry out projects such as farming or real estate in a given share of land. Given that there are many owners and some of them are absent or have an unknown address, obtaining this approval is not always easy. Moreover, the voting system works by number of shares, not by the proportion of land owned. It has been observed that owners with small shares tend to be quite conservative and thus outnumber owners with larger shares who had intended to develop productive activities (Kingi, 2008[46]).

New Zealand has recognised in multiple reports and documents that one of the main challenges for Māori development is putting the land to productive uses (Kingi, 2008[46]). In the first half of the 20th century, the government attempted consolidation schemes. After one or two generations, because of succession laws, the shares tended to be fractionated again, thus failing the purpose of consolidation (Boast, 2016[51]). More recently, the government has directed efforts to make data more accessible. The Māori Land Information System was created in 2000, uploading the Māori Land Record on line (Ministry of Justice, New Zealand, 2019[52]). This way, the details of land blocks and their owners could be accessible across the nation, making transfers and voting processes less burdensome. The government has also promoted positive changes to the management structure of lands, which can be organised in trusts or corporations. With an organisation behind, land titles can be managed in a more co-ordinated and strategic way, which can facilitate development. In relation to that, the need for upskilling management staff and farmers has been recognised (Coffin, 2016[45]).

Framework for project development with Indigenous peoples

Whilst the previous section assembled instruments for Indigenous peoples to use land for economic development purposes, this section addresses the situation where other parties pursue activities on Indigenous land, or adjacent to it. It proposes a framework for project development that involves and respects Indigenous peoples. This framework draws mostly from the experiences of the five countries under analysis (Australia, Canada, New Zealand, Sweden and the United States) and brings some elements from Latin America. Taking their experiences as inputs, the findings are not however specific to these countries; rather it is hoped that they can offer lessons which prove to be valid in other contexts.

Project development can be understood as a cycle, which begins with approval by regulatory bodies (licensing), negotiation, implementation, operation and finishes with closure and remediation. This section discusses how the government can enable Indigenous peoples to intervene and participate in the project cycle, i.e. through which mechanisms. Governments are the main interlocutor here, not companies, but the structure of the section is the project cycle, which is led by them. Still, some guidelines and references, of course, apply to companies and Indigenous peoples and their organisations.

Given the high level of variability of land rights across countries, not all tools will apply to every country. Even though this chapter assumes that greater autonomy will lead to greater self-determination, which is a key international principle for Indigenous peoples, it cannot suggest to countries to apply a tool that is ultimately incompatible with their land rights and governance regimes. In summary, Indigenous engagement in the policy-making and decision-making process should:

- Start early in the project development cycle, even before a specific project is designed, to include the planning and regulatory dimension (setting the rules).
- Be a deliberative and negotiated process, not just information giving.
- Carry out negotiations in good faith with the goal of reaching consent.
- Be part of a transparent and clear process where parties have the necessary information to make decisions.
- Respect the timeframes set by Indigenous peoples and their cultural practices.
- Include sincere attempts to share powers and functions, through contracts or agreements.
- Involve government officials that have cultural competency to understand the diversity of Indigenous communities and that appreciate their local knowledge.
- Have agreed and transparent conflict resolution mechanisms.

Project elaboration

In elaborating a project, companies normally carry out feasibility studies, to assess the profitability, viability and risks possibly involved. The cost-benefit analysis model is typically centred in economic aspects borne or benefited by the company. Societal and environmental costs are not always in the picture, let alone costs for other actors such as marginalised social groups and minorities. The regulatory implications of this statement are numerous and have been extensively studied under different angles. Here, one simple point is made: companies have to internalise certain externalities, and governments can provide stronger regulatory frameworks, or enter into voluntary agreements with them for that goal.

Companies must consider in their frameworks for project elaboration and development the respect for and protection of human rights, including cultural and land rights. Some companies include Indigenous representatives in their boards, councils or committees, with the goal of better integrating Indigenous values and interests in their decision-making processes. Companies can also adhere to international guidelines or certifications, which often count with monitoring mechanisms and third-party accreditation (Table 3.6). These guidelines for business development and sustainable production chains instruct about

respect for traditional lands, forms of governance and cultural practices, and render engagement and consultation mechanisms explicit.

Table 3.6. Guidelines for corporate engagement and responsibility

Guidelines and principles	Authoring organisation	Objectives	Target audience
UN Guiding Principles on Business and Human Rights	United Nations, 2011	● To enhance standards and practices with regard to business and human rights so as to achieve tangible results for affected individuals and communities and thereby also contribute to socially sustainable globalisation.	All States and all business enterprises, both transnational and others, regardless of their size, sector, location, ownership and structure.
International Finance Corporation's Performance Standards on Environmental and Social Sustainability (IFC PS)	World Bank, 2012	● To provide guidance on how to identify risks and impacts. ● To help avoid, mitigate and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities. ● To manage environmental and social risks and impacts so that development opportunities are enhanced.	Investors and project developers who are clients of the IFC and the IFC when doing direct project development. Can also be applied by other financial institutions.
OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector	OECD, 2017	● To provide practical guidance to mining, oil and gas enterprises in addressing the challenges related to stakeholder engagement, observing existing standards and undertaking risk-based due diligence.	Companies in the extractive sector.
FSC Principles and Criteria for Forest Stewardship	Forest Stewardship Council, 2015	● To set principles and criteria for certification of environmentally appropriate, socially beneficial and economically viable forest management.	Forest owners and managers that voluntarily abide by the accreditation system.
Principles and Criteria for the Sustainable Production of Palm Oil	Roundtable on Sustainable Palm Oil, 2013	● To set principles and criteria for certification of sustainable palm oil production across the supply chain, which is comprised of legal, economically viable, environmentally appropriate and socially beneficial management and operations.	Actors in the palm oil industry.
Good Practice Guide Indigenous peoples and Mining	International Council on Mining and Metals, 2015	● Good practice for companies where mining-related activities occur on or near traditional Indigenous land and territory, regarding engagement, impact mitigation, agreement-making, compliance and others.	Mining companies and others with an interest in ensuring that mining projects bring long-term mutual benefits to companies and host communities.
Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security	Food and Agriculture Organization of the United Nations, 2012	● To provide guidance to improve the governance of tenure of land, fisheries and forests with the overarching goal of achieving food security for all and to support the progressive realisation of the right to adequate food in the context of national food security.	States; implementing agencies; judicial authorities; local governments; organisations of farmers and small-scale producers, of fishers and of forest users; pastoralists; Indigenous peoples and other communities; civil society; private sector; academia; and all persons concerned to assess tenure governance and identify improvements and apply them.
Respecting Land and Forest Rights, A Guide for Companies	Rights and Resources Initiative (RRI), 2015	● To provide senior-level and operational teams at leading companies an entry point to understanding and implementing the VGGT.	Companies.

Operational Guidelines for Responsible Land-based Investment	USAID, 2015	● To offer best practices related to the due diligence and structuring of land-based investments, with the goal of reducing risks and facilitating responsible projects that benefit both the private sector and local communities. ● To help companies identify practical steps to align their policies and actions with provisions of the VGGT, the IFC PS and other relevant instruments.	Although the primary audience for this guide is a private sector company operating in one of the ten New Alliance countries, this guide is intended to more broadly inform land-based investments made by private sector companies operating in developing countries (and in particular, Sub-Saharan Africa).

Note: This list is not exhaustive.
Sources: (UN Human Rights - Office of the High Commissioner, 2011[53]) (International Finance Corporation, 2012[54]) (OECD, 2017[55]); (FSC International, 2015[56]) (Roundtable on Sustainable Palm Oil, 2018[57]) (International Council on Mining and Metals, 2019[58]) (Food and Agricultural Organisation, 2012[59]) (Rights and Resources, 2015[60]) (LandLinks, 2019[61])

Governments can also enter into voluntary agreements with companies or industry sectors to specific measures or performance levels. In Canada, voluntary agreements can be negotiated between governments and corporations, which allow parties with common objectives to address a particular environmental issue (OECD, 2017[62]). In New Zealand, the national government and local authorities have concluded a number of voluntary agreements with individual companies and industry groups to promote sustainable production practices (OECD, 2017[34]). To illustrate, the *Sustainable Dairying: Water Accord*, launched in 2013, sets benchmarks to reduce agricultural pollution of freshwater bodies. It promotes environmental performance targets and requires regular reporting and third-party auditing. The Māori concept of "guardianship" (*kaitiakitanga*) has been integrated into the accord.

Environmental licensing

Environmental licensing is an administrative procedure by which a state's environmental agency decides if a project can be initiated, implemented and operated, on the ground of its environmental impacts. This procedure must include careful assessment of impacts and deliberation of mitigation measures. The goal is to ensure that the impacts are duly assessed, that affected parties were adequately consulted and that mitigation measures have been defined.

Impact assessment and mitigation measures

Impact assessment is the study that measures the environmental impacts that a proposed project would generate in a given territory. The critiques of how this study is currently being done concentrate on three points: little consideration is given to social (including cultural and spiritual) impacts caused by a project; lack of understanding of how different impacts generate a cumulative effect; and narrow definition of affected area. To address these critiques, it is proposed that impact assessment studies examine impacts over larger areas, in interaction with other activities, and in full consideration for the traditional ways of life of Indigenous peoples.

For one, social impacts are often side-lined in impact assessment studies or put aside to constitute a separate study (Box 3.14 defines social impacts). Across the world, studies that consider impacts on Indigenous peoples were found to be "ethnographically thin" (Hanna et al., 2016[63]). Accounts portray the incompleteness of assessments that, for instance, only count as "impact" the menaces to the physical integrity of Indigenous peoples living in the area. Taking the example of Brazil, the impact of the construction of a dam may be measured as the number of persons displaced in reason of the river's flooding. However,

Indigenous peoples who do not live within the inundation area but nonetheless use the river to fish, collect water and perform ceremonies will also have their livelihoods and traditional ways of life severely disturbed. This narrowness has led scholars to propose that ethnographic studies become a component part of impact assessment (Hanna et al., 2016[63]).

Box 3.14. What are the social impacts?

Social impacts are changes to one or more of the following:

- People's way of life – that is, how they live, work, play and interact with one another on a day-to-day basis.
- Their culture – that is, their shared beliefs, customs, values and language or dialect.
- Their community – its cohesion, stability, character, services and facilities.
- Their political systems – the extent to which people are able to participate in decisions that affect their lives, the level of democratisation that is taking place, and the resources provided for this purpose.
- Their health and well-being – health is a state of complete physical, mental, social and spiritual well-being and not merely the absence of disease or infirmity.
- Their personal and property rights – particularly whether people are economically affected, or experience personal disadvantage which may include a violation of their civil liberties.
- Their fears and aspirations – their perceptions about their safety, their fears about the future of their community, and their aspirations for their future and the future of their children.

Source: Vanclay, F. (2003[64]), "International principles for social impact assessment", http://dx.doi.org/10.3152/147154603781766491.

Second, the cumulative impacts of land use changes over time upon Indigenous livelihoods and cultural practices are often not monitored or evaluated. Instead, the evaluation of impacts occurs on a case-by-case basis. One proposal to circumvent this limitation is to develop cumulative impact assessments (Larsen et al., 2017[65]). These would evaluate the different stressors to Indigenous livelihoods in a given area, and assess how, by adding a new project, these impacts would increase. It may be that impacts are increased exponentially or that the project triggers environmental imbalances that are already latent. Likewise, the OECD has already recommended, in a study of New Zealand's environmental performance, to make cumulative impact assessment an integral part of the planning process (OECD, 2017[34]).

Third, the narrow definition of the affected area may be one factor that prevents a correct assessment of impacts and subsequently of mitigation measures. For instance, water pollution may be felt across a whole basin and deforestation may destroy habitats and disturb animals' migration patterns. That is to say, the impacts may extend beyond the area where the intervention is taking place. Furthermore, because of the special relation that Indigenous peoples have to their land, these disturbances may affect their cultural and spiritual practices. It has been documented that rituals, ceremonies and hunting expeditions

depend on the existing equilibrium of the local fauna and flora. The so-called affected area merits further debate and consideration in environmental licensing. To address this issue, governments should include Indigenous representatives in the impact assessment team. They could also make risk assessment meetings more participatory, for instance, through collective mapping exercises that help to identify significant sites and relations. In Australia and Canada, there are interesting experiences of Indigenous peoples conducting such studies themselves or being significantly involved in their elaboration (Chapin, Lamb and Threlkeld, 2005[22]; O'Faircheallaigh, 2007[66]).

By assessing impacts more thoroughly, there will be a better understanding of what it takes to prevent, mitigate and compensate these impacts. Mitigation measures are an important component of environmental licensing: they impose obligations on project contractors that can reduce the negative impacts of the project, be it environmental or social ones. If the assessment fails to identify the social impacts, mitigation measures cannot possibly include them.

The conditions expressed through mitigation measures have to be respected by project proponents. In many countries, operations cannot start until these conditions are met. In some countries, however, a trend has been observed of postponing the fulfilment of conditions or making them flexible, through decisions that put the urgency of the project before environmental and social concerns. This trend has to be averted at all costs, as doing otherwise would render mitigation measures meaningless.

Making sense of consultation

Consultation in environmental licensing has been at the spotlight in recent years. The United Nations, other international organisations, academics and social movements have held extensive debates and produced several documents about the meaning of consultation, in light of the right of participation and also of the FPIC framework. Much could be said here, as interpretations diverge and cases of violation abound. As a generic point, however, it is observed that countries seldom have well-structured, clear and broad consultation frameworks and that Indigenous peoples have reported a lack of real influence over the outcomes of the process, even when they had invested significant resources to be involved in it.

Taking the example of Canada here (although any other example would serve), the OECD has previously noted that an agreement should be reached between the government and Indigenous peoples on the practical definition of consultation (OECD, 2017[62]). One area of priority implementation of consultation is environmental assessment processes at the federal and provincial levels (Papillon and Rodon, 2016[67]). The government of Canada is already taking steps in this direction. An expert report commissioned to deal with this issue proposes several recommendations for implementing a collaborative approach to FPIC in the federal environmental assessment process (Box 3.15). These recommendations have been used to develop a new impact assessment system which includes mechanisms for Indigenous participation and engagement throughout the process (Government of Canada, 2018[68]).

Box 3.15. Expert group recommendations for FPIC in Canada's environmental assessment (EA)

- To be consistent with the principle of collaborative consent, Indigenous organisations should always be invited to collaborate as full partners in the drafting of the relevant legislation, policies and guidelines.
- FPIC assessment should become an explicit objective of EA processes, as defined in the Canadian Environmental Assessment Act. This would formally create an obligation for decision-making authorities to consider FPIC and to foster the conditions for FPIC through collaborative decision-making.
- FPIC should be part of the terms of reference for all EA processes in order to ensure it informs the actions of all interested parties. Specific operational guidelines could be produced to that effect as well. It is especially important that these guidelines be developed in collaboration with Indigenous organisations.
- In the conduct of the EA itself, specific mechanisms should be put in place to engage with Indigenous peoples in a manner that is consistent with FPIC. Emphasis should be put into jointly developing with the communities culturally sensitive and time sensitive sites for dialogue and deliberation. Deliberative sessions should allow for specific meetings with groups like women and youth, which usually do not have a strong voice in public hearings.
- Endorsing FPIC as a guiding principle for EA requires government support for capacity building in Indigenous communities.
- Project proponents have a key role in setting the conditions for this type of dialogue. They need to provide timely, transparent and accessible information as well as a level of engagement that is ongoing.
- Once the consultation/deliberation phase is completed, the Indigenous community should be invited to participate in the preparation of the assessment report, either through the inclusion of a section dedicated to the positions expressed by the community or through a more hands-on collaborative process in the drafting.

Source: Papillon, M. and T. Rodon (2016[67]), *Environmental Assessment Processes and the Implementation of Indigenous Peoples Free, Prior and Informed Consent*, Expert Panel - Reviewing Federal Environmental Assessment Processes.

Time and cost of consultation

Participation costs and time are key factors influencing the quality of consultation. Environmental assessment processes can impose time limits on consultation that may not be well-matched with the decision-making processes and needs of Indigenous groups. In Sweden, for example, when Sámi reindeer herders are moving pastures for the summer, they cannot dedicate time to meetings and development proponents may not take account of this issue. In some cases, the state agency in charge of mediating the negotiation process also operates under this logic. In Bolivia, for instance, the environmental and social affairs commission of the Ministry of Hydrocarbons and Energy has argued that time and budget constraints hamper more inclusive and comprehensive consultations (Schilling-Vacaflor and Eichler, 2017[69]).

Still in relation to time, the sense of urgency imposed by certain matters may hinder effective participation. In water and wastewater management in Canada, for instance, approving projects to deliver safe and clean water to communities is a matter of public health. Indigenous participants mentioned that the urgency in promoting public health often translates into expedited and limited consultation processes, with little opportunity for more meaningful engagement (Black and McBean, 2017[70]).

The adequate time for consultation and participation may be longer for Indigenous peoples. Indigenous leaders and representatives often need to travel long distances to attend meetings and have to take issues back to their group afterwards, to be decided by consensus. Expert legal and technical advice may also be needed to ensure informed decision-making. This also generates costs for Indigenous participants (travel, accommodation, engaging experts and leave from work). In order to ensure effective participation, project proponents or governments may need to contribute to these costs.

Negotiation of benefit-sharing agreements

Benefit-sharing agreements are contract-making opportunities by which Indigenous peoples negotiate monetary and non-monetary benefits with corporations, in the context of project development (e.g. a mining or major infrastructure project). Through benefit-sharing agreements, Indigenous groups can influence project scoping and establishment, operations, and leverage community and economic benefits.

Rules and provisions

Benefit-sharing agreements typically cover labour, economic development, community well-being, environmental, financial and commercial issues (Sosa and Keenan, 2001[71]). Provisions can cover:

- Preferential hiring, Indigenous staffing quotas and seniority in the event of layoffs.
- Capacity building, apprenticeship and training.
- Priority bidding for local entrepreneurs to meet the supply needs of industry and additional efforts to support them in complying with the bidding criteria.[27]
- Cultural recognition programmes, including work-site language protection and local dietary provisions for Indigenous workers.
- Heritage protection: a general prohibition on the accessing of Aboriginal lands, hunting grounds, and burial and sacred sites by non-Aboriginals.
- Environmental provisions, in addition to or in concert with the ones determined at the environmental assessment process.
- Social issues: mental health counselling, financial and infrastructural support for community projects, recreational programmes and special provisions to protect social groups at risk, such as women and children.

Furthermore, members of Indigenous communities should be involved in the assessment studies required for setting environmental and heritage protection conditions. There are many examples in this direction, for instance, in the Ekati Diamond Mine in Canada, community elders have helped to identify burial and hunting sites that require protection (O'Faircheallaigh, 2015[72]).

Besides substantive provisions, benefit-sharing agreements ought to have procedural rules

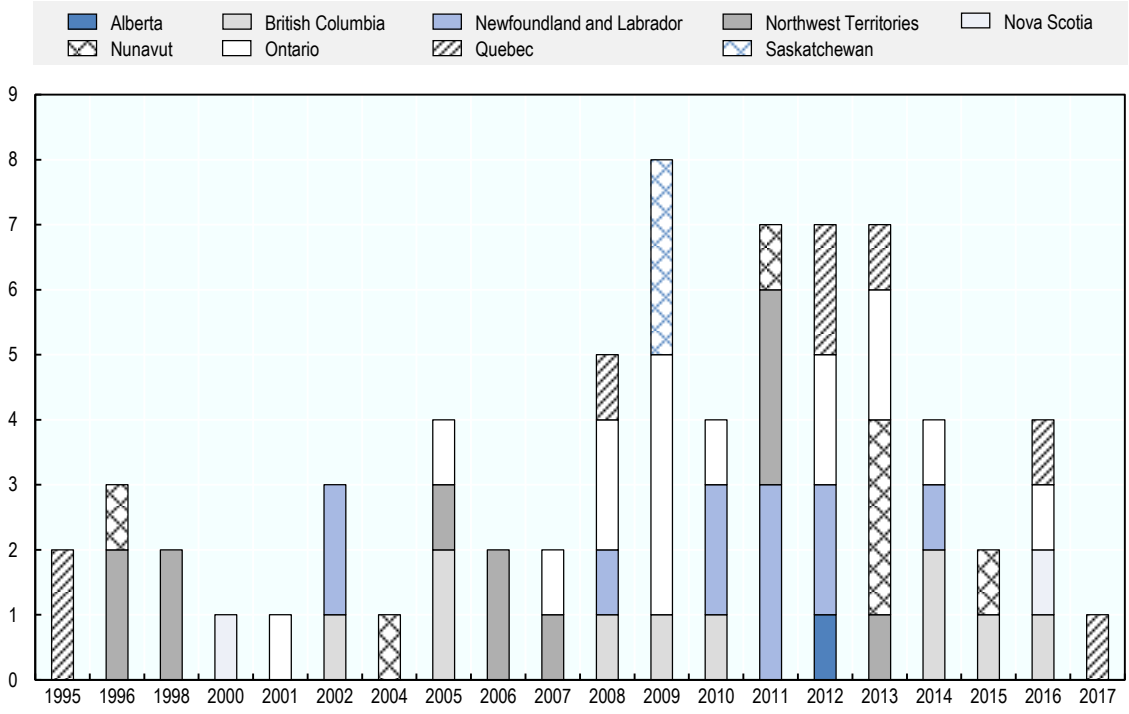
about how the negotiation is being carried, how the agreement will be implemented and how to solve conflicts. Procedural rules should cover:

- Negotiation protocol: authorised representatives of each party, the degree of involvement of third parties e.g. government or regional Indigenous bodies, consultation with community, information-sharing and confidentiality.
- Timeframe of engagement: time granted for consultation, the periodicity of meetings, expected timeline of the process, etc.
- Means of delivering compensation, for instance through community payments, individual claims or specific trust funds.
- Legal provisions about dispute resolution mechanisms, review and amendments.
- Monitoring and enforcement of the agreement, e.g. by creating a monitoring committee, conducting assessment studies or other means.

Two models of benefit-sharing agreements: Australia and Canada

In Canada, benefit-sharing is decided via Impact and Benefit Agreements (IBA) [28]. As of 2017, 510 agreements had been signed between Indigenous groups and mining companies, among IBAs, memoranda of understanding and surface lease agreements. Of these, 410 are still active. Counting just the number of active Impact and Benefit Agreements, there are 71, signed between 1995 and 2017. The distribution across provinces and territories is as below:

Figure 3.1. Impact and Benefit Agreements active in Canada, across provinces and territories, 2017



Source: Data provided by Natural Resources Canada.

In Australia, they are called Indigenous Land Use Agreements (ILUA). ILUAs are voluntary agreements made between a native title group and others interested in the use of land and water (Native Title Tribunal, 2019[73]). ILUAs provide an opportunity for governments to agree with native titleholders and industry on aspects of native title without the need for a current determination of native title or to agree on practical aspects of determined native title rights. Once registered, ILUAs are binding to all persons holding native title in the agreement area. These agreements can regulate the development of new projects, issues of access to an area, protection of cultural heritage and other matters. Through them, Indigenous groups can negotiate benefits, such as shared revenues, protection of sacred sites, preferential employment opportunities and support to Indigenous business development.

ILUAs were introduced in 1998 in Australia, as a result of amendments of the Native Title Act; 1 264 agreements have been signed since 1999. Excluding the agreements on access, information sharing, consultation protocol with the government, extinguishment of native title and community matters, the number drops to 508 (Figure 3.2). These are the ones about mining, oil/gas exploration and infrastructure development. Whereas in 1999, only two agreements were registered, the numbers have been growing ever since. The year of 2005 represented the peak of ILUA negotiations related to development (60). The state in which most agreements have been signed is Queensland (299 in total), which can be explained by the high degree of mining and extractive activities there. Northern Territory and Western Australia, where most of the Aboriginal population is, are next, with 51 and 77 agreements respectively. New South Wales is, among the jurisdictions where ILUAs have been signed, the one with the lowest number, only 4.

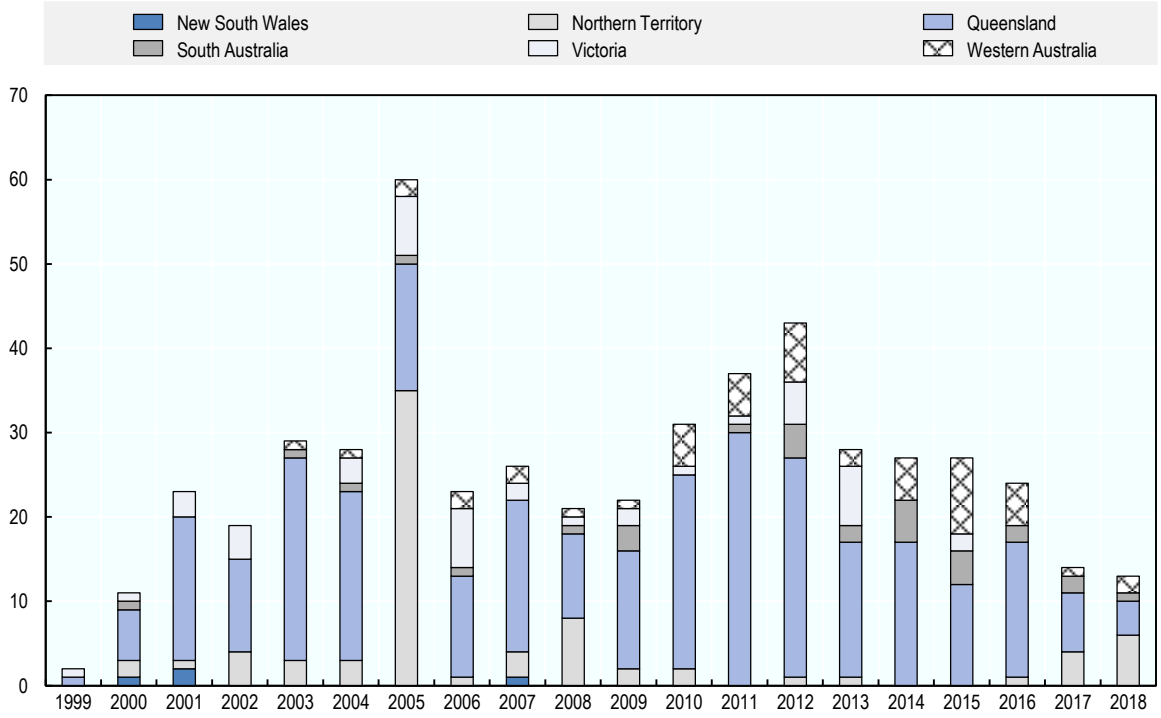
Getting ready: Community deliberation and negotiation protocol

A number of basic features strengthen Indigenous participation in benefit-sharing agreements. The first is having sufficient information at the beginning of the process to develop an informed position about how the project can support achieving the community's objectives for development. Indigenous leaders will require time to engage and consult with their community to develop this negotiating position.

The second is agreeing upon a negotiation protocol with the company that establishes timeframes, responsibilities and conditions of dialogue. Also called memorandum of understanding, the negotiation protocol will identify the negotiators on both sides, establish communication channels and define grievance mechanisms. A provision about financing participation and dialogue may also be included. Although the process leading to signing the memorandum may be time-consuming, it may actually save time in the long-run, as positions and procedures are clearly defined. The company knows with whom to engage, which prevents multiplication of negotiation instances and avoids internal fractioning of the Indigenous community. The community on their turn benefits from having a clear departure point, against which to measure progress and to develop alternative proposals if need be.

The third is establishing mechanisms to co-ordinate negotiation where multiple communities or tribes negotiate agreements with the same company. For instance, they can establish rules about sharing information, meet regularly to discuss their positions and share staff to form the negotiation table.

Figure 3.2. Number of ILUAs signed per year, per state



Note: The year in which the agreement was lodged for registration with the Native Title Tribunal is taken as a proxy for a signature date. Given that the procedure of registration is mandatory, it is expected that once the agreement is signed there will not be significant delays to send it to registration.
Source: Own elaboration from data provided by the Native Title Tribunal.

The fourth is defining an appropriate role for government in these negotiations. Governments may elaborate guidelines that refer to the content of negotiation protocols and how negotiations can be adapted to the decision-making processes of Indigenous groups. Such guidelines would clarify for both parties which are the leading practices and which achievements can be expected. Industry bodies can also provide this type of guidance, by adopting voluntary guidelines or certifications that include the dimension of fair and in good faith negotiation with Indigenous people. The International Council on Mining and Metals and the Forest Stewardship Council have adopted such tools (Table 3.6).

Defining benefits

Indigenous groups can accrue financial compensation and non-monetary compensation. Financial compensation can take the form of royalties (based on the value of mineral output or output), tax on profits, single up-front payments, annual fixed payments, equity participation or shareholding. These resources can be collected by the Indigenous governing authority, if existing, or by the responsible government level, with approval from the local Indigenous community. The holder of royalties should enter into an agreement with the community about how they will be spent and shared.

Another possibility is to allocate revenues to investment funds or trusts (discussed further in Chapter 2). An investment fund is a fund that invests its money in assets that earn income, or that due to other strategies is able to increase its capital stock. It is considered a

good practice because it can generate autonomous financial resources to support sustainable regional economic development for the future, beyond the duration of the project (Söderholm and Svahn, 2014[74]). There are nonetheless operational costs of having fund-based tools. Funds can be administered independently by a foundation or community trusts; jointly by a business task force or a management committee; or directly paid to Indigenous corporate entities (Limerick et al., 2012[75]). Administrators have to develop a plan of investments, which is to be approved by the community.

Accountability and transparency in financial management are essential for the long-run viability of the agreement. In Reducing Emissions from Deforestation and Forest Degradation (REDD+) projects in several African, Asian and Latin American countries, this has proven to be a challenge (Pham et al., 2013[76]). Moreover, some arrangements yielded corrupt practices and elite capture (Pham et al., 2013[76]). If funds are to be managed in a decentralised manner, the responsible Indigenous organisation, board, trust or foundation needs to count with sufficient autonomy and financial management capacity.

Non-monetary compensation refers to benefits that are not given in cash. It can range from employment opportunities, training and business development to infrastructure construction and provision of services. These provide for the community's needs in the long-term, in a more sustainable fashion.

More and more agreements have been designed to provide a combination of the two types of benefits. It has been recognised that monetary compensation, while often legally required, seldom ensures that lives and livelihoods of affected communities are adequately restored (Loutit, Mandelbaum and Szoke-Burke, 2016[77]). Community-wide benefits are more sustainable in the long run because they build up the infrastructure and the skills that allow Indigenous peoples to take advantage of employment opportunities that are brought by the investment.

In Canada, for instance, the *Raglan Agreement*, signed in 1995 between the Société Minière Raglan du Québec Ltée and five Inuit Groups in northern Quebec, emphasises the importance of cultural sensitivity in employment as a key means of retaining Aboriginal employees. Specifically, the agreement seeks to encourage social harmony within the workforce by promoting inter-cultural understanding through cross-cultural training for all supervisors and managers, inviting local artists to perform outside of working hours at the project site, organising sports events between employees and residents and ensuring access to traditional food sources.

In Australia, the *Argyle Diamond Mine Participation Agreement*, signed in 2004, supersedes the 20-year-old "Good Neighbour Agreement". It is the result of a re-negotiation process, conducted in a far more participative manner and supported by ethnographic and genealogical studies. In the Management Plan Agreement, Rio Tinto Ltd. commits to helping traditional owners establish businesses and developing good management practices. Where appropriate, an Argyle employee would help the business on an ongoing basis for three years. This case demonstrates how community development agreements can help local businesses to develop.[29]

Examples of benefit-sharing agreements in mining projects and the associated benefits are listed in Table 3.7.

Table 3.7. Selection of benefit-sharing mechanisms in mining

Country/Region/ Mine	Description	Investments funds (tax)	Joint venture	Local procurement	Training of staff	Employment of locals
Weipa bauxite mine, Queensland, Australia	ILUA with the Aboriginals and the state government. Company funds infrastructure and employs Indigenous people.	X		X	X	X
Northern Saskatchewan Region, Canada	Joint venture with government, industry and local communities focusing on local employment, local procurement and staff training.	X	X	X	X	X
Escondida copper mine, Antofagasta Region, Chile	Escondida Foundation seeks to improve the quality of education, strengthen the civil society and develop productive capacities. Also focus on training and procurement.	X	X	X	X	X
Red Dog zinc and lead mine, Alaska, United States	Agreement between the company and the Northwest Arctic Natives Association (NANA). Funds used to finance education, prioritised construction projects, and job creation.	X	X	X	X	X

Source: Söderholm, P. and N. Svahn (2014[74]), *Mining, Regional Development and Benefit-Sharing,* Lulea Technological University.

Making sure the agreement is implemented

Another element to be negotiated is the implementation of the agreement. In the past, the absence of action plans and monitoring mechanisms has led to inefficient or absent fulfilment of the obligations set up in agreements. Governments can require companies to show an action plan that demonstrates how the agreement will be upheld. For that to happen, the government must have some sort of oversight or authority over the process. Moreover, governments can create a monitoring committee to assess progress in the implementation of the agreement. Alternatively, they can provide assistance for Indigenous groups and organisations to set up their own monitoring committees.

Moreover, action plans must include provisions on the phasing out of operations. The cessation of activities is a phase of the project cycle and as such one that should be prepared for in advance. The phasing out plan may include provisions about lay-off, training, business development support and future use and maintenance of community infrastructure. The closure plan can be required in state legislation, as it is in Alaska, and communities can be involved in its elaboration (Box 3.16).

Box 3.16. Community input into Red Dog Mine closure plan

The Red Dog mine in northwest Alaska was developed under an innovative operating agreement between Teck Alaska and the NANA Regional Corporation, a Native corporation owned by the local Inupiat people. The operation has injected more than a half-billion USD into the local economy and over 50% of its current employees are NANA shareholders.

Although mining at Red Dog is expected to continue for another 20 years, the State of Alaska law requires the operation to develop and fund a comprehensive closure plan. Teck and NANA Corporation worked together to get stakeholder input. That effort began with the development of reports describing the technically viable closure options. The options were presented at a series of public meetings, and an Inupiat-language DVD was produced and provided to all of the homes in the directly affected communities.

Two multi-stakeholder workshops were organised to review the options and provide feedback on stakeholder preferences. About 65 people attended the first workshop and 45 attended the second. The participants included representatives of the communities of Noatak and Kivalina, a subsistence harvesting committee comprised of elder hunters from the region, Teck and NANA staff, state regulators, non-governmental organisations (NGOs) and technical specialists.

The workshops applied a number of innovations designed to help participants provide considered and clear feedback. Participants were grouped according to their primary interests and each group was asked a series of questions that reflected their own perspective. For example, the elder hunters were asked "will this option protect subsistence uses of the area?", whilst the regulators were asked "will this option protect downstream water quality?". Answers were gathered from each group and compiled to show group preferences. Individuals were also polled and their preferences compiled. The group and individual results showed clear preferences that became the basis of a Closure and Reclamation Plan filed in 2008 and accepted by the state in mid-2009.

Source: SRK Consulting (n.d.[78]), *Community Input Into Red Dog Mine Closure Plan*, https://www.srk.com/en/newsletter/social-assessment-engagement-and-advice/community-input-red-dog-mine-closure-plan.

Conditions for a fairer negotiation process

The negotiation of benefit-sharing agreements can yield difficulties. Power imbalances may compromise the ability of Indigenous groups to reach favourable agreements. These are groups which typically have fewer financial resources, less technical capacity and less human capital available to invest in demanding negotiation processes with governments and mining companies (Black and McBean, 2017[70]). This section elaborates on these difficulties and provides some indications of what governments can do to strengthen the Indigenous position.

Access to information is foundational for Indigenous peoples to participate in decision-making processes. Information has to be up-to-date and freely accessible, without the need for registration of personal data or payment. It has to be accompanied by supporting documents, such as guidebooks or booklets, to render it more comprehensible. If necessary, information should be available in the Indigenous language and a public official that speaks the Indigenous language should be put at disposal to clarify questions.

In addition, the confidentiality of benefit-sharing agreements works against Indigenous peoples. It weakens their bargaining power because the terms and conditions of previous agreements signed with other Indigenous groups remain unknown. It may create divisions amongst Indigenous groups, as one may perceive that benefits have been unequally allocated. It prevents the Indigenous group from seeking assistance from third parties, even if only for informational purposes. As a whole, it means that Indigenous groups cannot learn from past experiences.

Governments can address this problem by making key aspects of benefit-sharing agreements available. They can keep online databases of signed agreements. In Australia, for instance, the Native Title Tribunal has the complete list of registered ILUAs, with the date of signature, the name of the parties, state and date of commencement.[30] The content of agreements is not however disclosed. In Canada, IBAs also remain confidential. Whilst it is true that some clauses of agreements may need to remain confidential, for example, the ones on market shares and amount of monetary compensation, other clauses could and should be freely disclosed.

There may be disputes about which organisation is legitimate to represent the Indigenous group. In Sweden, for example, agreements are negotiated between companies and *samebys*, which are economic associations of reindeer herders. The Sámi people that are not involved in this activity are hence excluded from the negotiation process. Ideally, this point would have been addressed in the pre-negotiation stage, when the memorandum of understanding is signed (see section above). In some instances, governments can act as a faithful intermediary, pointing out to companies the Indigenous organisations that represent communities in each area. In other cases, Indigenous national or regional bodies would be best placed to have this role.

In summary, governments can create opportunities to strengthen the negotiation power of Indigenous groups, by:

- Providing all the necessary information on environmental conditions, sub-surface resources, land uses, competing economic interests and other elements that Indigenous groups may not be aware of.
- Referring companies to a legitimate regional or national Indigenous organisation that can serve as the contact point with local groups.
- Elaborating a common template of agreement from which Indigenous groups can draw upon to start negotiations.
- Facilitating workshops among Indigenous negotiators and leaders to share experiences and good practices in agreement-making.
- Creating an online platform that maps and registers signed agreements.

In conclusion, Indigenous peoples must be able to negotiate project development with companies from a position of strength. This requires clarity about rules and fair negotiation procedures. Governments must be at a position of oversight, which should not be mistaken with interfering in the negotiation. They can provide standards and guidelines about how to act. They need to make information available, assist when needed and publish relevant information. They should also monitor the implementation of agreements and make companies accountable for what they had agreed.

Indigenous communities can get support not only from the government but also from other communities that had been involved in similar negotiation processes in the past. By sharing information and experiences they can be much more prepared. Indigenous organisations are another source of knowledge and many of them have developed negotiation workshops, leadership courses and community toolkits on benefit-sharing agreements.

On the side of companies, the bottom line is negotiating in good faith. It includes respecting the timelines and conditions set by Indigenous peoples, adopting transparent rules of conduct, sharing information on a regular basis, holding meetings in accessible language and location, supporting financially the Indigenous negotiation team and being truly open to discussing alternative proposals. Box 3.17 provides a list of leading practices on agreement-making for companies.

Box 3.17. Leading practices on benefit-sharing agreement-making for companies

1. Conduct extensive research and consult widely to identify all communities, and the individuals who will represent them, in the negotiation process.
2. Develop a pre-negotiation agreement, such as a memorandum of understanding, that establishes, among other things, the negotiation framework and funding for each stage.
3. Commence culturally sensitive orientation programmes and/or negotiations training to ensure meaningful negotiations and approval of the final agreement.
4. Ensure community participation in the agreement-making process, including informed decision-making during negotiations and involvement in completing impact assessments.
5. Benefit sharing means more than financial compensation for use of the land or displacement; it includes non-monetary benefits, such as employment opportunities, training of locals, business development support, infrastructure and provision of services.
6. There must be strong, accountable governance arrangements in the agreement to facilitate effective implementation. A system of ongoing monitoring and review with mechanisms would allow for adjustment of the terms of the agreement when necessary.
7. The agreement must plan for project closure and legacy issues. Agreements should include action plans for dealing with expected and unexpected closure at the outset and create a closure taskforce at the time of execution of the agreement.

8. As far as possible, agreements should not be confidential, consistent with the objectives of transparency, accountability and good governance. Confidentiality provisions can weaken the capacity and power of local communities by prohibiting them from communicating with the media and other stakeholders for advice, support and information.

Source: Loutit, J., J. Mandelbaum and S. Szoke-Burke (2016[77]), *Emerging Practices in Community Development Agreements*, Columbia Center on Sustainable Investment, Columbia University.

Notes

[1] Treaties and conventions, general principles of law and custom are primary sources of international law. Judicial decisions and juristic writings are subsidiary sources.

[2] The practice of the Human Rights Committee generally acknowledges that: "Groups identifying themselves as Indigenous peoples generally fall under the protection of article 27 as 'minorities', [and]… constitute 'peoples' for the purposes of article 1 and are beneficiaries of the right of self-determination" (Scheinin, 2004[80]).

[3] This convention revised the 1957 Convention concerning the Protection and Integration of Indigenous and Other Tribal and Semi-Tribal Populations in Independent Countries (C107). The C107 articulated the importance of recognising the right of ownership over traditionally occupied lands and the right to use and participate in the management of natural resources on Indigenous territories (Articles 12, 13 and 14).

[4] For a more complete explanation on the contents and implications of FPIC processes, refer to: FAO (2016[79]) and UNDP (2013[81]).

[5] This situation is commonplace. Urbanisation and industrialisation have demanded extensive amounts of land, which cannot be easily reverted to exclusive Indigenous occupation anymore. In Canada, for example, the national parliament in the capital city of Ottawa seats on traditional lands of Algonquin Anishinabe First Nation.

[6] More on Treaty Land Entitlement claims at: Simons and Pai (2008[27]).

[7] This is due to differences in how international treaties are applied into domestic law. Some countries enable the direct acceptance of international treaties into domestic law (monist), whilst others require changes to domestic legislation (dualist).

[8] Further, land rights can be held in perpetuity or be time limited. Typically, Indigenous lands are held in perpetuity. In the absence of time-limited arrangements, this distinction is not useful in practice. This is why it was not included in the table.

[9] Usufruct rights are the right to use something (e.g. land) and enjoy the fruits of it.

[10] Information retrieved from: (Resource Development Council, 2019[82])

[11] For a more detailed account of this historic process, see (New Zealand History, 2019[83])

[12] For a useful comparison between the New South Wales Aboriginal Land Rights Act (1983) and the Native Title Act (1993), see: https://www.aboriginalaffairs.nsw.gov.au/pdfs/land-rights/170110-native-title-fact-sheet-1-comparison-of-land-rights-and-native-title-final.pdf.

[13] For a more complete analysis see (Wensing, 2014[84])

[14] The LandMark platform maps out Indigenous and community lands across the world, both the ones acknowledged by governments and those which are not (http://www.landmarkmap.org/). The project Native Land maps out Indigenous territories, languages and treaties across North America, parts of South America and Australia (https://native-land.ca/).

[15] According to the guide *Tribal Nations and the United States: An Introduction* "Federal recognition of a tribe means United States' acknowledgement of a tribe's political status as a government. The process of attaining federal recognition is long, complex, and extremely stringent. The three ways for tribes to become federally recognised are: act of Congress; decision of a US court; and federal administrative procedure… to the Bureau of Indian Affairs (BIA)" (National Congress of American Indians, 2015[85])

[16] As part of this initiative, the Canadian Government has issued a *Statement of Principles on the Federal Approach to Modern Treaty Implementation*, which provides guidance on the approach to treaty implementation for government departments, as well as a *Cabinet Directive on the Federal Approach to Modern Treaty Implementation*. Please find links to the Statement of Principles https://www.aadnc-aandc.gc.ca/eng/1436288286602/1436288386227 and Cabinet Directive https://www.aadnc-aandc.gc.ca/eng/1436450503766/1436450578774.

[17] Even though the countries most debated in this chapter do not figure in the map of violence produced by the UN Rapporteur, violence records show a worrisome situation in Latin America, Africa and Asia.

[18] Information retrieved from: (Fondation Bertarelli, 2017[86])

[19] Ideal types are simplified models. They express pure typologies, which rarely exist in the world. That is, within countries more than one type can co-exist and there may be alternatives to them. It is a conceptual tool that enables analysis and comparison of different Indigenous land management practices.

[20] Information on these three programmes retrieved from (Indigenous and Northern Affairs Canada, 2017[87])

[21] Category V of the International Union for Conservation of Nature (IUCN) framework refers to "Protected landscape/seascape" while Category VI entails "Protected area with sustainable use of natural resources".

[22] Information retrieved from (NSW Environment & Heritage, 2018[88]).

[23] Information retrieved from (Johnson, 2009[89]).

[24] In the words of DEMCo's CEO, in a 2015 interview: "Before we do anything, we sit down with the community and go through everything that we're doing. That's what they want. They want that engagement, that conversation and being able to participate. (…) I think Dene participation will help develop a responsible legislative and regulatory framework. First Nations don't want to start big initiatives just to make money and then ruin the land and the environment and the water. It's a balanced approach that has got to ensure that the positive and negative impacts of mining and exploration are well understood". Retrieved from: (Corporate Knights, 2015[90]).

[25] Information retrieved from: (Land Information New Zealand, 2017[48]).

[26] King cites examples from the United States (2013, p. 211[49]): the Oneida Nation in New York, the Shakopee Sioux in Minnesota, the Cherokee in Oklahoma and the Sycuan Band of the Kumetaay Nation in California.

[27] Noting that Indigenous entrepreneurs do not always meet the criteria set in companies' tendering processes, in terms of financial capacity and skills, IBAs have included additional criteria to support them. Sosa and Keenan (2001[71]) have identified ways that governments can support Indigenous participation in bidding: "a) requiring the mining company to provide information about the company's tendering process; b) requiring the mining company or government to give or fund

workshops on how to prepare tenders; c) providing extensions to Aboriginal businesses in the preparation of tenders; d) requiring that the company assist Aboriginal businesses to secure financing by, for example, providing them with letters of intent or conditional contracts; or by encouraging Aboriginal and non-Aboriginal enterprises to form joint ventures; e) requiring that the company give Aboriginal businesses advance payments in order to help them to initiate contracts; f) allowing aboriginal businesses to use the company's infrastructural services, such as roads and airstrips, and g) "unbundling" contracts, that is, dividing complex contracts into smaller, simpler components that are tailored to specific Aboriginal businesses".

[28] This topic has extensive literature. See, for a comparative approach: O'Faircheallaigh (2015[72]).

[29] The two examples were retrieved from Loutit, Mandelbaum and Szoke-Burke (2016[77]).

[30] Available at: (Native Title Tribunal, 2019[91])

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Chapter 4. Towards a place-based approach to Indigenous economic development

The objective of this chapter is to identify good practices and lessons about governance mechanisms and tools for implementing a place-based approach to Indigenous economic development. The chapter begins by identifying typical governance failures the affect the implementation of a place-based approach to Indigenous economic development. It then identifies how these failures can be overcome by facilitating policy coherence, aligning implementation between levels of government, creating opportunities for meaningful participation, and strengthening the capacity of local Indigenous-led organisations.

Key findings and recommendations

Key findings

- There is great diversity in the capacities and development objectives of place-based Indigenous communities within countries and policies need to adapt to these spatial differences.
- There are four key governance challenges that inhibit the implementation of a place-based approach to Indigenous economic development. They are:

1. Lack of coherence in the delivery of services and programmes for Indigenous peoples at the local level.
2. Insufficient co-ordination between levels of government and sectors to realise policy complementarities.
3. Limited opportunities for Indigenous organisations and communities to shape planning and resource allocation decisions.
4. Weaknesses in Indigenous community capacity such as the quality and depth of leadership, financial management and sustainability, and lack of scale.

- Governments and Indigenous communities across the five countries have made significant progress in addressing these four challenges and the chapter identifies a range of good practices and lessons in relation to each of them.

Recommendations

Facilitate **policy coherence** by developing (or enhancing) national strategic policy frameworks for Indigenous economic development that:

- Incorporate Indigenous values and perspectives about development into policy frameworks.
- Align policy outcomes across levels of government and sectors and articulate differences in development challenges and opportunities for Indigenous peoples in urban, rural and remote regions.
- Incentivise the use of mechanisms and tools that support the implementation of a place-based approach and better link Indigenous peoples with regional development efforts (e.g. local area data, community brokers and participation in existing regional governance structures).
- Define short-, medium- and long-term outcomes that can be measured (and disaggregated across different types of regions) to enable evaluation, learning and feedback.

Align implementation and **enhance co-ordination** between levels of government and across different sectoral policies as well as with Indigenous communities by:

- Clarifying the roles and responsibilities of different actors involved in Indigenous economic development.

- Strengthening co-ordination mechanisms across ministries and agencies, and between levels of government, for Indigenous economic development programmes and projects.
- Building capabilities at the local level for public officials to broker and facilitate solutions (rather than just managing programmes and administrative matters).
- Using formalised agreements between levels of governments and Indigenous communities to address issues of strategic importance and monitor their implementation.

Create opportunities for **meaningful participation** in government decision-making for Indigenous peoples by:

- Establishing protocols and obligations for engagement of Indigenous peoples across the policy cycle (definition of the problem, the development of policies, as well as implementation and evaluation of outcomes).
- Addressing asymmetries of power in engagement processes and strengthening the capacity of Indigenous leaders and organisations to participate in decision-making about development.
- Developing cross-cultural competencies within public institutions at all levels.
- Supporting the recruitment and progression of Indigenous staff in public institutions.

Strengthen the capacity of Indigenous-led organisations by providing resources and tools that enable the:

- Creation of regional advisory services and innovation hubs, and support for the co-development of institutions (e.g. governance and leadership, research and development, and advocacy organisations).
- Emergence of Indigenous community brokers that can help local communities navigate public and private institutions, take advantage of development opportunities, and address complex challenges.
- Building of alliances between Indigenous communities to increase scale and address issues of common interest (e.g. on service provision, engaging with project proponents on major projects and procurement).

Introduction

The objective of this chapter is to identify good practices and lessons about governance mechanisms and tools for implementing a place-based approach to Indigenous economic development. The chapter begins by discussing how governance arrangements can help enable a place-based approach to Indigenous economic development. It then identifies four typical governance failures that affect implementation of this approach: i) lack of coherence in Indigenous economic development policy; ii) insufficient co-ordination between ministries, levels of government and sectors; iii) limited opportunities for Indigenous communities to shape planning and resource allocation decisions; and iv) weaknesses in Indigenous capacities to manage and drive economic development. Each section of the

chapter identifies how governments and Indigenous communities are addressing these governance failures and identifies good practices and lessons. Overall, the chapter emphasises the importance of shifting from a top-down and one-size-fits-all approach towards one that empowers Indigenous communities, fosters partnerships and adapts policies to their needs and aspirations.

Framework for assessing a place-based approach to Indigenous economic development

Scope and context

The previous chapters identified that place is fundamental to Indigenous identity and shapes economic development and well-being outcomes for Indigenous peoples. Each of these places has different endowments, histories and accessibility to markets and opportunities. Developing these places requires addressing multiple factors (human capital, infrastructure, innovative capacity) in an integrated way, which aligns with local circumstances. Local communities have the knowledge about these local circumstances and should lead decision-making about development. Therefore, policy and governance arrangements are needed which can mobilise this potential in a way that is driven by local communities.

Governments can structure governance arrangements in ways that can build local capacity to promote economic development or inhibit it. Governments play a key role in setting the framework conditions for Indigenous economic development through their strategy setting, policy design and implementation, and brokering between stakeholders. Governance instruments can be seen as a set of tools by which governments use their power to support or prevent societal change (Turi, 2016[1]). Historically, across OECD member countries policies targeted at Indigenous peoples did not work towards self-determination but created systems of disempowerment, taking away Indigenous rights, identity and culture, dispossessing them of their traditional lands and their ability to govern themselves by eroding their social capital and leadership capabilities. Consequently, possibilities for creating own-source revenues became limited, contributing to poorer socio-economic outcomes and dependency upon state and religious institutions (Dodson and Smith, 2003[2]). Most importantly, governments did not incorporate the needs and aspirations of Indigenous peoples. This governance system was largely unsuccessful leaving regional assets immobilised and Indigenous peoples disempowered.

Across advanced OECD countries, there has been a shift toward self-determination (the right for Indigenous peoples 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. Many countries accept self-determination as a key principle in Indigenous policy and is reflected in the institutional arrangements that have been established within their policy frameworks for Indigenous affairs. Self-determination is also embodied in international declarations and covenants, strengthening the legal basis for a new and more equitable relationship with national and subnational governments. This shift toward self-determination is still an evolutionary process that is uneven between countries.

Box 4.1. Indigenous self-determination and governance

Self-determination implies different forms of governance that enable Indigenous communities to take control over decisions that affect their lives and livelihoods. However, trajectories of Indigenous self-determination and the governance reforms that help realise them are uneven between and within countries. What constitutes good governance for Indigenous peoples is also a contested concept (Tsey et al., 2012[3]).

Studies have shown a positive association between effective local Indigenous governance and reduced welfare dependency and the emergence of economic activity, higher levels of multi-dimensional well-being, improved resource use and increases in the contribution to regional non-Indigenous economies (Cornell and Kalt, 2003[4]; Vining and Richards, 2016[5]). These findings are consistent with a wider literature that examines the association between the quality of institutions and regional economic performance (Morgan, 1997[6]; Wood and Valler, 2004[7]; Rodríguez-Pose, 2013[8]). Cornell and Kalt (2003[4]) and Cornell (2006[9]) propose three key reasons why self-governance results in better long-term outcomes for Indigenous peoples:

- Citizens are engaged in collective efforts to improve community well-being.
- Policy choices are more likely to reflect the interests, needs and aspirations of Indigenous peoples.
- Transparency and accountability of local leaders and decision-making capacities are improved.

However, a number of key conditions need to be in place for this to be effective particularly capable governing institutions that are matched to the social and cultural characteristics of Indigenous groups and avoid pitfalls such as corruption, nepotism, confusion about roles and responsibilities, and lack of accountability (Cornell, 2006[9]; Tsey et al., 2012[3]).

International declarations and covenants also strengthen the legal basis for a new and more equitable relationship with national and subnational governments (Daes, 1984[10]). The Indigenous and Tribal Peoples Convention (1989) of the International Labour Organization 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 most member countries in 2007. The declaration establishes a universal framework of minimum standards for the survival, dignity, well-being and rights of Indigenous peoples. It promotes their full and effective participation in all matters that concern them as well as their right to remain distinct and to pursue their own priorities in economic, social and cultural development (UN, 2008[11]).

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Implementing a place-based approach to Indigenous economic development

Four key governance failures can create barriers and bottlenecks to the implementation of a place-based approach to Indigenous economic development. The first is a lack of coherence in Indigenous economic development policies. This is due to policy frameworks that do not align different objectives across governments and sectors, articulate how programmes should be adapted to different places, do not properly consider Indigenous values and perspectives, and lack measurable outcomes with evaluation and feedback mechanisms (Dodson and Smith, 2003[2]; National Aboriginal Economic Development Board, 2011[12]; NSW Ombudsman, 2016[13]). The second is the lack of mechanisms and tools to co-ordinate investment and programmes between levels of government and sectors to realise policy complementarities. Legal rights frameworks fundamentally shape who is responsible for Indigenous policies and governance, and these defined relationships can inhibit co-operation between levels of government and agencies (Dodson and Smith, 2003[2]; Williams, 2010[14]; Oakden et al., 2017[15]). The third is limited opportunities for Indigenous organisations and communities to shape planning and resource allocation decisions. Often there are significant power asymmetries, and government agencies often define the development agendas and Indigenous communities and organisations implement or respond to it (Tsey et al., 2012[3]; Curry and Donker, 2011[16]). The fourth is deficits in Indigenous community capacity such as the quality leadership, corporate governance, financial management and sustainability as well as access to local area data. This is the consequence of colonisation processes, which dismantled historical governance structures and replaced them with institutions dependent upon the state and/or religious organisations.

The chapter assesses current policy and practices in relation to how they address these governance failures. Overall, this chapter proposes that governments work toward a governance system that fosters place-based Indigenous economic development and has four elements:

- **Facilitates policy coherence**: Having an opportunity-oriented national policy framework that incorporates Indigenous values and perspectives, is adapted to characteristics of different places, encourages community-led development and defines measurable outcomes.
- **Aligns objectives and implementation**: Designing effective co-ordination mechanisms between different levels of government and with Indigenous peoples that result in alignment of policies, the realisation of synergies and fosters local and regional partnerships to support Indigenous communities to achieve their objectives for development.
- **Engages Indigenous peoples in decision-making:** Collaboration with Indigenous peoples through high levels of participation and engagement, which includes Indigenous peoples in decision-making processes and policymaking as partners recognising the need to share power.
- **Strengthens capacities**: Empowering Indigenous communities and strengthening governance capacities (e.g. capabilities such as financial management, and brokers who can mediate local conflicts and build relationships with non-Indigenous organisations).

Framework for assessing the governance of Indigenous economic development

The OECD identifies a set of principles and good practices to address persistent regional inequalities in productivity, employment and growth (OECD, 2016[17]) (see Chapter 2). This place-based approach to regional development has significant important implications for how government works. Policies should be adapted to the needs and circumstances (social, economic, cultural, geographic, environmental, etc.) of different regions. This requires the development of feedback loops and co-ordinating mechanisms between different levels of government to ensure policies and programmes are better matched to regional and local conditions. Policies should also be integrated horizontally to help realise complementarities between them. The concept of policy complementarity refers to the mutually reinforcing impact of different actions on a given policy outcome. Policies can be complementary because they support the achievement of a given target from different angles (Box 4.2). OECD member countries have put in different reforms to help facilitate this place-based approach to rural and regional development. However, challenges to integrating regional and rural development policies across levels of government remain. For instance, a lack of private sector participation in public investments and a lack of subnational government understanding of central government priorities and vice versa (OECD, 2014[18]).

Box 4.2. Policy complementarities

The concept of policy complementarity refers to the mutually reinforcing impact of different actions on a given policy outcome. Policies can be complementary because they support the achievement of a given target from different angles. This has been an important idea in terms of how to integrate and sequence structural reforms. This concept can be applied to regional development issues, for example:

- Increased broadband internet access in rural areas should proceed along with policies that focus on the accessibility and diffusion of these services to the population.
- Changes in land use zoning in cities induces shifts in mobility patterns, which requires co-ordination with transport planning and infrastructure improvements.
- Investments in innovation and business ecosystems increase demand for skills within local labour markets, and therefore complementary local initiatives to attract talent and develop human capital are needed.

In effect, governments should frame interventions in infrastructure, human capital and innovation capacity within common policy packages that are complementary to sectoral approaches as well. This is particularly important when dealing with complexities associated with Indigenous economic development at local and regional levels. Policies need to be integrated horizontally, through management arrangements and development plans amongst different sectors, services and agencies within a given level of government. It also requires that policies are vertically integrated, from the national to the local level of government, and that interventions are territorially integrated and consider the interrelationships and interdependencies between different territories.

Source: OECD (2016[17]), *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, https://dx.doi.org/10.1787/9789264260245-en.

The success of place-based Indigenous economic development policy efforts depends upon multiple levels of government – Indigenous, subnational, national and sometimes supranational – working together toward shared outcomes. This type of alignment and co-ordination can be difficult because different levels of governments and agencies work to different objectives and accountabilities. To help countries address multi-level governance gaps and challenges, the OECD has developed the *Principles on Effective Public Investment Across Levels of Government*. The purpose of the OECD Principles is to help governments at all levels assess the strengths and weaknesses of their public investment capacity, using a whole-of-government approach, and set priorities for improvement (OECD, 2014[18]). The *OECD Principles for Public Investment Across Levels of Government* – particularly those related to co-ordinating mechanisms – provide a framework to help assess and identify ways to address multi-level governance challenges associated with place-based Indigenous economic development. The relevant principles for Indigenous economic development and a summary of the adaptations are outlined in Table 4.1.

Table 4.1. Adapting the OECD Principles for Public Investment to Indigenous economic development

Principle	Self-assessment indicators and key adaptations	Areas of focus for Indigenous economic development
Invest using an **integrated strategy** tailored to different places	Indicators relate to alignment in planning and prioritisation for Indigenous communities across levels of government and the use of data to inform planning and decision-making.	**Integrating frameworks to facilitate policy coherence, recognising the local level:** Need for integrated strategies that define the policy agenda of national and/or subnational governments including for Indigenous economic development together with short-, medium- and long-term goals and indicators for evaluation.
Focus on **results and promote learning**	Indicators relate to evaluation frameworks and how they are used in the policy and investment cycle.	
Adopt effective **co-ordination** instruments across levels of government	Indicators relate to the mechanisms established to co-ordinate national investments for Indigenous communities.	**Effective co-ordination towards shared outcomes:** Clarify responsibilities, establish formalised co-ordination mechanisms across sectors and levels, create flexibilities for the delivery of policies at different spatial scales.
Co-ordinate across subnational governments to invest at the relevant scale	Indicators relate to co-operation at a subnational level (e.g. between Indigenous communities and surrounding municipalities) and how questions of spatial scale are resolved.	
Encourage **stakeholder involvement** throughout the investment cycle	Indicators relate to the inclusion of Indigenous communities in the policy and investment cycle.	**Engagement and partnerships:** Inclusion of Indigenous peoples in the policy cycle, through legal frameworks, high levels of engagement and cultural competency.

Source: Adaptation from OECD (2014[18]), *Recommendation of the Council on Effective Public Investment Across Levels of Government*, http://www.oecd.org/regional-policy (accessed on 01 October 2018).

Indigenous economic development is also shaped by the community's capacity to utilise its natural, physical, human and social capital resources to improve its standard of living and community well-being. Economic development involves converting each of these capitals into economic capital and has been discussed in Chapters 1 and 2 (Bourdieu, 1985[19]; Harker, Mahar and Wilkes, 1990[20]). The final part of the chapter discusses how Indigenous communities can build governance capacities. This is based on the idea that

building institutions (endogenous leadership and capacity) and networks that link Indigenous-led institutions to power and resources enable them to manage, drive and contribute to regional economic development. (Table 4.2).

Table 4.2. Ways to build governance capacity

Institutions and networks	Strategies for Indigenous communities
Ecosystems for strengthening local governance	Create local strategies for capacity-building ecosystems that can help Indigenous institutions address capacity challenges. These should include regional advisory services and innovation hubs and support for co-development institutions (community controlled financial institutions, governance research and development, not-for-profit advocacy organisations).
Community brokers that add governance capacity	Provide funding support for community brokers (and the development of brokers) that add economic development capacity and support the development of alternative models of funding, like social investment.
Regional alliances to create scale	Support the building of alliances with other communities that can provide scale and create partnerships to drive policy change.

Facilitating policy coherence

This section assesses the challenges and lessons in creating policy frameworks that support the implementation of place-based approaches to Indigenous economic development. National governments have an important role to play in setting policy standards, targets and incentives for Indigenous economic development. They can set the framework for linking policies to the specific need of each region and influence the room for manoeuvre by designing policies that are adaptable. Further, they can support mutual learning across regions, disseminating successful approaches and appropriate innovations. Apart from its functional benefits, creating an integrated policy framework at the national level for Indigenous economic development can help governments to raise the importance of this issue and demonstrate the willingness to advance reconciliation. Along with Indigenous-specific strategies, regional economic development policy frameworks can also support the implementation of place-based approaches to Indigenous economic development. They can help link Indigenous communities with other local actors (municipalities, chambers of commerce, civil society) around a shared vision and priorities for development at the regional and local levels.

National policy frameworks for Indigenous economic development

Indigenous economic development is a complex policy challenge that encompasses all governance levels: global, national, regional and local. It also encompasses different sectoral policies including economic development, land use, infrastructure and skills. Addressing interconnectedness and balancing and reconciling different objectives poses a challenge to many governments (OECD, 2018[21]). To avoid this, the OECD advises countries to develop mechanisms that can streamline and co-ordinate policies and better match them to the needs and circumstances of different regions (OECD, 2016[17]; 2016[22]). This way different sectoral policies (e.g. health, education, housing, etc.) can be designed to complement each other by working towards the same objectives from different angles (OECD, 2016[17]). Self-determination is also an important consideration for Indigenous economic development and requires the incorporation of Indigenous values and

perspectives into economic policies. Australia, Canada and New Zealand have taken steps to build more coherent economic development policies for Indigenous peoples through national strategies that define their approach towards Indigenous economic development. They focus on the need for a whole-of-government approach and increasingly define the government's role as a broker, facilitator and enabler. The list of strategies analysed for this chapter is in Annex 4.A.

New Zealand's He kai kei aku ringa – the Crown Māori Economic Growth Partnership – delivers well on all four aspects

New Zealand's *He kai kei aku ringa* (HKKAR) (for a detailed description, see Box 4.3) together with its newly defined refresh, titled *E RERE*, sets itself apart from the other strategies through a focus on place-based development and grounding in Māori culture. Further, it also delivers on outcomes and integration. *E RERE* identifies the need to increase Māori participation in regional economies. It encourages regional and sectoral leadership to facilitate local ownership of actions and introduces a measurement of Māori participation in regional economies. HKKAR defines Indigenous economic development along the lines of Māori culture. It recognises *whānau* (extended family or community) as the foundation of the Māori economy and the essential unit of interaction. Despite being established through a Crown-Māori panel, the strategy was lacking local and regional input during its first years. Since, 2014, the strategy acknowledges the need for a more direct approach to engaging with regional Māori through *iwi*, *hapū* and *whānau*, particularly at a regional level, as well as with Māori enterprises. Further, it set up the Māori Economic Development Advisory Board to provide guidance, stewardship and monitoring of HKKAR. Regarding integration, the strategy covers topics like childcare, education and skills, in consultation with a range of ministries. Its action plan clearly defines which government or non-governmental agent is responsible for delivering on each action of the plan.

Box 4.3. *He kai kei aku ringa* – The Crown Māori Economic Growth Partnership

In 2012, New Zealand set-up *He kai kei aku ringa*, the Crown Māori Economic Growth Partnership and national Māori Economic Development Strategy, which provides a vision on growing a productive, innovative and internationally connected Māori economy. The name literally means "to provide the food you need with your own hands", highlighting the economic self-determination of Māori people and the fact that this development programme is especially oriented at Māori and driven by *whānau*. The strategy defines 6 goals to achieve by 2040 and defined 26 recommendations in a 2012-27 action plan to achieve these goals. The six goals are:

- Greater educational participation and performance.
- Skilled and successful workforce.
- Increased financial literacy and savings.
- Government in partnership with Māori enabling growth.
- Active discussion about the development of natural resources.
- Māori Inc. as a driver of economic growth.

The strategy government as an enabler, empowering *whānau* and Māori Inc. to economic growth by creating a favourable business environment and providing better public services.

For instance, one of the actions involves the creation of an information-sharing platform between Māori entities and the government to better match mainstream programmes to Māori needs.

The strategy is also informed by a place-based approach to economic development. For instance, communities that have specific needs are identified and public services targets disaggregated according to regional conditions. Further *iwi* and collectives are requested to determine their own skill needs, using existing government services or developing their own tools.

Outcomes of the strategy were evaluated in 2017 and highlighted that 42 000 more Māori people were in work since 2012 and unemployment rate had decreased by 2.3% – while still being more than double the national rate of 5.2. Many government agencies have grown their own Māori capabilities and embedded Māori approaches in their programmes, through co-design, collaboration, leadership and networks, to increase Māori participation.

Targets and indicators development following the refresh, titled *E RERE* ("to leap, run, fly"), are to be completed by 2021. They focus on growing the workforce, growing Māori enterprise, increasing Māori participation in regional economics and upskilling the Māori workforce. It puts even more focus on a place-based development approach, identifying and developing a cross-agency plan to encourage greater Māori participation in regional planning for and implementation of the Regional Growth Programme.

Sources: Te Puni Kōkiri (2012[23]), *Action Plan 2012-2017 - Māori Economic Development Panel November 2012,* Government of New Zealand; Te Puni Kōkiri (2017[24]), "Refreshing He Kai Kei Aku Ringa: The Crown-Māori economic growth partnership", http://www.mbie.govt.nz/info-services/infrastructure-growth/maori-economic-development/documents-image-library/hkkar-cab-paper.pdf.

Australia is targeting Indigenous economic development through three strategies – shifting towards more Indigenous involvement and localised approaches

Australia's Indigenous economic development is shaped by three different national strategies: the *Closing the Gap Strategy*, the *Indigenous Economic Development Strategy 2011-2018* and the *Indigenous Business Strategy*. The *Closing the Gap Strategy,* set up by the Council of Australian Governments (COAG) in 2008, represents a joint effort between all Australian governments. It also provides a broader framework for Indigenous economic development and business policies. *Closing the Gap* is organised around seven themes, which cover aspects such as early childhood and school education, employment and health, and economic development. Targets and indicators are established across these different policy themes. In terms of economic development, all states and territories have aligned in setting up Indigenous employment strategies, creating Indigenous targets in the public services and developing a strategic framework for Indigenous economic participation. On the downside, the strategy has not delivered on its targets and was criticised for being too deficit-focused and for not developing an understanding of how to capitalise on Indigenous assets and opportunities. After ten years, only three out of seven targets on track.

In December 2016, COAG agreed to refresh the *Closing the Gap* strategy. One of the weaknesses identified in relation to the initial framework was the limited involvement of Aboriginal and Torres Strait Islanders in its design, development and implementation, as well as not accounting for geographical variance. The refresh included the release of a discussion paper, call for submissions and a series of workshops with stakeholders and experts. In December 2018, COAG released draft targets, which largely refine the existing

architecture of *Closing the Gap*. Roundtables and engagement with Indigenous Australians also revealed priorities in regards to culture, racism and discrimination, trauma and healing, disability and social inclusion. However, it is not clear how these priorities will be reflected in the final framework. The Australian Productivity Commission will take a lead role in evaluating progress against the final targets, which will also take account of differences across urban, regional and remote areas.

The Australian Governments *Indigenous Economic Development Strategy* was released in 2011 and recognises the differences between urban, rural and remote locations. It highlights that ability to participate in the broader economy is often dependent on access to employment opportunities, markets, services, infrastructure, education, etc. and defines challenges according to specific locations. In terms of integration, the strategy specifies the need to continue working with states, territories, other ministries as well as the private sector on specific goals, as is the case in reforming the vocational education and training system with states and territories or working with the ABS on collecting and data on the Indigenous private sector. An evaluation framework for the strategy is not specified.

Many of the goals that are defined in the *Indigenous Economic Development Strategy* are elaborated in the *2018 Indigenous Business Sector Strategy*. The *Indigenous Business Sector Strategy* is a ten-year strategy that aims to help Aboriginal and Torres Strait Islanders build sustainable businesses so they are able to support themselves, their families and contribute to the prosperity of their communities. Self-supporting Indigenous businesses are defined as a key for economic independence. It defines four areas of action:

- Better business support.
- Improved access to finance.
- Stronger connections and relationships.
- Harnessing the power of knowledge, meaning better sharing of information and data.

Each area contains actions that national, state and territory governments, Indigenous businesses and the private sector undertake in partnership, yet the specific responsibilities of the Commonwealth or states and territories are not defined. In terms of including Indigenous perspectives, a draft strategy was circulated for consultation but the outcomes of the consultations are not publicly accessible. To encourage further co-operation and stronger connections, the strategy set up an Implementation Advisory Group to guide and inform the implementation of the strategy's actions, including representatives from the Indigenous business sector, peak groups and the non-Indigenous business sector. Further, the strategy establishes yearly Indigenous Business Summits that bring together Indigenous and non-Indigenous stakeholders to review and discuss the strategy. This will also inform the monitoring and evaluation of the strategy. The exact process of monitoring and evaluation, however, is not specified and goals lack indicators and a timeline for implementation. Consequently, the assessment of progress towards goals will be a challenge.

Countries that do not have national strategies

Sweden and the United States not have specific strategies for Indigenous economic development but opt for approaches of individual programmes or mainstreaming services. In the US, this can be ascribed to the sovereign status of Indigenous peoples and perception that economic development is a matter for individual tribes. Economic development

programmes for Indigenous communities exist across a number of different departments and agencies (Department of the Interior – Bureau of Indian Affairs, Department of Commerce – Economic Development Administration, and the Department of Agriculture), mostly addressing the development of Indigenous economies within reserves. In Sweden, there is no specific economic development strategy for the Sámi peoples. Instead, mainstream strategies are required to be inclusive of the Sámi minority – which is often a challenge – or results in specific programmes designed for reindeer herders that enjoy Indigenous status (OECD, 2019[25]).

Canada also does not currently have a national strategy for Indigenous economic development. The previous Harper government had a *Federal Framework for Aboriginal Economic Development* (2008) that focused on entrepreneurship, human capital, community assets, and partnerships (Indigenous and Northern Affairs Canada, 2018[26]). Although it acknowledged the importance of inter-governmental co-ordination, there were no systemic measures to align federal, provincial and municipal planning and resource allocation decisions. Progress reports on implementation focused on activities and programme outputs but there was no framework for monitoring the achievement of outcomes. Under the current Trudeau government, priorities for the Indigenous portfolio are articulated in Department Plans (2018-19) for Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC). Whereas ISC focuses on the provision of services to Indigenous peoples, CIRNAC focuses on nation-to-nation relationships, policies related to self-determination and leading on government policies for northern Canada. Both departments share a priority for community and regional development. The results and priorities for CIRNAC are outlined in Table 4.3. The role of ISC in delivering these results focuses on the delivery of sustainable infrastructure (water and sanitary systems, schools, housing), responding better to environmental risks and disasters, capital investment in measures to reduce diesel dependency and promoting energy efficiency.

Table 4.3. Crown-Indigenous Relations and Northern Affairs Canada, priorities for community and regional development, 2018-19

Results	Priority actions
Indigenous communities advance their business development and economic growth	● Entrepreneurship and small and medium-sized enterprises (SME) programmes, and improving procurement outcomes ● National Indigenous Economic Development Board and stakeholder engagement ● Supporting commercial and industrial projects, and oil and gas developments ● Local economic and community development initiatives
Indigenous and northern communities strengthen their capacity to adapt to changing environments	● Climate change adaptation measures ● Food and nutrition programmes in northern Canada
Land and resources in Indigenous communities and the north are sustainably managed	● Initiatives to reduce the dependency of remote communities in diesel power ● Regulatory reforms related to environmental assessments and oil and gas developments ● Environmental and resource management programmes ● Addressing contaminated lands and solid waste management

Source: Adapted from Crown-Indigenous Relations and Northern Affairs (2018[27]), *2018-19 Departmental Plan*, https://www.aadnc-aandc.gc.ca/eng/1523210699288/1523210782692 (accessed on 24 January 2019).

These departments provide a range of initiatives and programmes that individually address key issues such as access to finance and business development support, improving

regulatory frameworks related to land management and adapting to the impacts of climate change. However, they do not add up to a coherent long-term vision for economic development that has been developed in partnership with Indigenous peoples and articulates their values and aspirations for development. Embedded in these programmes, there are references to building partnerships with stakeholders and different levels of government but again there are no systemic measures to align federal, provincial and municipal planning and resource allocation decisions. Instead, the current approach is opportunistic and programme- or project-based. Another weakness of this approach is the lack of transparency about the cumulative impact of these programmes and the monitoring of socio-economic outcomes with Indigenous peoples.

Considerations for devising national policy frameworks for Indigenous economic development

The previous section has presented the national strategies and policy frameworks evaluating how they differ in levels of integration, recognition of local specificities, valuing of Indigenous culture and focus on outcomes. The following section summarises the lessons from them and provides examples of good practices.

Encouraging alignment of objectives across levels of government and sectors and encouraging co-operation to make use of synergies

The above section shows that strategies and policy frameworks increasingly address the complexity of Indigenous economic development by recognising the need for a whole-of-government approach. There is recognition that multiple policy sectors contribute to Indigenous economic development and strategies need to be co-designed with Indigenous stakeholders and institutions.

In Australia, *Closing the Gap*, set up by the Council of Australian Governments (COAG), represents a joint effort between a range of Commonwealth ministries and all Australian governments. In 2017, COAG set up the Ministerial Council on Indigenous Affairs, which includes ministers from federal, state and territory governments and is contributing to the refresh on the *Closing the Gap* strategy. This collaborative approach recognises a weakness in the design of the first *Closing the Gap* framework, which lacked strong buy-in from state and territory governments.

Moreover, strategies can increase co-operation between sectors as well as government levels by defining specific co-ordination mechanisms. In New Zealand, the Ministry of Business, Innovation and Employment and Te Puni Kōkiri (Ministry of Māori Development) have included a cross-agency plan in their update of the HKKAR strategy. The plan aims to build on existing programmes and services undertaken by agencies and provide more effective and efficient co-ordination to accelerate implementation. It also requires agencies to identify gaps in service provision and develop approaches for addressing these gaps.

Further mechanisms to address co-ordination that need to be taken into consideration when designing a strategy are discussed later in the chapter.

Avoiding a one-size-fits-all approach and incentivising policies that can easily be adjusted to local needs, characteristics and aspirations

The previous section has highlighted the importance of governments designing flexible policies that can be adapted to local needs. This is a difficult task, as it needs to balance

providing concrete guidance without being overly prescriptive. Strategies can address this by highlighting that conditions vary across different regions and by identifying how policies and services can be adapted to these conditions. Australia's *Indigenous Economic Development Strategy,* for instance, refers to the importance of geography in shaping employment opportunities, markets, services and infrastructure and the need to adjust policies accordingly.

As many countries are shifting towards a more place-based approach, they might still lack insights into the success factors that can mainstream this approach. In order to identify the crucial elements of a place-based approach for Indigenous economic development, pilot programmes can be an effective tool. In northern Ontario, a number of First Nation Communities take part in a Community Wellbeing Pilot Project to jointly test a new approach to community development focused on community-identified needs and priorities, which has been assessed positively (see Box 4.4). The challenge with these pilots is to translate them into systemic policy and governance reforms. These pilot initiatives need to have an evaluation framework, and feedback mechanisms should be established to mainstream the lessons from them (aspects of learning and feedback will also be discussed below).

Box 4.4. Pilot community well-being project

Supported by the Strategic Partnerships Initiative (SPI) (see Box 4.9) that emerged from the *Canadian Federal Framework for Aboriginal Economic Development,* Indigenous Services Canada, launched a community well-being project with a group of disadvantaged First Nation communities in northern Ontario. It uses a holistic, place-based approach to community development. The process focuses on community-identified needs and priorities and requires government partners to step up their roles as developmental partners committing to joint development and implementation of community-specific action plans. A recent evaluation shows significant progress made in the areas of housing, skills and training, financial management and governance, and mental health and addictions. This addresses the core social challenges that have challenged economic development opportunities in the communities. Further, the assessment highlighted the following success factors of the approach:

- Government as a neutral secretariat and facilitator.
- Comprehensive community assessment is a starting point; based on these assessments there might be multiple options for early initiatives, depending to some extent on the strengths of the community, its own priorities and its institutional supports.
- Place-based management approach – all of the players working collaboratively on community priorities.
- A community development approach that is based on identifying and building on community assets rather than one focusing primarily on community deficits.
- Producing "early wins" builds confidence in the process among partners.

- Tackling challenges in governance and related management functions early on (i.e. organisational capacity) is very important for making progress on other priorities.
- The need to have a lead senior official with proper skill set and experience to give communities the assurance that the government is serious and to lead interdepartmental and intergovernmental collaboration.

Important for advancing with the pilot is integrating its learnings into wider policymaking and linking it to other tools such as Comprehensive Community Planning (CCP) (discussed later in this chapter).

Source: Indigenous Services Canada (2018[28]), *Community Wellbeing Project (Ring of Fire)*, Series on Indigenous Issues and Initiatives.

Respect and be mindful of history and the fact that Indigenous economic development might differ from non-Indigenous development objectives

The inclusion of Indigenous cultural values for economic development, including cultural assets and aspirations, is a challenge for most countries. *He kai kei aku ringa* – the Crown Māori Economic Growth Partnership – tries to address this, starting with the use of a Māori title that symbolises the resilience of Māori people. Further, it refers to language and culture as proving unique value and builds on *whānau* as the foundation of the Māori economy and culture. This means *whānau* is crucial in decision-making and delivering services. Moreover, it highlights the role of Māori Inc. (all actors who comprise the Māori contribution to the economy, including trusts and incorporations, small to medium-sized enterprises, *iwi* and collectives, self-employed Māori etc.), stressing aspects such as intergenerational sustainability and a focus on the collective good and longevity of economic activities.

Indigenous values and perspectives can only be incorporated if Indigenous peoples play an active role in the development, implementation and evaluation of policies. Often Indigenous peoples are consulted on their opinions and can give feedback selectively but are not involved in all aspects of the decisions taken and the identification of the preferred solution. Further, the OECD Guidelines (see Table 3.9, Chapter 3) on open and inclusive decision-making can serve as a first reference point for governments to improve these processes.

To create more transparency in and accountability on engaging Indigenous peoples for the design of the strategies' methodologies, processes need to be made public and feedback openly accessible. Within the "Refresh" approach to the *Closing the Gap* strategy, Australia is moving towards a more transparent approach calling for open online feedback through a dedicated website. Submissions responding to the latest proposal are accessible online. Further, different rounds of consultation with peak Indigenous bodies have been held and a series of roundtables will be organised in each state to ensure the new draft reflects the feedback received in submission. Yet, it remains unclear how consultation participants are chosen and what the outcomes of the individual meetings are, as public reporting is limited.

Define short-, medium- and long-term measurable outcomes to enable learning and feedback

To ensure that strategies for Indigenous economic development are sound, robust and accountable, they also need to incorporate data and research. The previous section has highlighted that not all strategies, formalised learning and set goals and timelines allow for monitoring and evaluation. While nobody likes to be associated with failure, learning from failure is essential for improving policies. The establishment of a learning culture permits easier identification of barriers and bottlenecks that can be addressed in a second step, redefining and adjusting policy and programmes accordingly. Consequently, strategies need to:

- Define measurable outcomes with an intervention logic that links them to policy levers.
- Provide funding for context-specific data collection and analysis.
- Have regular monitoring and communication of progress toward achieving outcomes.
- Clarify accountabilities for outcomes.
- Ensure learnings are translated into practice in a constant manner.

In 2018, the Australian Department of the Prime Minister and Cabinet published a new Evaluation Framework for their policies and programmes. The framework is based on the principle that each policy intervention should articulate its intended impact, and its effectiveness measured on that basis. This means shifting from measuring inputs (the amount of resources dedicated to Indigenous economic development) and outputs (the amount of infrastructure or services delivered) to outcomes (impacts on agreed outcomes such as income and employment). The department has committed to annually publishing an evaluation work plan and the outcomes of evaluations. An Indigenous Evaluation Advisory Committee and an ethical framework that commits to collaboration and partnerships with Indigenous communities guides research. This framework provides a set of best practice principles for evaluation and mechanisms to make it operational (Figure 4.1).

Ensure inclusion in mainstream regional and rural development planning

Regional development policies generally focus on reducing disparities in economic activity between regions. In recent years, OECD countries have started to shift their regional economic development planning in ways that are more tailored to different types of regions and that facilitate "bottom-up" approaches to development (OECD, 2016[17]). Regional development plans and strategies do not include Indigenous people's results in missed growth and development opportunities. This is especially the case when Indigenous peoples make up a large percentage of the population and hold rights to large portions of land. This lack of inclusion can emerge because of different institutional responsibilities and jurisdictional gaps.

Figure 4.1. Monitoring and evaluation in policy and feedback cycles in the Indigenous Advancement Strategy, Australia

DESIGN	Evidence from prior evaluations informs policy & program design	Theory of change informs program planning	Evaluation questions are developed with Indigenous Australians
DELIVERY	Systems are in place for relevant, robust & credible data collection	All IAS grants are monitored & information used to improve quality	Evaluation findings are useful to communities, organisations & services
MAKING A DIFFERENCE	Evaluations are published & findings shared	Evaluation supports learning	Evaluation is used for decision-making

Source: Australian Government (2018[29]), *Indigenous Advancement Strategy Evaluation Framework*, https://pmc.gov.au/sites/default/files/publications/ias-evaluation-framework.pdf (accessed on 19 October 2018).

Lack of integration due to institutional separation

Many countries separate policymaking for Indigenous peoples from their mainstream policymaking. There may be good reasons for this, as Indigenous peoples often require policies that are specifically tailored to their needs and aspirations. At the same time, it can create a gap between mainstream and Indigenous targeted policies and exclude them from regional development plans. For example, in Australia, Regional Development Australia (RDA) is a national network of committees made up of local leaders who work with all levels of government, business and community groups to support the economic development of their regions. These committees play an important role in planning and facilitating regional economic development initiatives. However, the new Charter for Regional Development in Australia does not list Indigenous Australians among the stakeholders to engage (Regional Development Australia, 2017[30]).

In New Zealand, the inclusion of Māori in mainstream development plans and local decision-making is supported through several mechanisms. First, an evaluation of the Regional Growth Strategy specifically increases the need to engage with Māori and link its objectives to the Crown Māori Economic Growth Partnership, which has been set as a new goal in the *E RERE* (Oakden et al., 2017[15]). Second, the Local Government Act requires local councils to implement mechanisms for engagement into local decision-making processes and consulting (Local Government Act, 2002[31]) and has set up Te Matura, a sub-committee of the National Council of Local Governments, to promote increased representation of Māori as elected members of local government and enhancing

participation in local government processes. This, in turn, can also contribute to better linking Māori economic development to mainstream policy development.

Jurisdictional gaps can create a lack of inclusion

In cases where Indigenous peoples fall into national responsibility, they are, therefore, excluded in state/province or regional level planning. This, for example, is a challenge in Canada and Sweden. In Sweden, many of the issues that affect the Sámi have not been regionalised and remain the responsibility of the national government. While the unique assets of the Sámi for northern development are generally recognised by regions, regional development policy sits with different bodies and there are limited incentives for the regional level to engage with the Sámi. The Swedish parliament has recently passed a bill to transfer the responsibilities of regional growth to county councils, corresponding to the regional level (with the exception of the County of Gotland). This will come into effect the 1st of January 2019. This shift presents an opportunity to better link the Sámi who live in this region with regional development efforts, which had been previously centralised (OECD, 2019[25]).

Box 4.5. Moving towards inclusion into regional development policy – Three examples

Sweden – Region Västerbotten Regional Development Strategy

Region Västerbotten's regional development strategy (2014-20) defines the goals and prioritised strategies for investing in the future development of the region. Strengthening Sámi entrepreneurship in tourism is identified as a priority. The strategy recognises that reindeer husbandry and Sámi culture have the potential to enhance regional development but that these activities are also associated with land use conflict and cultural and historical contradictions. The strategy makes it clear that positive relations between Sámi and other stakeholders in all parts of the county are a prerequisite for effective development and outlines the following objectives:

- Develop synergies between reindeer husbandry, Sámi culture and other entrepreneurs that use the land.
- Create forms of co-operation and consensus between the reindeer herding industry and other stakeholders.
- Promote research and education on reindeer husbandry as well as its impact on nature and cultural heritage, and conservation areas.
- Promote knowledge building on sustainable development and gender equality.
- Integrate reindeer husbandry into planning processes which impact the conditions for reindeer husbandry in Västerbotten.
- Strengthen the reindeer herding industry in the face of climate change.
- Develop sustainable forestry methods in collaboration with research and forestry industry.

New Zealand Regional Growth Program

The New Zealand Regional Growth Program (2014-17) stressed the need to work in partnership with *iwi* and the Māori. Further, its actions specify if a particular programme contributes to the *He kai kei aku ringa* – the Crown Māori Economic Growth Partnership (see above). At the same time, the latest evaluation of the Regional Growth Program established that links between the two strategies are still too weak. Thus, the increased enablement of *iwi* and Māori to participate in regional planning and implementation within the Regional Growth Programme was set as a new target. Further, Māori participation in regional economies progress will be measured. Measurements will be conducted through the Regional Growth Programme Evaluation Framework.

Northern Territory Australia Economic Development Framework

The 2017 Northern Territory Economic Development Framework identifies Aboriginal people as one of the unique advantages of the region, as Aboriginal People make up roughly 30% of the population and hold about 50% of the land mass. The framework specifies actions to be taken in the future and includes traditional owners as well as land councils as partners for implementation of actions. These actions include developing Indigenous arts and culture, creating opportunities for Indigenous-led tourism, strengthening community-based land management and allocating water reserves to Indigenous communities.

Sources: Oakden, J. et al. (2017[15]), *Evaluation of the Regional Growth Programme implementation and ways of working*, http://pragmatica.nz/wp-content/uploads/pragmatica-nz/sites/326/Oakden-Spee-Moss-Pipi-Smith-King-2017-Evaluation-of-the-RG-implementation-and-ways-ofworking.pdf (accessed on 10 August 2018); Ministry of Business, Innovation & Employment (2017[32]), *The Regional Growth Program,* Government of New Zealand; Te Puni Kōkiri (2017[24]), "Refreshing He Kai Kei Aku Ringa: The Crown-Māori economic growth partnership", http://www.mbie.govt.nz/info-services/infrastructure-growth/maori-economic-development/documents-image-library/hkkar-cab-paper.pdf; Northern Territory Government (2017[33]), *Our Economic Future: Increasing Private Sector Investment to Grow Territory Jobs,* https://cmsexternal.nt.gov.au/__data/assets/pdf_file/0008/434546/economic-development-framework.pdf (accessed on 31 August 2018); Region Västerbottens (2014[34]), *RUS 2014-2020 Regional Utvecklingsstrategi för Västerbottens,* http://regionvasterbotten.se/wp-content/uploads/2012/08/V%C3%A4sterbottens-l%C3%A4ns-RUS-2014-2020.pdf (accessed on 17 October 2018).

Financing for Indigenous peoples needs to be tailored and predictable

The structure of public financing also influences the coherence of policies for Indigenous economic development. Funding directed to Indigenous communities can be the responsibility of multiple agencies at the federal, state, provincial and local levels. This can result in the fragmentation of programmes and services at the local level. There may also be lack flexibility in how programmes and services are delivered. This makes it difficult and costlier for local communities to adapt and integrate different policies to align with their objectives and aspirations for development. Further, it can increase administrative costs, which can consume large funding shares, leaving only a smaller margin reaching local communities (Empowered Communities, 2015[35]).

Indigenous leaders often highlighted the need for more long-term block funding to increase the autonomy and predictability of financing (OECD – interviews fact finding missions to Australia and Canada). Fluctuating availability of financing through different programmes and projects can create a major obstacle to effective community planning and economic

development (O'Faircheallaigh, 2018[36]). Different funding arrangements mean that contract management and reporting obligations take up a great deal of time and energy of both the funders and those receiving it. In Canada, the Federal Government and Assembly of First Nations are working toward a new fiscal relationship that is designed to address these issues (Box 4.6).

Box 4.6. Canada – New fiscal relationship with First Nations

In 2017, the Canadian Government and the Assembly of First Nations signed a memorandum of understanding to develop a new fiscal relationship. Following, joint working groups have been developing initial recommendations on a new fiscal relationship. These include:

- **Providing more funding flexibility to support effective and independent long-term planning.** The Government of Canada is proposing to work with First Nations Financial Institutions and the Assembly of First Nations on the creation of ten-year grants for communities determined by First Nations institutions to be ready to move to such a system. Participating communities would commit to reporting to their own members on their priorities and targets and on a common set of outcomes outlined in an accountability framework.
- **Replacing the default prevention and management policy with a new, proactive approach that supports capacity development.** This approach would be based on current pilot projects, which are being conducted with the First Nations Financial Management Board. Earlier this year, the government also announced an additional CAD 24 million in each of fiscal years 2017-18 and 2018-19 for the Band Support Funding Program to assist First Nations that are in greatest need of local governance support.
- **Establishing a permanent Advisory Committee to provide further guidance and recommendations on a new fiscal relationship**. Taking into account regional interests, the Committee would help shape strategic investments, propose options to address the sufficiency of funding, including a New Fiscal Policy model, and could co-develop an accountability framework supported by First Nations-led institutions. This would streamline reporting mechanisms and support First Nations in their primary responsibility of reporting to their citizens. It would also include an outcome-based framework aligned with United Nations Sustainable Development Goals, including key well-being and socio-economic markers to measure progress in closing gaps.

Source: Indigenous Services Canada (2018[37]), *Establishing a New Fiscal Relationship*, https://www.sac-isc.gc.ca/eng/1499805218096/1521125536314 (accessed on 24 January 2019).

The challenge with more flexible funding is that it requires financial management and planning capacities within Indigenous communities and organisations. In order to address the needs of low-capacity communities and facilitate a shift towards more flexible financing, priority needs to be given to financial management training and organisational capacity building. This includes support to develop development of financial reporting systems, disbursement, procurement, audit and monitoring and evaluation in Indigenous communities that hold them accountable to the federal government as well as their

community members. Greater transparency, collection, and communication of data on spending and progress of projects is a key tool in this context.

Greater flexibility also requires stronger planning frameworks. Through its *Regional Comprehensive Economic Development Strategies*, the Economic Development Administration (EDA) in the United States works with Native American tribes to improve their planning frameworks. Funding and technical support are provided by the EDA to tribal organisations to complete these strategies that must include a process of community and stakeholder engagement and produce a regional economic development strategy that assesses local economic strengths and challenges, identifies priorities and develops a framework to evaluate success. These strategies can then be used to unlock funding from the EDA for local infrastructure, small business and technical support.

Funding and financing arrangements with Indigenous communities need to account for different levels of need and the costs of delivering services in rural remote areas (Table 4.4). Access to an appropriate set of public and private services is crucial for the quality of life of citizens and the competitiveness of firms. This makes service availability a central feature for improving community well-being. However, rural regions face a particular challenge in the form of relatively high costs of service delivery due to a number of factors. In the current context of tight fiscal budgets, discussions around how to deliver services in more cost-effective ways in rural areas have come to the forefront of the discussion in many OECD countries (OECD, 2010[38]).

Table 4.4. Factors affecting the cost of rural services

Factor	How it impacts service delivery costs
Distance	All forms of connectivity are scarcer and accessibility to rural areas more expensive. Transportation costs and overall costs to provide goods and services are higher in rural areas on a per capita basis.
Low population	It is difficult to achieve scale economies of production of goods and services including public services.
Low density	In rural regions people tend to be dispersed or even scattered across much of the territory, making connectivity harder to achieve.
Ageing population	As the population ages, the mix of services demanded changes; this may require new investments or outlays especially concerning healthcare.
Diminishing subsidies	Governments are cutting expenditures, which has an obvious impact on government services and costs.
Increasing diversity	Rural populations are becoming more diverse, representing a mix of residents historically rooted in the region (including Indigenous people), newly retired people, second home residents or newcomers who commute to a city for work. The result is a fragmenting of demand and a population where significant numbers of people choose to obtain goods and services away from the place where they live.
Few service providers	Choice is valuable. Too often rural service providers seek to exploit a local monopoly situation while paying little attention to actively marketing their own businesses or improving the quality of services that they provide.

Source: OECD (2016[17]), *OECD Regional Outlook 2016: Productive Regions for Inclusive Societies*, https://dx.doi.org/10.1787/9789264260245-en.

Enhancing vertical and horizontal co-ordination

Various factors can contribute to co-ordination problems in the implementation of policies between levels of government and across different ministries and agencies. Previous studies undertaken by the OECD identify a number of common gaps that can occur in terms of multi-level governance arrangements, which are summarised in Table 4.5.

Table 4.5. Common gaps in co-ordination across levels of government

Gaps	Description	Instruments to address gaps
Administrative gaps	Mismatch between functional geographies and administrative boundaries	Need for instruments for reaching "effective size"
Policy gaps	Sectoral fragmentation across ministries and agencies	Need for mechanisms to create multidimensional approaches and to exercise shared political leadership
Capacity gaps	Lack of human, financial, knowledge (skill-based) or infrastructural resources between levels of government	Need for instruments to build capacity
Information gaps	Asymmetries of information (quantity, quality, type) between different stakeholders, either voluntary or not	Need for instruments for revealing and sharing information
Accountability gaps	Difficulty to ensure the transparency and integrity of practices across different constituencies	Need for institutional quality instruments

Source: Charbit, C. and M. Michalun (2009[39]), "Mind the Gaps: Managing Mutual Dependence in Relations among Levels of Government", https://dx.doi.org/10.1787/221253707200.

The capacity to address these gaps and implement a place-based approach to Indigenous economic development is shaped by the framework conditions within which Indigenous communities and organisations operate. This includes legislative statutes, roles and responsibilities between levels of government and different portfolios, the administrative practices of different state agencies and programme rules and fiscal arrangements. This section of the chapter begins by providing an overview of the basic legal frameworks governing relationships between governments and Indigenous peoples. Following this overview, common co-ordination challenges across different ministries and between levels of government will be discussed.

Legal frameworks fundamentally define Indigenous identity, rights and policy actions

There are legal frameworks in each country that shape how Indigenous rights are defined and often which level of government has responsibilities for making laws for Indigenous peoples. In some cases, this exists in a state's constitution, in others is also included in separate laws and treaties, sometimes going back hundreds of years. Sometimes these laws and their interpretation are contested. In such instances, it is often then left to the courts and evolving jurisprudence to refine these rights and update legislative frameworks. This framework legislation defines the parameters of action for public policies and also state obligations and relationships with Indigenous peoples.

National and state governments share responsibility for relationships with Aboriginal Australians – but there is no clear division of competencies

The role of the national government in Indigenous affairs is based on the 1967 amendment to the constitution, which removed the reference that barred the Commonwealth from making laws related to Aboriginal people. Following the amendment, the Commonwealth was able to legislate for Aboriginal people and this became an area of shared responsibility with the states. States that have historically managed relations with Indigenous peoples and retain significant areas of responsibility. States have primary responsibility for managing land in Australia and many established statutory land rights regimes for Indigenous peoples from the 1970s. States are also primarily responsible for the delivery of education and vocational training, health and local police services and the judicial system. While the national constitution does not directly refer to the Indigenous population, there have been recent amendments at the state level to recognise them in their constitutions.

Over the last 30 years, there has been a transformation in land rights for Indigenous peoples in Australia. Australia's settlement by the British was based on the principle of "terra nullius" (empty land) so there was never a treaty governing the transfer of land at the time of settlement as was the case in Canada, New Zealand and the United States. An Aboriginal man, Eddie Mabo, challenged this concept through the courts and the High Court of Australia found in 1992 that customary Indigenous laws survived in cases where the Crown did not extinguish them. The adoption of the Native Title Act (1993) initiated the process of determining native title rights in Australia. As of June 30th, 2018 there were 428 registered determinations of Native Title (exclusive and non-exclusive) in Australia which constituted 37.8% of Australia's land mass (Federal Court of Australia, 2018[40])

There is also state legislation that defines land rights in Australia. Shared responsibilities between the national and subnational governments regarding Indigenous policies means that co-ordination between levels of government is a key issue for Australia. Failures to co-ordinate to ensure coherence of policies can lead to fragmentation or duplication of policies or gaps in service provision. To co-ordinate amongst the different government levels, Australia has developed a Ministerial Council on Indigenous Affairs, which includes ministers from federal, state and territory governments to co-ordinate better on Indigenous issues. This entity works within the framework of the Council of Australian Governments (COAG). COAG is the peak intergovernmental forum in Australia and its Ministerial Councils provide a forum for collaboration and decision-making on agreed priorities.

Canada's framework legislation on Indigenous peoples is evolving – Redefining relationships with government

Constitutionally, the Federal Government of Canada is responsible for the relationship with all Indigenous peoples and the parliament has jurisdiction over "Indians and lands reserved for Indians". A 2016 court ruling about who is to be considered "Indian" has specified that this also includes Métis and other non-status Indians; this, however, remains contested (Vowel, 2016[41]). In practice, this often means that the federal government holds exclusive responsibility for Indians living on reserve while those living off the reserve fall under the general responsibility of the provinces. Provincial laws, generally, apply to all Aboriginals, off and on reserve, except if they conflict with treaty rights, federal legislation or provisions, laws or regulations made under the Indian Act (Library of Parliament, 2016[42]).

The Indian Act (1876) is the general statute governing registered Indians/First Nations and the reserves set aside for them. When it came into place, this shifted control to the federal

government and dismantled traditional governance systems, imposing a governance structure prescribed by the state. Under the Indian Act, First Nation government decisions are subject to approval by the federal government including funding for reserve programmes and infrastructure and the leasing of land. Incrementally, "opt-outs" of the Indian Act have been introduced that allow for increasing self-governance including in areas such as social and economic development that are constitutionally protected as Aboriginal rights. For Métis and Inuit, who are not part of the Indian Act, self-governance options differ. Métis have started tripartite agreements towards self-governance, while the Inuit have negotiated land claim agreements, two of which contain self-government provisions (UN, 2013[43]).

Treaties are also used as an instrument to define Indigenous rights in Canada. The 1763 British Crown's Royal Proclamation established First Nation governments as original landowners and required colonial authorities to negotiate treaties with them in order to settle in their territory (Penikett, 2012[44]). An amendment of Canada's Constitution Act in 1982 recognised existing Aboriginal and treaty rights, and the provision for future negotiation. Indigenous people's relationship with Canada is defined by a range of individual treaties that are concluded between First Nation and Inuit peoples and the Crown, and define rights and obligations on each side. Roughly 70 historic treaties were concluded across Canada with First Nations until 1975 and an additional 26 land claim agreements or "modern treaties" have been signed (Morin, 2018[45]). These treaties together with certain changes to the Indian Act has resulted in Indigenous peoples taking over jurisdiction over governance structures, membership, education, health and land use planning. This, however, can only exist with the consent of the federal government and in some cases provincial governments.

The constitutional division of responsibilities has established direct relationships between Indigenous communities and the federal government, bypassing provinces, territories and municipalities. In practice, this means, that different in standards in the provision of infrastructure maintenance and availability can exist between reserve lands that fall under the responsibility of the federal, provincial agencies, and surrounding municipalities. In other instances, a lack of institutional responsibilities creates regulatory gaps. This, for instance, is the case of environmental management in Canada as the Constitution Act, 1867 does not assign responsibility for environmental management to the federal or provincial governments, creating great obstacles for development on reserve land. Consequently, co-ordination on a regional scale between representatives of the federal government, provinces and territories as well as Indigenous peoples is key in Canada.

Sámi legislation in Sweden focuses on minority rights and reindeer herding – this, in turn, limits the purview of public policies for the Sámi

In Sweden, the Sámi are recognised as Indigenous people since 1977 as well as a national minority (1999), providing them with two kinds of protection and rights. As an Indigenous people, the Sámi enjoy specific innate rights under Swedish and international law, for instance with to regards land, water and self-determination (Swedish Equality Ombudsman, 2008[46]). The rights as an Indigenous people are largely linked to membership in a Sámi reindeer herding community (*sameby*), which only encompasses a minority of the people who identify as Sámi. The *sameby* members decide who to include in the community (see Chapter 3). This means that, in Sweden, important Indigenous rights are liked to specific livelihoods, which is restricted membership to *sameby*. This is limited to inheritance and constraints on the amount of land available for grazing. As a national minority, the Swedish Parliament has the obligation to strengthen their culture and

language (Swedish Equality Ombudsman, 2008[46]). Further, in 2011, the Sámi were recognised in the Swedish Constitution as an Indigenous people.

In Sweden, responsibilities for Sámi matters are distributed across a range of ministries and national agencies (OECD, 2019[25]). The Sámi Parliament represents the interests of Sámi people in Sweden, delivers state programmes and liaises with different national ministries and state agencies as well as counties and municipalities on Sámi issues. When it comes to ministries, the Ministry of Culture has responsibility for the Sámi language and culture. The Sámi Parliament has responsibilities within these fields and reports to the Ministry of Culture. The health and education ministries have specific programmes and services for Sámi people. Business and economic development issues are the responsibility of the Ministry for Enterprise and Innovation. This includes policies related to fisheries, hunting and reindeer husbandry, and regional and rural development.

A key trend in the governance system of Sweden concerning regional development is strengthening the role of the elected county councils at the regional level (OECD, 2017[47]). County Councils are taking on responsibilities related to regional development from national agencies. This shift means that mechanisms are needed to ensure the Sámi have a voice and the capacity to meaningfully engage with the regional level on economic development issues.

New Zealand are putting the Treaty of Waitangi/Te Titiri o Waitangi at the centre of all relations with Māori – but are vulnerable to political discretion

In New Zealand, the Treaty of Waitangi (1840) defines the Māori-Government relationship and is understood as one of the countries founding documents. As the treaty itself is unenforceable, it has to be given effect by statute and gains its legal significance from that (Parliamentary Library, 2005[48]). Today, about 30 acts require decision-makers in New Zealand to incorporate the principles of the treaty into decision-making. Further, courts have determined that the treaty is a key consideration for all government legislation. This has resulted in the inclusion of Māori rights into legislation. For instance, the Māori Language Act (1987) made Māori an official language of New Zealand and established the Māori Language Commission. The Māori Land Act (1993) promotes Māori rights to land, encourages the retention of land and provides mechanisms to facilitate land development, making statutory reverence to Māori cultural concepts (Luxton, 1996[49]). The Māori Representation Act (1867) also established specifically allocated seats to Māori, which now constitutes seven seats in the national assembly.

Very prominent in the interpretation of the treaty is the New Zealand Māori Council vs. Attorney-General case that defined the principles of the treaty in 1987. The defining principles are "partnership", describing mutual respect, co-operation and good faith of the two parties; "active protection", requiring the government to protect Māori interest in certain situations, and "redress", requiring the government to redress breaches of the treaty. In the past, the treaty was regularly broken; however, its principles today are considered in the development of all policy and legislation. Yet, the treaty cannot be used to repeal or invalidate legislation, causing Māori representatives to express that their rights are too vulnerable to political discretion (United Nations Human Rights Council, 2015[50]).

In New Zealand, the Ministry of Māori Development is responsible for government policy towards Māori. As all policies are to be inclusive of Māori, it needs to co-ordinate with other ministries on aspects of their portfolio that affect Māori. It runs its own programmes through a range of regional offices. New Zealand is a unitary country and subnational elected authorities operate under national legislation. Therefore, some of the jurisdictional

issues faced by Australia, Canada and the United States are not as much of a challenge in New Zealand. The national government has used legislation to support the participation of Māori in local decision-making. For example, the New Zealand Local Government Act (2002) requires local governments to improve opportunities for Māori to contribute to local decision-making.

In the United States, Indigenous relations are with the national government and state governments simultaneously

The Constitution of the United States of America (1787) states that congress has the power to "Regulate commerce with foreign nations and among the several states and with the Indian Tribes", which clearly defines federal competency over Indian affairs. Further, a historical 19th-century United States Supreme Court ruling establishes that Indian tribes are inherently sovereign, holding powers of self-government as they are "nations" with original rights to their ancestral lands. These sovereign rights are considered subordinate to the authority of the constitution of the United States (UN, 2012[51]). This way, federal powers override the sovereignty of the land and property of Indian Tribes in a way that is justified by a protective duty, called "trusteeship". The federal government mandates tribal consultation on many issues but has plenary powers over Indigenous nations. American Indians in the United States are generally American citizens as well as of their own nations (International Work Group for Indigenous Affairs, 2018[52]).

The United States presently recognises and maintains government-to-government relations with 566 American Indian and Alaska Native tribes and villages in old and new agreements. Between 1778 and 1871, the federal government concluded 370 treaties with various Indian tribes. They have the same status as treaties with foreign nations and take precedence over conflicting state law. Each treaty has its own terms and provisions, but generally contains guarantees of peace, provision of land boundaries, hunting and fishing rights, tribal recognition of US authority and US protection (National Congress of American Indians, n.d.[53]). As sovereign nations American Indian and Alaska Native tribes have authority over tribal members. Native Hawaiians do not have a similar status as well as other people that identify as Indigenous at the national level while some have received recognition at the state level (UN, 2012[51]). From the 1970s, more self-determination for Indian tribes has been defined through individual acts in specific areas that range from protection of Indigenous religion and culture to Indian economic and natural resource development, education and civil rights (UN, 2012[51]).

Entities with residual sovereignty tribes are often less integrated into the federal system and their relationships to states are sometimes unclear, leading to overlapping or competing areas of jurisdiction. To address this issue, states and tribes have developed intergovernmental agreements and compacts. These include gambling operations, management of water and other resources, child welfare, taxation and the administration of justice (Papillon, 2012[54]).

Horizontal co-ordination gaps at the national level

Responsibility for Indigenous issues at the national level can be centralised or distributed across multiple ministries and agencies. Horizontal co-ordination is important at the national level because it can help ensure the integration of Indigenous issues into other sectoral ministries (e.g. education, health and environment). Each model is prone to co-ordination challenges, particularly in terms of policy, accountability and informational gaps.

Centralised institutional setups

Most of the countries studied have a centralised approach to Indigenous policymaking. This means they have established designated ministries or departments that are responsible for Indigenous affairs and lead on this subject matter, for instance, the U.S. Department of the Interior with the Bureau for Indian Affairs or the Department for Indigenous Services Canada and the Crown-Indigenous Relations and Northern Development Canada. In Australia, Indigenous Affairs is located in the Department of the Prime Minister and Cabinet.

Table 4.6. National ministries and regional offices

Country	Responsible ministry	Regional office
Australia	Department of Prime Minister and Cabinet, Indigenous Affairs	33 Indigenous Affairs Regional Network, Department of the Prime Minister and Cabinet Regional Offices
Canada	Crown-Indigenous Relations and Northern Affairs Canada Indigenous Services Canada	11 Regional Offices of Indigenous and Northern Affairs Canada
New Zealand	All ministries, advised and complemented by the Ministry for Māori Development (Te Puni Kōkiri)	18 Te Puni Kōkiri Regional Offices
Sweden	Not one designated ministry. Ministry of Culture recognised as lead ministry, further involved Education and Research, Enterprise and Innovation, Environment and Energy as well as Justice. Sámi Parliament reports to the Ministry of Culture and has purview on matters concerning hunting and fishing, reindeer herding, Sámi language and culture. It liaises with other ministries on the matters concerning the Sámi.	County Administrative Boards (deconcentrated agencies of the national government in each county)
United States	U.S. Department of the Interior, Bureau for Indian Affairs: U.S. Department of Health and Human Services, Indian Health Service.	12 regional offices and 83 agencies that report to the Bureau of Indian Affairs; Indian Health Services with facilities in 12 areas

Ministries with responsibilities for Indigenous peoples often implement their policies and programmes through regional representation. This way regional offices act as an interlocutor between the national government and Indigenous communities. If regional offices do not share their local knowledge of what is happening "on the ground" with policy and analytical staff in headquarters, then information deficits occur. This then leads to policies designed at a national level that do not correspond to local needs and preferences. Hence, sufficient communication channels need to be put in place to ensure local knowledge can travel upwards and is utilised to inform decision-making. Our interviews revealed that often information sharing on the operational level works well, but that management levels are not sufficiently involved and can lack understanding of the situation on the ground.

This centralised approach with deconcentrated regional offices allows governments to tailor policies and build relationships with communities, as the point of contact is clear. At the same time, it gives rise to the danger of operating in silos and separating mainstream policymaking from Indigenous issues. As a result, it can create policy gaps as well as information gaps between ministries responsible for Indigenous peoples and those delivering mainstream policy. This, for instance, can lead to the fact that Indigenous

peoples are not integrated into regional development strategies and governance arrangements.

Distributed institutional setups

In some countries, responsibility for Indigenous affairs is distributed across a number of ministries. In Sweden, for instance, the Ministry of Culture has the primary responsibility for Sámi affairs on representative and cultural issues, but the Ministries of Education and Research, Enterprise and Innovation, Environment and Energy as well as Justice also lead on different policies directly affecting the Sámi (OECD, 2019[25]). In Sweden, ministries operate on a joint decision-making principle and this helps facilitate the inclusion of Sámi issues in mainstream policies. However, there is no single agency acting as an advocate for Sámi issues or providing a coherent whole-of-government view on Sámi society. The Sámi Parliament, as a government agency and elected representative of the Sámi people, does play an important role in advocating for Sámi interests, liaising between ministries of Sámi matters and bridging information gaps or silos. However, the large amount of issues that touch upon Sámi issues and the fragmentation across ministries makes it difficult for the Sámi Parliament to fulfil this role. The parliament is a relatively small institution that does not always have the capacity to engage with a large variety of ministries on all the policies potentially affecting the Sámi people (OECD, 2019[25]).

Mixing the two approaches

New Zealand mixes the two approaches. In New Zealand, for instance, the Ministry for Māori Development (Te Puni Kōkiri) provides a whole-of-government leadership role and liaises with all other ministries and agencies to ensure contribution toward better outcomes for the Māori. In New Zealand, all national ministers are responsible to contribute towards successful Māori outcomes, provide mainstream services that are responsive to Māori as well as another part of the population and provide services that cater specifically to Indigenous needs. Te Puni Kōkiri has an important co-ordination role within the government. For instance, it co-ordinates the Māori Economic Development Partnership Strategy with the Ministry of Ministry of Business, Innovation and Employment.

Co-ordination gaps between levels of government

The system of government within countries (unitary or federal) and the allocation of constitutional responsibilities can result in different responsibilities for national and subnational governments in regards to Indigenous issues. Regardless of these responsibilities, subnational governments do have a critical role to play in linking Indigenous communities with regional and rural development efforts.

Table 4.7. Responsibilities for Indigenous issues between levels of government

Country	Type of government	Subnational responsibilities for Indigenous peoples
Australia	Federation; Subnational governments: 8 states, 562 municipalities.	State and territory governments take some responsibilities; all have departments or agencies devoted to Indigenous peoples.
Canada	Federation; 13 states/regions and 3 959 municipalities. Indian reserves, Indian settlements and unorganised territories (1 203 entities in 2017) as well as special purpose entities, such as school boards, are excluded from the count.	Provinces and territories have no official responsibility. Provincial and territory laws and regulations apply to Aboriginals off-reserve and almost all have departments or agencies devoted to maintaining a relationship with the Indigenous residents.
New Zealand	Unitary country, 11 states, 67 municipalities. There is also a structured sub-municipal level (131 community and local boards)	No specific responsibility Ideally reflected in mainstream responsibilities of local governments. Some councils have Māori offices.
Sweden	Unitary country, 20 county councils, 290 municipalities (one acting as a county council as well). The 20 county councils and one municipality with the responsibility of a county council have additional responsibilities, such as regional development.	No specific responsibility. Ideally, reflected in mainstream responsibilities of counties and municipalities.
United States	Federation; 50 states, 3 031 intermediary level, 35 879 municipal level.	Most states have an office or department for Indian Affairs.

Source: Own elaboration; OECD (2018[55]), *Subnational Governments in OECD Countries: Key Data*, http://www.oecd.org/regional/regional-policy/Subnational-governments-in-OECD-Countries-Key-Data-2018.pdf (accessed on 17 May 2018).

Information gaps with subnational governments

Information exchange is a key effective co-operation amongst stakeholders. Each level of government has individually valuable knowledge. Local governments have knowledge specific to places and can play an important role in terms of community planning and co-ordinating programmes and projects at the local level. National governments play an important role in managing information and linking it to broader frameworks and can encourage the sharing of best practices. Thus, sharing information between levels of government need to go both ways, bottom-up as well as top-down (Charbit and Michalun, 2009[39]).

Additional information asymmetry can occur when subnational governments are bypassed in information sharing between regional offices and their national ministries or departments responsible for Indigenous affairs. This can easily happen in cases where jurisdictional responsibilities lie primarily with the national governments and there are weak links with subnational level governments. A lack of inclusion on Indigenous affairs in subnational governments can cause a mismatch in policy objectives between government levels and discourage subnational governments to engage locally with Indigenous issues. This increases the risk of programme or service duplication and often creates confusion and uncertainty for local stakeholders.

Interviews further demonstrated that information exchange often occurs in informal ways and ad hoc responding to specific challenges (OECD – interviews on fact-finding missions to Australia, Canada and Sweden). This can provide an opportunity to build communication, dialogue and establish networks (Charbit and Michalun, 2009[39]). On the downside, informal exchanges often depend on individual leadership and dedication and are vulnerable to changes of individuals involved. Further, these informal co-ordination

mechanisms reduce transparency and accountability of decisions and outcomes and can limit access of outsiders.

Administrative gaps

Regional information gaps in Indigenous issues often coincide with administrative gaps. Administrative gaps occur when administrative borders and functional economic areas at the subnational level do not correspond to each other (Charbit and Michalun, 2009[39]). This can occur in some jurisdictions between Indigenous reserves and adjacent municipalities. Functionally, these territories are integrated (e.g. a common labour market) but often they are administered in isolation by different levels of government (national, subnational and Indigenous). A lack of co-operation between different levels of government results in missed opportunities to co-ordinate infrastructure and services, and generate economies of scale.

In Canada, the strengthening of governance relationships between Indigenous and non-Indigenous organisations at the local level can have a powerful impact. For instance, a lack of co-ordination at the local level is a common source of conflict arising from diverging community objectives and cross-border land use impacts such as noise, smell, light, traffic, etc. Meanwhile, successful co-ordination can create or support joint economic development opportunities and more liveable communities overall (Nelles and Alcantara, 2013[56]). Creating scale through regional co-operation, therefore, remains a priority for achieving better Indigenous economic development outcomes.

Capacity gaps

Capacity gaps occur when levels of government lack human, knowledge or infrastructure resources to carry out the task (Charbit and Michalun, 2009[39]). Interviews revealed that common capacity gaps in public administration related to Indigenous economic development were cross-cultural competencies, brokering and facilitation skills, stakeholder engagement and business expertise (OECD interviews – fact finding missions to Australia, Canada and Sweden). In the context of Indigenous economic development, regional offices of the national Indigenous Affairs Agency in Australia are currently transitioning from programme managers to brokers and enablers of Indigenous economic development. This transition has generated mismatches in skills and capabilities. Regional office staff lack the diversity and depth of capacities to assume new these new responsibilities. This will require building skills related to complex problem solving, stakeholder management and business development.

Addressing horizontal and vertical co-ordination gaps

Governments use different instruments to address horizontal and vertical co-ordination gaps, which affect the alignment and coherence of policies at the regional and local levels. This section of the study examines five instruments used by governments to address these gaps: institutional mapping to clarify roles and responsibilities; establishing agencies responsible for whole-of-government co-ordination; establishing co-ordinating bodies between levels of government; building the brokering and facilitating capabilities of regional offices; and contracts and agreements to build scale.

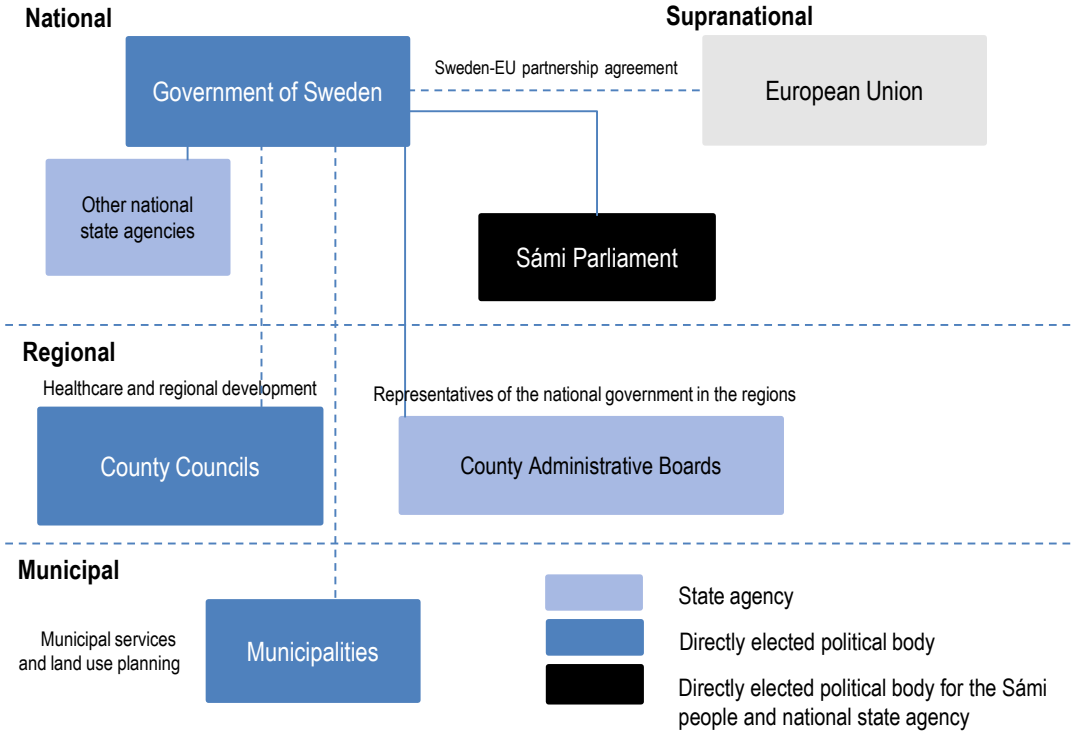
Institutional mapping to clarify responsibilities and roles of actors involved

Indigenous policymaking is highly complex, especially in federal countries, and involves a large amount of public and non-public actors. In order to avoid duplication or

fragmentation of programmes or services roles and responsibilities between levels of governments and sectors need to be clarified and exchange of objectives and information strengthened.

Institutional maps can be an important tool to improve the understanding of responsibilities and actors involved in Indigenous economic development at different levels of government. It can help to demonstrate their roles and functional relations and depict where and how information is shared (OECD, 2018[57]). The example below illustrates the multi-level governance relationships in Sweden (Figure 4.2). Sometimes maps also need to be reduced in their complexity to be meaningful. This can be done by limiting the depiction to one specific aspect of policymaking or geographical region. Figure 4.3, for instance, focuses on the institutional relationships between different actors in the state of Alaska that are responsible for Indigenous economic development and land management.

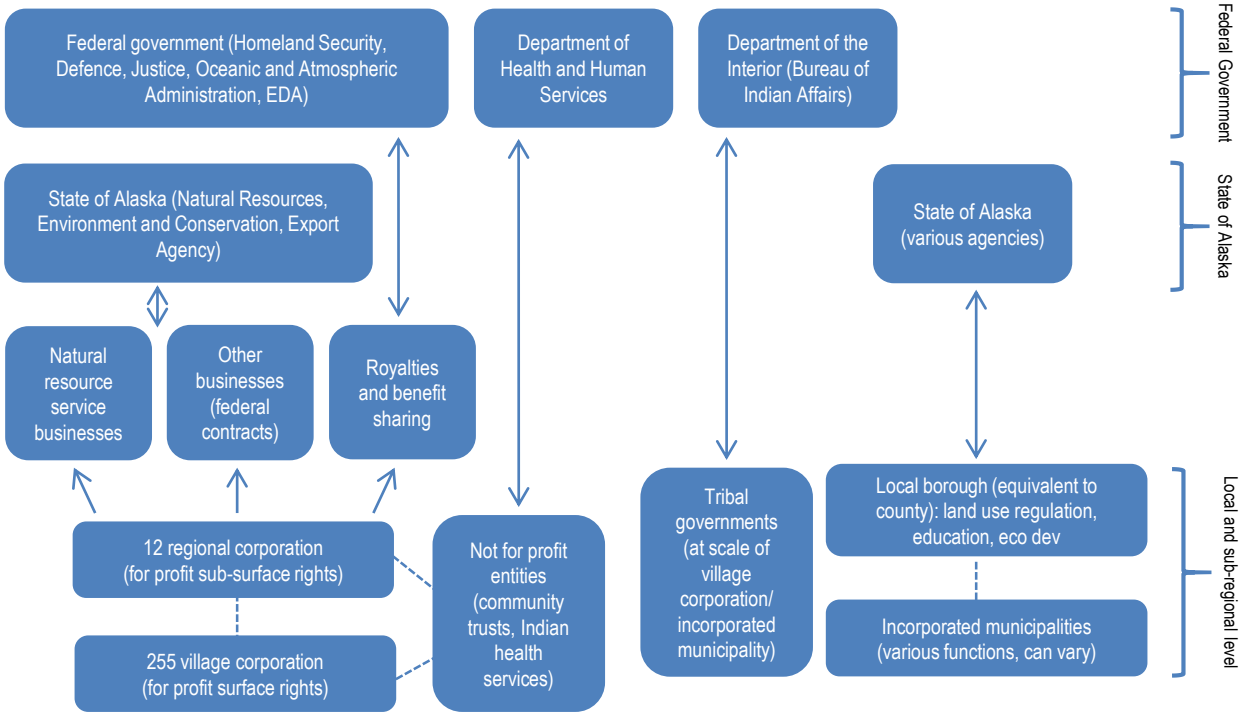
Figure 4.2. Multi-level governance in Sweden from 1 January 2019



Source: OECD (2019[25]), "Linking the Sami with regional and rural development policies and programmes", https://dx.doi.org/10.1787/9789264310544-6-en.

Graphic illustration often facilitates the identification of gaps for co-operation and information sharing. They can also specify types of relationships (subordination, co-operation, representation) vertically and show where systems are not integrated horizontally (OECD, 2018[57]). For instance, it can help illustrate if departments are prone to work in silos or if links between regional national offices, municipalities and Indigenous communities are missing.

Figure 4.3. Institutional Map – Indigenous economic development/land management Alaska



Box 4.7. Mapping of service providers for remote Indigenous communities

In Australia, service provision is outsourced to individual providers that bid for government tenders. The regional Indigenous Affairs office (Department of Prime Minister and Cabinet) responsible for the Dampier Peninsular Region in the North of Western Australia observed that service provision for the rural Aboriginal communities living on the peninsula is unstructured and often confusing to recipients. To find a solution, the office mapped out all service providers serving the region and is currently developing an online platform that allows co-ordination between providers and publishes operating schedules.

Source: Authors elaboration based on interviews on OECD fact finding mission to Australia in July 2018.

Creating agencies responsible for whole-of-government and portfolio co-ordination

Central units or agencies responsible for co-ordinating Indigenous affairs can be vital to ensure that all other ministries or agencies contribute towards better outcomes for Indigenous peoples. Prominent examples at the national level are the Ministry of Māori Development and the Australian Department of the Prime Minister and Cabinet, Indigenous Affairs. Both are responsible for whole-of-government co-ordination with ministries responsible for Indigenous outcomes in different sectors such as health, education, employment, etc. Other central units can exist within national ministries on specific sectors, such as the Office for Native American Business Development situated in the U.S.

Department of Commerce. The office takes on co-ordination roles within the department as well as with tribes and other federal agencies (Box 4.8). Further, in federal countries, states, territories or provinces often also have a designated Indigenous affairs department. These agencies and officers can help transmit a coherent vision across ministries and agencies and facilitate the identification of complementarities. Further, it allows for a single face of government. This can facilitate the co-ordination with Indigenous representatives and increase accountability.

Box 4.8. United States Department of Commerce, Senior Advisor on Native American Affairs

The United States Department of Commerce has a range of resources and tools to support Indigenous economic development. This includes grants related to broadband infrastructure, data resources, market development assistance and business and entrepreneurship programmes through the Economic Development Administration. The department has established a central unit in the Office of the Secretary to support a co-ordinated approach across the Department of Commerce and with different federal government agencies. The Office of the Secretary's Senior Advisor on Native American Affairs is responsible for:

- Co-ordinating and communicating all Native American issues directly with tribes and across all the bureaus within the Department of Commerce as well as externally with all other federal agencies.
- Co-ordinating and implementing the department's Tribal Consultation Policy Plan and consultation sessions.
- Serving as the primary contact for all tribal consultation actions and issues.
- Serving as the facilitator of the Office of Native American Business Development by assisting and consulting with Indian Country in leveraging the combined efforts of the federal programmes, tribal governments, private sector businesses and financing in order to promote economic growth for tribes and Native Americans.

Source: (U.S. Department of Commerce, 2019[58])

However, having such a co-ordinating agency does not guarantee better alignment of policies and programmes at the local level. The unit also needs to be equipped with sufficient resources and legitimacy to be able to take influence on other ministries. Agencies and offices responsible for Indigenous affairs situated directly within central agencies such as the Department of the Prime Minister and Cabinet in the Commonwealth of Australia or Aboriginal Affairs within the Department of Premier and Cabinet in the State Victoria, Australia, can help ensure that Indigenous issues are a priority for other ministries. The downside of these central agencies is that they often do not necessarily have the capabilities, experience, and operational capacity to deliver programmes and services. Therefore, effective ways to build these capabilities and develop mechanisms to link with the local level are crucial for its success. The sub-sections below, "Building brokering capacities of regional offices" and "Contracts and agreements to reach effective size", expand on this point.

Permanent and project-based co-ordinating bodies between levels of government and different sectors

Co-ordinating bodies are important for distributing information, fostering exchange, sharing lessons and realising projects that cut across constituencies. They also help align priorities, interests and timing (Charbit and Michalun, 2009[39]). Co-ordination bodies come in different forms including, working groups, committees, boards, councils or dialogue fora and operate vertically as well as horizontally. Co-ordination bodies can help promote co-operation and collaboration among and between levels of government and across different sectors (public, private and not-for-profit). A good example is the Australian Ministerial Council on Indigenous Affairs established under the COAG framework, which has already been discussed.

Other co-ordination bodies are set-in-place with a specific project focus. For instance, the Canadian SPI specifically addresses horizontal co-ordination challenges and provides a co-ordinated response specific to existing and emerging Indigenous economic development opportunities (see Box 4.9). It facilitates economic development collaboration among multiple federal departments and agencies, provinces and the private sector, and Indigenous organisations and businesses (Aboriginal Affairs and Northern Development, 2014[59]). At the local level in Australia, the City Deals Program aims for greater collaboration across governments and the private sector including the Commonwealth, a state or territory government, and local governments to enhance the liveability of cities. This also includes a focus on enhancing business opportunities for Indigenous Australians through public procurement. The first City Deal, in Townsville, created new opportunities for local Indigenous people through employment and procurement targets linked to the construction of the AUD 240 million North Queensland Stadium (Australian Government, n.d.[60]).

Building brokering capacities of regional offices

Regional offices need to build capacities in multi-level multi-stakeholder management to function as enablers of economic development. Situated between the national and subnational government levels as well as Indigenous communities, they are in a crucial position to link Indigenous peoples to the resources and information they need and encourage co-operation between Indigenous peoples and different government levels. Further, they can make sure the right decision makers are involved and can support in navigating the bureaucracy.

The role of national governments, in this context, is to support capacity building in regional offices. This should include a focus on Indigenous economic development and business development as well as in building skills such as communication, networking, facilitation and negotiation. For an elaborate list of qualities required of good brokers, see Box 4.17. Capacity building should be in line with goals set in the general Indigenous economic development strategy (if one exists). These should include a list of capacities required and allocate financial support that can finance the right human resource management tools to prepare staff to take on new responsibilities. This includes hiring new staff that can add to the knowledge pool and training current staff to transition to new responsibilities.

Box 4.9. Strategic Partnerships Initiative (SPI) – Canada

Initiated in 2010, the SPI provides a whole-of-government, collaborative approach to address gaps in existing Indigenous economic development programmes. It enables federal partners to strategically engage other governments and private sector partners to leverage additional funding in support of Indigenous participation in complex economic development projects.

With an annual budget of CAD 14.5 million, the SPI works in partnership with interested Indigenous stakeholders, provincial and territorial governments and the private sector to target federal investments from across departments in a broad range of economic development opportunities across various sectors of the Canadian economy such as mining, fisheries, forestry, agriculture, tourism and energy.

Currently, 17 federal agencies and departments are part of the programme that is organised by a secretariat that supports the Director-General of the Investment Committee (DGIC). The DGIC includes membership from all SPI signatory departments. It makes final funding decisions on initiatives and validates and prioritises opportunities for investments. It also identifies relevant federal government departments that have a lead role to play in supporting any given initiative and ensures that they work together with Indigenous groups to advance these opportunities. It also enables federal partners to strategically engage other levels of government and private sector partners so they may leverage additional funding or in-kind support. The DGIC completes a review of detailed proposals from federal departments on opportunities for consideration under the programme.

Source: Aboriginal Affairs and Northern Development (2014[59]), *Evaluation of Aboriginal Economic Development Strategic Partnerships Initiative*, https://www.aadnc-aandc.gc.ca/DAM/DAM-INTER-HQ-AEV/STAGING/texte-text/ev_eds_1442409296332_eng.pdf (accessed on 16 October 2018).

Contracts and agreements to reach effective size

Regional agreements between governments and Indigenous communities can be used to achieve economies of scale, manage common issues and achieve cost savings. They may cover issues such as service provision, land use planning and infrastructure maintenance. The greatest strength of these regional agreements is that they address multiple gaps at once. Not only do they help bridge administrative gaps but they also foster information exchange, can increase accountability by clarifying roles and build capacities of network management with participating actors.

Canadian research points towards two critical determination factors for the development of partnerships with Indigenous peoples. First, the capacity of actors to enter into arrangements and second, the willingness to do so. Capacity refers to the structures that govern Indigenous peoples as well as the resources at their disposal and willingness, and the degree to which actors make use of their capacities. This means that even where actors are not constrained by rules or resources, the emergence of co-operation is not evident. Consequently, when aiming to facilitate co-operation, it is important to consider the factors that affect political will, for instance, in terms of sacrificing some degree of local autonomy to shared action (Nelles and Alcantara, 2013[56]).

Further, research on relationships between Indigenous communities and municipalities in Canada finds that, over time, there has been a shift from service-provision agreements

towards more collaborative, co-operative and sometimes decolonising, horizontal and multilevel governance partnerships (Nelles and Alcantara, 2013[56]). This means that agreements move from contracts that define paying a yearly fee to the municipality in exchange for the provision of a service such as garbage collection or snow removal, towards establishing more co-operative relationships in a formalised way. Typically, these agreements included a set of common principles, such as mutual recognition and respect, and a commitment to communicate and/or meet regularly to discuss issues of common concern. In certain instances, including attempts to "decolonise relationships" through establishing more just and equal relationships (Nelles and Alcantara, 2011[61]). Two examples of successful multi-level governance agreements to build partnerships and create scale are outlined below (Box 4.10).

Box 4.10. Examples of regional co-operation with Indigenous peoples from Canada and New Zealand

The Mi'kmaq-Nova Scotia-Canada Tripartite Forum, Canada

In Nova Scotia, a collaborative governance model exists called the Mi'kmaq-Nova Scotia-Canada Tripartite Forum (http://tripartiteforum.com/). This forum was formed in 1997 as a partnership between the Nova Scotia Mi'kmaq, the Province of Nova Scotia and the Government of Canada, to strengthen relationships and to resolve issues of mutual concern affecting Mi'kmaw communities. To achieve its work, the Tripartite Forum relies on the efforts of a number of steering committees and working groups. The list includes: an executive committee; an officials committee; a steering committee; working committees which address a number of key topics such as culture and heritage, economic development, education, health, justice, social, and sport and recreation. Each level has representation from each of the three parties: the Nova Scotia Mi'kmaq, the Province of Nova Scotia and the Government of Canada. All parties agree to work together without prejudice and by consensus to discuss and resolve issues of mutual concern. The Tripartite Forum is jointly funded by Indigenous Services Canada and the Nova Scotia Office of Aboriginal Affairs.

The Economic Development Working Group includes Federal economic development and Indigenous affairs agencies, provincial departments and a number of different Mi'kmaw organisations. Each year the working group develops a work plan and is required to submit year-end reports to the steering committee identifying the activities completed or underway. The focus of the work plan in 2017-18 was Indigenous tourism development, addressing the Truth and Reconciliation Calls to Action, increasing access to procurement and supply chain opportunities both within Indigenous communities and the private sector and increasing the capacity of Indigenous communities to undertake business planning and proposal writing.

Manawatū-Whanganui Economic Action Plan

In New Zealand, most regions have an economic action plan which may outline the role of Māori and the local Māori economy in achieving the region's development objectives. In Aotearoa/New Zealand, collaboration has enhanced outcomes in the Māori economy in the Manawatū-Whanganui region through regional alliances between *iwi*, industry, councils, *marae* and government. They are also creating broader institutional arrangements to formalise these networks and work better with the government.

An Economic Action Plan *Te Pae Tawhiti* was developed, by business leaders, *iwi*, *hapū*, and councils in partnership with the central government with the assistance of a university. The plan is based on economic analysis, consultation data and best practice research and incorporates the ideas, priorities and aspirations that Māori people for economic growth and is

underpinned by concepts of autonomy and self-management. It recognises the importance of regional alliances between *iwi*, industry, councils and government, and that succeeding in the global marketplace will require alliances that deliver economies of scale, collective value and impact. It is building various institutional arrangements considered important to sustain the strategy including:

- An alliance of all *iwi* in the region, irrespective of Treaty settlement status, to provide direction and leadership.
- A subsidiary company or companies which actively co-invests in and develops Māori commercial ventures.

Sources: Mi'kmaq-Nova Scotia-Canada Tripartite Forum website (2018) (Mi'kmaq-Nova Scotia-Canada Tripartite Forum, 2019[62]) (accessed 28 March 2019); Horizons Regional Council (2016[63]), *Te Pae Tawhiti - Manawatū-Whanganui Māori Economic Development Strategy*, http://www.horizons.govt.nz/news/te-pae-tawhiti-manawatu-whanganui-maori-economic-d (accessed on 22 October 2018).

Strengthening relationships through participation in decision-making

This section highlights the need for higher levels of participation Indigenous peoples in decision-making, points out government programmes that seek to empower Indigenous peoples and stresses the need for cultural capacity building in public institutions. There are different forms of engagement ranging from one-way information sharing to full decision-making power for Indigenous peoples.

Importance of participation in decision-making

Citizen participation in policymaking can have two significant benefits. First, it can improve the quality of policies, laws and services as it incorporates knowledge and feedback from people who will be impacted by them. Second, it improves the policymaking process, making it more transparent, inclusive, legitimate and accountable, building trust in government (OECD, 2016[22]). An integral element of countries' moving towards a place-based approach for Indigenous economic development is making greater use of local knowledge through partnerships and engagement with Indigenous peoples. This also supports the UNDRIP, which includes a statement that states shall co-operate in good faith with Indigenous peoples before adopting and implementing measures that may affect them. Yet, significant challenges still exist in how Indigenous peoples participate in decision-making, leading to mismatches between the needs of Indigenous communities and the services and programmes they receive.

In 2017, the OECD Council recognised the need for a culture of governance that promotes the principles of transparency, integrity, accountability and stakeholder participation in support of democracy and inclusive growth. It recommends that adherents should:

> *"grant all stakeholders equal and fair opportunities to be informed and consulted and actively engage them in all phases of the policy-cycle and service design and delivery. This should be done with adequate time and at minimal cost, while avoiding duplication to minimise consultation fatigue. Further, specific efforts should be dedicated to reaching out to the most relevant, vulnerable, underrepresented or marginalised groups in society, while avoiding undue influence and policy capture." (OECD, 2017[64])*

These OECD recommendations build on fundamental research on citizen engagement. Citizen engagement can be characterised along the "ladder of citizen participation" developed by Arnstein (1969). The ladder specifies different rungs indicating the degree of participation, from non-participation to some degree of participation, for instance through information or consultation to opportunities for exerting agency though making decisions in partnerships, delegated power or citizen control (Arnstein, 1969[65]). Later, the ladder was revised by the International Association for Public Participation and can serve as a tool to understand different levels of Indigenous engagement as well as its challenges.

The below table has been adapted to show how participation of Indigenous peoples in decision-making can occur at different levels. They range from one-way information processes, over more comprehensive levels in which decision is taken collaboratively, to a situation where Indigenous peoples have the sole decision-making power.

Table 4.8. IAP2's Public Participation Spectrum adapted for Indigenous peoples

	Inform	Consult	Involve	Collaborate	Empower
Public Participation Goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place the final decision-making in the hands of the public.
Application to the Indigenous context	One-way relationship, Indigenous peoples are informed on new policies or developments.	Two-way relationship, Indigenous peoples are invited to present their opinion on specific topics but no obligation to take views into consideration in the final outcome.	Indigenous peoples are involved in all aspects of the policy circle, their input is reflected and considered in the final output.	Indigenous peoples, share the decision-making power with non-Indigenous counterparts through memoranda of understanding or joint-management agreements.	Indigenous peoples have full decision-making power over a certain service or matter.

Source: IAP2 Federation (2019[66]), *IAP2's Public Participation Spectrum*, https://www.iap2.org.au/Tenant/C0000004/00000001/files/IAP2_Public_Participation_Spectrum.pdf (accessed on 24 January 2019).

Limited representation, low levels of participation and inconsistent legal frameworks

Programmes and initiatives for Indigenous peoples have historically been delivered in a top-down way through sectoral ministries lacking the involvement of Indigenous peoples in decision-making and policy design (Head, 2007[67]). In the process of shifting towards an approach based on self-determination meaningful engagement with Indigenous peoples and its impact on decision-making, outcomes vary from case to case. Indigenous people are often in the minority and often have limited political representation in parliaments and other representative bodies, making it easy for majority-based decision-making to override their interest (United Nations Human Rights Council, 2015[50]; Morden, 2017[68]; Inter-Parliamentary Union, 2014[69]). Consequently, mechanisms to include Indigenous peoples in decision-making are needed to ensure the rights of Indigenous peoples are respected and their interests are translated into policymaking.

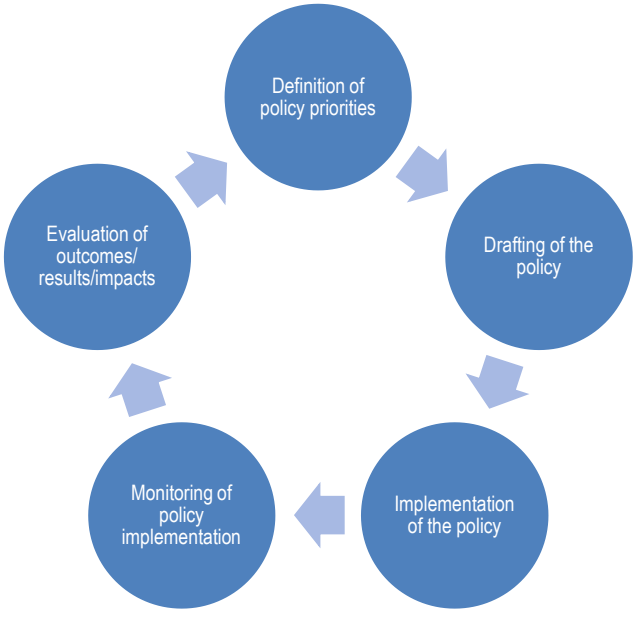
Low levels of engagement are often less successful because Indigenous people do not have the feeling of being able to make a difference. This bears the danger of trust erosion and

consultation fatigue as central decision-making is reinforced (Hunt, 2013[70]). Enforceable obligations to consult can be an effective tool to ensure that participation processes are undertaken and can provide clarity on procedures. In many instances, however, legal requirements for engagements suffer from loopholes and ambiguities (UN, 2012[51]). Especially, the quality and process definition of engagements vary greatly as they are often linked to political interpretation. This means that mechanisms for Indigenous participation are often unclear and that processes largely depended on the issue they deal with (e.g. the sectors they address) or the location in which they are situated (e.g. in which constituency is responsible).

Protocols for engaging with Indigenous peoples

High levels of engagement, at the right side of the spectrum, have been assessed as being particularly important for complex and difficult problems (Head, 2007[67]; Hunt, 2013[70]; Saxena, 2011[71]). This means providing Indigenous people with the opportunity to make decisions in the policymaking process, including the definition of the problem, the development of policies, as well as implementation and evaluation of outcomes (Hunt, 2013[70]). Hence, involving them in every step of the policy circle.

Figure 4.4. The different stages of the policy cycle



Source: OECD (2016[22]), *Open Government - The Global Context and the Way Forward*, https://www.oecd.org/gov/open-gov-way-forward-highlights.pdf.

Both Canada and Sweden are currently working on new protocols for engagement. In Sweden, the Ministry of Culture is presently working on an act on consultation that will outline the duty of the government and agencies to consult with the Sámi Parliament, *sameby* and other Sámi organisations on matters outlined in the act. It is anticipated that these guidelines will help to bring more rigour and consistency to the process that has for now been treated differently in sectoral legislation and varied in quality. In Canada, due to jurisdiction differences between federal and subnational governments, consultation procedures with Indigenous peoples often differ between national, provincial and

municipal levels. While the Canadian Supreme Court recognised the Crown's constitutional duty to consult and requires the federal, provincial and territorial governments to consult when their decisions might impact Indigenous peoples or treaty rights, implementation has been uneven. To address this, the government of Canada is currently reviewing their processes and is aiming to renew the relationship between Canada and Indigenous peoples including its 2011 Guidelines for Federal Officials to Fulfill the Duty to Consult. The 2016 report *Building Relationships and Advancing Reconciliation through Meaningful Consultation*, stresses the need to clarify what engagement means and includes how to set up meaningful co-operation (Gray, 2016[72]).

In the case of Canada, some Indigenous groups have started to develop their own consultation protocols and have signed individual agreements with the federal or provincial governments (see Box 4.11). This is an important step in clarifying roles, responsibilities and obligations of different parties in the engagement process. Individual agreements between Indigenous Groups and the government are an important opportunity to define consultation agreements based on the local needs and circumstances and enable Indigenous peoples to set their own standards in co-operation with the government. At the same time, bespoke agreements that advance quicker than the federal government's renewal process will lead to the application of different consultation standards.

Box 4.11. Canadian Consultation/Reconciliation Agreements Mississaugas of the New Credit – Federal Government

In 2018, the Mississaugas of the New Credit, a southern Ontario First Nation, have strengthened their relationship with the Federal Government through the signature of a consultation protocol agreement. The protocol sets out a clear process for fulfilling Canada's duty to consult with the Mississaugas of the New Credit First Nation and establishes the parties' respective obligations. It is designed to promote more effective and efficient engagement, defining the following aspects:

- Procedure for giving notice of projects.
- Outline of the consultation process, including for Aboriginal title claims.
- Elements for successful resolution.
- General information, including improvements and changes to the protocol.
- Funding provided by Canada.
- Confidentiality.

Leading up to the agreement, the parties established a Recognition of Indigenous Rights and Self-Determination discussion table and signed a Memorandum of Understanding defining the nature of their collaboration.

Kunst'aa guu-Kunst'aayah Reconciliation Protocol with British Columbia

The Haida Nation has negotiated a unique agreement with British Columbia, the Kunst'aa guu-Kunst'aayah Reconciliation Protocol that provides that decision-making is truly shared. The protocol is supported by provincial legislation, the Haida Gwaii Reconciliation Act (Government of British Colombia, 2019[73]). Both provide that there is shared decision-making on Haida Gwaii (a number of small islands off British Columbia's west coast) through the Haida Gwaii Management Council.

The Haida Gwaii Management Council consists of two members appointed by resolution

of the Haida Nation after consultation with British Columbia, two members appointed by the lieutenant governor in council after consultation with the Haida Nation, and a chair appointed both by resolution of the Haida Nation and by the lieutenant governor in council. A decision of the council must be made by consensus of the members, and failing consensus, by a majority vote of members. The council has an important governance role with respect to forest management, protected areas, and heritage and culture.

Source: British Columbia Assembly of First Nations (2014[74]), *Governance Toolkit - A Guide to Nation Building*, http://www.bcafn.ca (accessed on 15 October 2018).

In New Zealand, the duty to consult is derived from the principles of the Treaty of Waitangi, including partnership and active protection, but is not regarded as absolute and therefore consultations vary according to circumstances of the case (Human Rights Council, 2015[75]). Laws that require engagement are the Resource Management Act of 1991 (No. 69) and the Local Government Act (2002). The local government act sets out obligations for councils to ensure Māori are included in local government decision-making and have processes for participation in place (Local Government Act, 2002[31]). While processes remain uneven between councils and the level of engagement remains subject to political discretion, good practice examples have been observed regarding co-management and joint-entities (see Chapter 3).

To ensure engagement, some countries have legal frameworks that require engagement with Indigenous peoples. The USA, for instance, legally requires all federal agencies and departments to consult with Indian tribal governments when considering policies that potentially impact tribes. The Executive Order 13175 (2000), "Consultation and Coordination with Indian Tribal Governments", requires agencies "to establish regular and meaningful consultation and collaboration" on federal matters that significantly or uniquely affect Indigenous communities. The executive order has been criticised for being poorly applied and ineffective, creating a disjointed framework that lacks accountability (UN, 2012[51]). For instance, it falls short of setting a timeline for agencies to have a final consultation policy (Routel and Holth, 2013[76]). In the end, this leaves the quality of engagement to the individual agencies.

Programmes to build community capacity

Increasing engagement in decision-making requires capacities for effective governance within Indigenous communities. Past policies have dismantled traditional Indigenous structures and this has eroded Indigenous community governance and leadership capacity, which poses challenges for participatory decision-making. Governments can play an enabling role in providing resources and tools to strengthen the capabilities of Indigenous organisations. This section considers lessons from examples of these programmes in Australia and Canada. They demonstrate the importance of focusing on outcomes, adapting to the community's existing capacity and governance arrangements, and providing technical support and advice.

The *Empowered Communities Plan* (2013) is a nation-wide initiative in Australia that provides an example of supporting Indigenous-led local development (Empowered Communities, 2018[77]). The programme focuses on supporting Indigenous authority and responsibility to empower local Indigenous leaders to create and drive solutions according to their communities' needs. Indigenous leaders from eight remote, regional and urban communities across Australia developed the programme in collaboration with the federal

government. To drive the implementation of the Indigenous Empowerment policy on the ground, each region establishes development agendas. The five-year development agendas are prepared by the Indigenous people of an Empowered Communities region and require the communities to commit to conditions including school attendance, participation in work and addressing alcohol and drug offences.

Another example is the Northern Territory Governments' Local Decision-Making Initiative that was launched in 2017 and aims to transfer government service delivery to Aboriginal people and organisations based on their community aspirations. The ten-year plan sets out to build strong Aboriginal governance capable of driving local solutions to local problems. The Northern Territory government and Indigenous communities work together to develop bespoke pathways focused on each community for instance including housing, local government, education, training and jobs, healthcare, children and families as well as law and justice. This is done building on already existing structures and only if strong community support is secured (Northern Territory Government, 2017[78]). Depending on the needs of the community, they can decide on the level of control they want to exercise over certain services, providing them with the option to take over control of otherwise government-run services. This signifies a first-step towards enabling more self-determination, acknowledging that communities are best placed to understand their needs and respecting their connection to country and cultural fit. Essential for both these programmes is that they do not duplicate each other and establish competing programmes initiated by different levels of government, in this case, the federal and the territory level. Consequently, incentives for community planning should not be solitary policies having an effect in isolated places but need to be sufficiently liked to and embedded in other, more mainstream regional plans and aligned across different government levels.

In 2017, Canada developed its Community Development National Strategy aiming to support community development through a holistic, strength-based and community-led process, which respects the principles of cultural competency and Indigenous knowledge. The strategy includes Comprehensive Community Planning Program (CCP). The CCP is a tool that enables a community to plan its development in a way that meets its needs and aspirations. It establishes a future vision and guides the implementation of the project to achieve the vision, assures community project are thought through and linked to other plans of the community. To date, approximately one-quarter of First Nations, or 162, have Comprehensive Community Plans. The plans typically cover areas such as Governance, Land and Resources, Health, Infrastructure Development, Culture, Social, Education and Economy (Indigenous and Northern Affairs Canada, 2016[79]).

Cultural competence

Capacity gaps do not exist solely on the side of Indigenous communities. Policymakers often do not have sufficient knowledge and awareness of the regional and local complexity of Indigenous cultures, livelihoods and society to engage with them effectively (Hunt, 2013[70]). This may create capability gaps, especially in positions of middle and upper management that have less direct contact with communities than their local and regional staff.

Part of the effort to build an environment in which Indigenous communities are encouraged to engage in local area planning is investing in the capacity of government personnel to build meaningful and strong relationships with them based on mutual respect. This requires personnel, from executive leaders to policy and administration officials, to take part in cultural exposure sessions and receive training in cross-cultural skills. In addition, the

recognition of regional native languages as an asset could encourage regional staff to profit from native language training and enable Indigenous peoples that are bilingual the possibility to fill positions.

Cultural knowledge and sensitivity also mean examining past conflict, forced disposition, displacement and discrimination and engage in reconciliation actions to re-establish trust and resolve tensions (Hunt, 2013[70]). When looking to engage with Indigenous peoples, it might sometimes be unclear who should be approached as the right contact point. This is largely the case as Indigenous governance structures are a mix of traditional governance, colonial legacies and political advocacy groups. Indigenous peoples may perceive that jurisdictional and legislative separations do not correspond to their traditional identity, including land, people and resources. For example, First Nations peoples in Canada perceive themselves as much larger "Nations", which were split-up into bands and reserves because of the Indian Act.

Specific training and practices can be undertaken to build cross-cultural competencies. In Victoria, Australia, for instance, Victorian Aboriginal Community Services Ltd. provides Indigenous Cultural Awareness Training for public, private and non-profit organisations in regards to cultural awareness perspectives, Indigenous history, Indigenous culture and value systems, and racism and stereotypes. In addition, Indigenous peoples need to be encouraged and supported to join the public service, to be able to mediate between the cultures bridge gaps in understanding and help to link the two worlds. This can be achieved by setting targets for Indigenous employment in the public sector and creating positions for Indigenous peoples in public institutions as community brokers or navigators.

Specific units can also be set up to liaise and co-ordinate engagement with Indigenous peoples. Following the requirement set out in New Zealand's Local Government Act (2002), which constitutes the need for local councils to facilitate the participation of Māori in local government, many councils have created policy units for Māori. The Auckland Council has Te Waka Angamua – the Māori Strategy and Relations Unit. The department is responsible for providing advice on all Māori-specific policy, planning, research and evaluation, stakeholder engagement, relationship management, bicultural development and training, and Māori protocol. Similarly, Whakatāne District Council runs Tumuaki Ki Te Tumuaki, which comprises Cultural Training Wānanga (workshops) to assist the organisation with Māori cultural ceremonies, engagement with Māori and Māori translation of corporate documents and promotional material. They also employ a part-time Māori policy analyst (Local Government New Zealand, 2017[80]).

Empowering Indigenous organisations to shape and lead economic development strategies

This section of the chapter examines how Indigenous institutions are taking a leadership role in promoting economic development at the regional and local levels, and how to strengthen these Indigenous-led institutions. It begins by identifying the capabilities required of Indigenous-led institutions to take ownership of economic development strategies such as effective leadership and community engagement, financial literacy and business skills and acumen. This leadership role also includes the capacity to mobilise resources, influence political decision-making and build alliances. Leading practices to achieve this outcome by creating ecosystems for capacity development, community brokers that add governance capacity and fostering regional alliances for scale are identified and discussed.

Strengthening capabilities for self-governance

It is impossible to understate the complexity of local governance arrangements across Indigenous communities globally. Decision-making institutions, and therefore their capabilities, have been shaped by unique contexts, histories, culture and aspirations. Institutions that might enable Indigenous communities to take a leadership role in governing their affairs have different histories, mandates and levels of support. There is an overall trend of Indigenous peoples "taking back control" over their affairs and experimenting with different institutions to achieve this goal. This means that trajectories of self-governance are different within and between countries. Governments need to recognise this diversity and invest in effective ways of strengthening these Indigenous-led institutions.

The shift toward self-governance

Prior to colonisation, Indigenous people had the capacity to distribute resources and generate well-being for millennia, through the use of land, traditional knowledge and innovation, and ancestral governance informed by shared cultural values and norms (Bauman et al., 2015[81]). But colonisation bought violent dispossession from land and other policies for exclusion, assimilation and slavery. Many communities changed, as governments and religious institutions displaced groups from their lands and bought them together on missions and reserves, or removed children to non-Indigenous families or boarding institutions (Cornell, 2006[9]). Some people returned to their "homelands", some took over the newer communities that had been established and others moved on following, or forced into, work in other places. These devastating histories have created issues around identity and membership, and debates around "who is the 'self' in self-governance" (Smith et al., 2008[82]).

Indigenous groups have responded with the spirited and continuous action to regain control of resources. Frequently changing government agendas and policies around welfare and land rights, have seen new and complex hybrid organisations created to negotiate treaties, make land claims and alleviate poverty (Tsey et al., 2012[3]; Curry and Donker, 2011[16]). This has been a time consuming and onerous challenge for communities – but a hugely impressive response. Indigenous knowledge and capabilities have subsequently developed across health, housing, education and training, culture, regulatory and legal issues, justice, economic development and business, land ownership and management, heritage and site protection, and the environment (Bauman et al., 2015[81]). But the relentless focus required to address government policies across these issues has affected capacity to evolve effective governance for economic development in some places, particularly in smaller clan-based regional settings (Curry and Donker, 2011[16]; Dodson and Smith, 2003[2]; Cornell, 2006[9]) (Tsey et al., 2012[3]).

Indigenous communities may also wish to pursue economic development in different ways than the current mainstream modes. Many are seeking models that are not only profitable but that also address community capacity and the preservation of traditional culture, values and language. Communities are deciding for themselves what they want to achieve and what will be a culturally acceptable way of realising their goals (see Box 4.12). This is shaped by their unique cultural understandings and obligations, as well as the processes for reconciling the multiple, overlapping and intersecting Indigenous interests of individuals, families, clans and First Nations, and Indigenous organisations (CYPCYLC, 2018[83]). In some cases, there is a genuine trade-off between cultural values and economic

performance; in other cases, the two are complementary (NZIER, 2003[84]). Either way, this contested "how" creates additional challenges for internal and external governance.

Box 4.12. Inclusion of traditional law and practice into modern community governance - The case of Yawuru

The Yawuru people of Broome (Western Australia) set up the Yawuru Corporate Group as a governing body after receiving Native Title rights. While their organisation emerged from their native title claim, founded in Australian law, it is at the same time grounded in *Bugarrigarra* – the time before our time –, which and represents the core of Yawuru cosmology. *Bugarrigarra*, among other things, specifies protocols and laws for living within this environment and amongst others. Following that, the Yawuru made respect and active maintenance of language, law and culture the basis for their strategic planning and economic development initiatives. Developing a unique place-based plan, the Yawuru Cultural Management Plan sets out how Yawuru people intend to manage their country and cultural heritage using Yawuru understandings of the country. It highlights how Yawuru will work with partners to make sure that the country is cared for in the best possible way and to deliver the greatest possible benefits to Yawuru people. It focuses on sustaining traditional practices, developing the Yawuru Rangers programme, working with scientists to collect and record valuable data, developing employment and business opportunities, and further strengthening the culture and health of the Yawuru community through connection to the country. The award-winning Yawuru Cultural Management Plan has set a precedent for many communities that have an inseparable custodial relationship with their landscape.

Source: Yawuru (2016[85]), *Planning for the Future: Yawuru Cultural Management Plan*, 3rd Edition.

Indigenous self-governance models reflect the process of colonisation and legal frameworks, the cultural distinctiveness Indigenous peoples have struggled to preserve, their conceptions of how authority should be exercised, their view of acceptable economic development, their goals, and the assets they have to work with (Moran, 2009[86]). A diversity of governance models is required to accommodate these differences. A one-size-fits-all approach within any one country is bound to fail and governance cannot be imposed by outside authorities. It has to be built internally by communities themselves (Smith et al., 2008[82]).

Governments need to acknowledge different capabilities will be needed in different places at different times. They will also need to recognise good governance is an ongoing process that requires long-term commitment – just as it is for all national, regional and local governments, who invest heavily in a constant process of building and iterating their own public service capacity.

The OECD's place-based approach offers governments a framework for investing in capacity building in a flexible way across communities and over time. The rewards for governments will be significant. Not only has self-governance been shown to create more effective decision-making and better outcomes. but negotiation about models and capacities will facilitate cross-cultural learning and exchange, which will improve government and build Indigenous communities trust in it (Tsey et al., 2012[3]). Indigenous history of adaptation through adversity also means clever models of governance are

emerging that governments could learn from to improve their actions for all other types of communities.

Common capability gaps

A number of capability gaps in governance for developing economic opportunities were identified by Indigenous institutions in the OECD country visits and surveys. The most often cited were:

Leadership, defining who has the authority and over what, making sure that rules to ensure authority are exercised properly and people are being held accountable for decisions made. In particular, the development of young people as leaders with the skills for economic development was cited as a challenge, particularly in rural or remote areas. In Australia, there is evidence that Indigenous leaders, not only need to have "general" leadership qualities but are also required to negotiate and balance their obligations between mainstream and community standards (Tsey et al., 2012[3]).

The development and use of local data. Chapter 1 identified challenges related to data collection and the need for local communities to collect their own data. In places where it exists locally, it is often fragmented and outdated. Together with missing capabilities on how to design surveys, collect data, develop measurements and analytical skills and process data, evidence to inform local decision-making is limited in Indigenous communities.

Box 4.13. Provide information and data to support local planning and community governance

Data is essential to inform policymaking on all governance levels. Without data, decision-making for Indigenous communities and organisations is limited. Local data can comprise knowledge and information on the people living in the community, including lands, resources and programmes. They can shed light on demographic development, membership, socio-economic conditions such as educational attainment rate and employment, maps of sacred lands and territories and way of life (Kukutai and Taylor, 2016[87]). In an effort to rebuild Indigenous governance structures and empower communities in their local planning, Indigenous communities need to have access to information and data about themselves and their communities. Yet, despite increased digitalisation, accessing, gathering, owning and applying local data is a challenge for many Indigenous communities (Kukutai and Taylor, 2016[87]).

Data availability at the community level is often a challenge and if it exists, it is often fragmented or siloed so that it is not useful to inform policymaking or evaluation. Accessibility to data can be improved through better dissemination from federal, state or university sources that hold public data. For instance, through providing dedicated community representatives with technologically secured access to their specific communities' data, that might be part of larger datasets like a census, while ensuring not to violate privacy standards or give access to unauthorised people. Further, public research institutions should be required to share data they collect, for instance through linking data sharing agreements to public funding arrangements.

At the same time, communities need to be supported in setting up the technological structures to control, manage and protect data as well as building capacities for data analysis and application. This way Indigenous people can increase the control over the

knowledge created and make use of it for their own goals. For instance, in gathering data on traditional practices on land, they can translate previously invisible information into evidence protecting their culture and way of life. To be able to do this on a large scale and with a certain degree of sophistication, this also requires governments to increase funding for data collection and expertise for analysis.

Strategic planning and examining different models for financing actions: this includes defining a vision for development and ensuring investments are linked to specific actions.

Business skills and acumen including negotiating contracts and joint agreements. Some communities would like to create partnerships and joint ventures for business or government (in tourism, land management, mining, fisheries, etc.) but do not know how, or what models work. Indigenous organisations lack the skills to undertake these negotiations to get the best outcomes for communities, including ways to insert cultural imperatives and sufficient business acumen.

Financial management and literacy. This includes the ability to make sense and manipulate money in different forms, the ability to manage and resolve financial problems as opportunities and ability to appreciate the wider impact of a financial decision for the broader community (Collin, 2011[88]). Often a lack of these capabilities leaves Indigenous peoples vulnerable to financial exploitation. At the same time, it is a core organisational capability needed to successfully implement economic development processes and assure accountability. In 2018, only 38 of 200 000 accountants accredited in Australia by CPA Australia and similar professional membership organisations identify as Indigenous (Parkes, 2018[89]).

Human resources management is linked to overall strategic planning and the roles that are defined for individuals to contribute to anticipated goals. It includes recruiting and training Indigenous candidates but also creating a work environment that reflects Indigenous values as well as talent management and succession planning (The Aboriginal Financial Officers Association of Canada, 2013[90]).

Structures to build community capacity through an education and training pipeline, which can be absent on regional communities (Dodson and Smith, 2003[2]; Halseth et al., 2011[91]; Tsey et al., 2012[3]).

The capabilities needed for good governance

Capacity building requires a framework for understanding the community development processes that build local leadership and the institutional processes through which communities can take charge of and responsibility for improving their circumstances. Shaped by unique cultural characteristics and obligations, these processes include ways to empower effective governance institutions to create legitimacy, seek community input, reconcile different opinions, make decisions, build the right relationships with those who can help achieve goals, and create profitable models for action and ensure leadership that can bring a community along on the journey.

It does not matter what type of local governing institution exists – whether they have been established in response to government policies, created for community advocacy or are a traditional governance group – they will need the capabilities listed in Box 4.14 to undertake economic development.

Box 4.14. Capabilities needed to undertake economic development

1. Build legitimate and culturally appropriate leadership and institutions that can develop a strategy to effectively exercise control over the economic development process, including:
    - Involving the community (and its stakeholders) in determining needs and goals (community engagement and consultation).
    - Compiling evidence to underpin planning (including statistics, research and evaluation).
    - Developing strategic action plans.
    - Building relationships with those needed to action the plans, and determining ways to leverage funding.
    - Running the governance organisation effectively (corporate governance: finance, legal, risk management, human resources management, evaluation, etc.).
2. Act by:
    - Establishing profitable and sustainable enterprises, social enterprises, co-operatives, Indigenous businesses and joint ventures.
    - Finding partnership models to address disadvantage.
    - Increasing participation in the labour market and education pathways (building community capacity).
3. Determine strategies for sustainability and scale, particularly through:
    - Advocacy.
    - Partnerships, alliances and other processes involving government.

Building scale to strengthen Indigenous governance capacities

Local Indigenous organisations also need to build scale to access public resources, attract investment and resolve complex problems. This can be a challenge if Indigenous communities are small and in remote locations, and their institutions are young with low levels of own-source funding and support. Across the world, Indigenous people are devising clever ways to either develop governance capacities internally (often in partnership with universities or consultants or through joint ventures), through supporting institutions such as their own finance organisations or by bringing in additional capacity in the form of non-Indigenous secondees or officers. Communities are also experimenting with innovative ways to build alliances and scale, which helps them influence policies, access new knowledge and technologies, and attract capital. This section of the chapter identifies three ways for Indigenous communities to build scale in their governance arrangements: i) ecosystems for strengthening local governance; ii) community brokers that add governance capacity; and iii) regional alliances to create scale (see Table 4.2).

Ecosystems for strengthening local governance

To be successful in economic development Indigenous organisations need skills to help existing initiatives build scale, incubate new initiatives and deal with policy and administrative issues. Some communities may not have access to an organised ecosystem for capacity building, particularly one that provides culturally appropriate access to advice, training, finance and support. This section introduces a range of different examples that are characterised by different specific features. Overall, a capacity-building ecosystem in a regional area would include components that:

- Maintains a system overview and showcases models.
- Assists in planning and the identification of markets, or models to address disadvantage.
- Provides information about capacity building opportunities.
- Assists navigating systems.
- Facilitates collaboration, including contact with investors, or partners.
- Provides spaces where innovation could occur.
- Assists with promotion.

Governments can assist by examining the ecosystems that allow Indigenous organisations to innovate, accelerate growth and address disadvantage. Governments can check that opportunities are accessible and have all the components needed. It may be possible to construct ecosystems by connecting existing activities (Jacobs, 2017[92]) but these ecosystems must also be culturally appropriate and able to address disadvantage as well as the development of business. This means they will need to include expertise in social enterprise models that suit Indigenous views of economic development. Indigenous community governance is likely to focus on social and economic development and may want support with models such as social enterprise, profit for purpose or co-operatives, collective impact models and social investment (see Chapter 2). An ecosystem will, therefore, need a diversity of networks that span beyond those of existing business support infrastructure.

Regional advisory services

For individual community organisations, one way of building governance capacity involves auditing the skills, financing, technical assistance and relationships of the decision-making group and/or organisation, and offering education, training, mentoring or organisational restructuring to fill gaps. These types of audits and self-assessment are widely used for mainstream decision-making boards to ensure they follow good governance principles and there are many tools available. Entities in urban areas can tap into the plethora of consultants, leadership programmes or university researchers to spend time with them to go through the process in one project. For example, the Apunipima Cape York Health Council invited university researchers to work with them to improve employee capacity within their organisation. They focused on building both hard capacity, such as in the technical aspects of planning, and soft capacity, including empowerment. Participants identified planning priorities, developing their skills, and then refined the strategies. The project was able to demonstrate changes in organisational capacity and confidence over time (Tsey et al., 2012[3]).

There are a range of issues for rural Indigenous organisations in the above strategy. Some rural communities may not be aware of what is available to them or have the networks to access the right help. Some may not have the funds to contract services. Some might find the training or leadership programs they identify as needed on an ongoing basis are not accessible in their areas. Some organisations offering consultations may not be culturally competent and therefore inappropriate. Small-scale Indigenous organisations may not have enough people to train in all aspects and may prefer to bring additional capacity in, for example, to do planning or strategy writing, rather than relying on training. Most importantly, these types of capacity building may not bring in the right types of activities and expertise at the right times. Longer-term support may be required, particularly given strategies may need to "pivot" while assessing whether certain strategies work.

Regional business advisory services (or development agencies) and incubators can help by providing links to a broader range of resources in a network that can be accessed as needed. They can offer Indigenous businesses and organisations a seamless experience over a longer development process by connecting them to opportunities to find:

- Foundation skills through training, mentor programmes and public workforce and economic development programmes (including Indigenous-developed ones such as Jarwun in Australia that offers short-term corporate or government secondees).
- High-quality technical assistance such as data analysis, legal advice, accountancy or other management services.
- Planning or policy advice, including models.
- Financial advice, access to finance and information about investment opportunities.
- Assistance with regulatory issues.
- Links to collaboration partners.
- Other support as required.

Community-based advisory hubs have been called for by regional Indigenous governance including for the Arctic (OECD, 2018[93]) and Australia (CYPCYLC, 2018[83]). They could be cost effective if they utilised the abundance of infrastructure that already exists and governments could assist by creating frameworks for areas (Jacobs, 2017[92]). In addition, they could provide capability improvements for government officers working to support economic development, who may have never led an organisation or run a business themselves.

Box 4.15. A community-based business advisory: Ávki, Sweden

Ávki is a development agency with Sámi cultural competency that was created to be "a partner for anyone who wants to develop and have a well-managed economy" and enable *sameby* to diversify economic activities (co-owned by them). It services the Sámi business community groups in Gällivare, Norrland and Sápmi offering business skills, book-keeping and accounting, and acting as an intermediary organisation, fostering collaboration and helping Sámi work through the funding and programme landscape.

Source: Ávki (2019[94]), *Homepage (website)*, http://www.avki.se/.(accessed 28 March 2019)

Innovation hubs

Over and above advisory services, is the need for innovation spaces of some type that additionally focus on developing innovative models, services or products for increased productivity or scale. These would allow innovators to come together to address key challenges in responding to business or community needs. In business, they involve communities of innovators coming together to find better ways to do things or trigger new business. In community development, they also operate to find solutions to social problems using the input of "citizen experts" who give their time to help develop new ways of doing things. Local government in Mexico City, for example, has recognised they have many citizens that are capable of helping solve complex problems. They have created the Laboratorio Para la Ciudad (Laboratory for the City), where citizens and citizen experts come together with local government officers in short sessions to find creative solutions to public policy problems. In Lambeth in the UK, a community governance partnership (including local government) has created an innovation hub in a neighbourhood to foster general participation. It took this step because of a perceived failure of the welfare system to generate community outcomes or entrepreneurial thinking and strong governance in communities with limited opportunities. Evaluation has shown this has generated economic benefits in the area (Box 4.16).

These examples are part of an emerging worldwide trend of local governance focusing on civic and economic innovation. With modification, these ideas could usefully serve Indigenous governance in regional areas and governments could help with their development.

Box 4.16. An innovation hub for general participation, United Kingdom

In Lambeth, United Kingdom, as an alternative to welfare, a community partnership with government created 20 "sharing" projects to meet local people's daily needs through participation. Projects were of two types: i) highly accessible "micro activities" that provide the knowledge, spaces and equipment to help with day-to-day life, such as saving money through bulk cooking (for example baby food) or bulk buying, fixing things through skill sharing, or growing food; and ii) larger community businesses, co-operatives and hybrid ventures, that distributed resources such as childcare or renewable energy. A free regular incubation programme underpinned the programme to generate projects of interest to the community. Early evaluation showed social and economic benefits and that high levels of micro-participation is a key component. At a 15% participation rate the effects reach the whole community, even those not involved. This work could suit Indigenous communities and we heard of micro-initiatives already being utilised such as small fishing licenses to promote enterprise and entrepreneurship.

Source: (The Royal Foundation of St Katharine, 2019[95])

Co-development institutions

Aside from business and development advisories, economic development will be improved by access to "co-development" institutions in networks, particularly those that offer research and development, financial support and advocacy to Indigenous governance institutions.

One way to enhance innovation, and important input into more localised innovation hubs or activities is through the research and development undertaken by specialist research institutes. Access to this type of evidence allows communities to develop the type of governance it needs to mobilise resources, increase productivity and reduce dependency on income transfer payments. Indigenous communities, therefore, need links to research that can help them create new models and utilise best practice. Representatives of Indigenous governance institutions spoke of the importance of learning from best practice examples from their own country and overseas in Indigenous economic development (OECD fact-finding missions to Australia, Canada and Sweden).

There are a number of specialist centres in universities around the globe that provide research and development to Indigenous governance (Box 4.17). They examine best practice in governance, the community development processes and tools outlined earlier and models for economic development. They also review and collate learning from global experience, giving communities access to the combined body of knowledge on governance from Indigenous groups globally. Governments fund these institutions and could expand their funding to include the support for the capacity building being requested by regional Indigenous groups in their jurisdictions.

Box 4.17. Examples of countries research and development institutes for Indigenous economic development

Te Mata Hautū Taketake (Māori and Indigenous Governance Centre), New Zealand

The Te Mata Hautū Taketake (Māori and Indigenous Governance Centre) Aotearoa/New Zealand aims to improve Māori governance generally, whether it concerns Māori trusts and incorporations, asset holding companies, *iwi* organisations, post-settlement governance entities, *marae* and *hapu* committees; and Indigenous peoples' organisations globally. It recognises the Māori economy (approximately NZD 36 billion) demands efficient and culturally appropriate governance by Māori organisations, and engages in collaborative research nationally and internationally, in consultation and partnership with Māori and Indigenous organisations.

Centre for Aboriginal Economic Policy Research, Australia

The Centre for Aboriginal Economic Policy Research is Australia's foremost social science research body and think-tank focused on Indigenous economic and social policy issues. The centre is building long-term partnerships with Indigenous stakeholders with a view to supporting and working with key individuals and organisations in the areas of research, education and policy development. It also undertakes commissioned consultancies for agencies such as land councils and native title representative bodies, Commonwealth and state government departments and agencies.

Harvard Project on American Indian Economic Development, United States

The Harvard Project of the John F. Kennedy School of Government, Harvard University, United States, aims to understand and foster the conditions under which sustained, self-determined social and economic development is achieved among American Indian nations. Its core activities include research, education and the administration of a tribal governance awards programme. In all of its activities, the Harvard Project collaborates with the Native Nations Institute for Leadership, Management and Policy at the University of Arizona. The Harvard Project is also formally affiliated with the Harvard University Native American Program, an interfaculty initiative at Harvard University. At the heart of the Harvard Project is the systematic, comparative study of social and economic development on American Indian reservations. What works, where and why?

Sources: (University of Waikato, 2019[96]) (accessed 28 March 2019), (Australia National University, 2019[97]) (accessed 28 March 2019), (Harvard University, 2019[98]) (accessed 29 March 2019)

Advocacy organisations

Another type of co-development institution important for an ecosystem to build community governance capacity is a not-for-profit advocacy organisation. These organisations address the systemic barriers community governance faces across whole nations. They challenge governments about self-determination, race relations, inclusion, government policy,

bureaucratic barriers, and equity in economic development and outline the conditions for positive change. They can be Indigenous community-controlled or non-Indigenous.

An example of a large community-controlled advocacy organisation is the National Congress of American Indians (Box 4.18) that is actively engaged in national and international advocacy efforts, educational campaigns and events, and programmatic initiatives. In the area of economic development, its advocacy efforts are based on its report *Securing our Futures* that outlines the challenge, "policy gains" and "promising developments" (NZIER, 2003[84]). The report demonstrates areas where tribes are exercising sovereignty, diversifying their revenue base and bringing economic success to nations and communities. It examines the path to "securing the future" – from education to food security, climate change to workforce development – illustrated with success stories from tribal nations (NZIER, 2003[84]). Their strategy is place-based, demonstrating that the circumstances of each tribal nation are unique but that promising practices offer a way forward to secure tribal economies and sustain prosperity for future generations.

Box 4.18. Organisations that advocate for better supporting policy: The National Congress of American Indians, United States

The National Congress of American Indians is the oldest, largest and most representative American Indian and Alaska Native organisation serving tribal governments and communities. Its membership is diverse, consisting of American Indian and Alaska Native tribal governments, tribal citizens, individuals, and Native and non-Native organisations. It serves as a forum – through an executive council, mid-year conference and annual convention – to create unified policy positions among tribal governments in order to: i) protect and advance tribal governance and Treaty rights; ii) promote the economic development and health and welfare in Indian and Alaska Native communities; and iii) educate the public toward a better understanding of Indian and Alaska Native tribes.

Source: (National Congress of American Indians, 2019[99]) (accessed 29 March 2019)

Securing our Futures also outlines that change is needed from the government to support tribal economic success. Successes have included legislation to improve health outcomes and advance public safety, the inclusion of tribes in national policy to support economic recovery and financial security, and new policy and legislation to streamline leasing and business development. While tribes do not want governments to drive their development, the National Congress of American Indians is calling for further investment in tribal economies, to stimulate and implement innovative economic policy, and remove barriers to economic development. They undertake their advocacy with urgency, acknowledging "Federal spending on Indian programs … has been falling since the late 1970s … and is slated for deep cuts [as deficits grow]". It is committed to the work of rebuilding and shoring up tribal societies, "bolstered with the tools of self-determination and self-government" (NZIER, 2003[84]).

Smaller non-representative organisations also exist to provide advocacy support. Reconciliation Australia and Reconciliation Canada focus on influencing businesses, schools, community groups and government organisations through dialogue and Reconciliation Action Plans (RAPs). RAPs in Australia provide a framework for all organisations, including government and corporates, to create social change and economic opportunities for Aboriginal and Torres Strait Islander Australians in their organisations

(see Chapter 2). They include commitments to acknowledgement, employment, training, procurement and capacity building. They also conduct advocacy activities, including research, national indicators and media to influence policymakers on aspects of reconciliation. Reconciliation Australia has undertaken campaigns on the delivery of banking and financial services to Indigenous communities (Altman and Sanders, 2002[100]), while Reconciliation Canada has just commenced a campaign on "economic reconciliation" (Reconciliation Canada, 2019[101]).

Community brokers that add governance capacity

An additional strategy for building governance capacity is through community brokers within Indigenous communities. Community brokers (sometimes called community advisors, community facilitators or CEOs of community corporations) are being used in some Indigenous communities to increase the capacity of governance organisations to undertake economic development. There are other models that address disadvantage and others focused on creating enterprises. In some, the brokers are Indigenous and in others, they are non-Indigenous overseen by Indigenous governance. In both, brokers strengthen governance organisations by bringing in extra capacity.

Box 4.19. Characteristics of "good brokers"

Evaluations show "good brokers" are critical to the success of dealing with issues that require partners to succeed. This is because the brokers:

- keep a birds-eye-view over work and make sure everything gets completed
- provide capacity that is otherwise lacking
- foster co-operation and ensure the right decision-makers are involved and have a commitment to contribute
- assist in navigating government bureaucracy
- identify opportunities and resources.

Successful brokers are highly personable and enthusiastic, are focused on the "big picture" and have:

- communication, networking, facilitation and negotiation skills
- project management and organising skills
- local knowledge and some standing in the community at a leadership level
- knowledge of the workings of governments
- entry into a range of settings, being seen as somewhat independent by all partners (trust).

Sources: Sullivan, H. and C. Skelcher (2003[102]), "Working across boundaries: Collaboration in public services", http://dx.doi.org/10.1046/j.1365-2524.2003.04183.x; Pope, J. and J. Lewis (2008[103]), "Improving partnership governance: Using a network approach to evaluate partnerships in Victoria", http://dx.doi.org/10.1111/j.1467-8500.2008.00601.x.

Brokers can build partnerships with those with the levers to make action happen. When partners first come together they do not necessarily see themselves as interdependent (Keast et al., 2004[104]) and to achieve this requires building both trust in and understanding of other organisations (Mandell, 2001[105]; Lewis, 2005[106]). The success of partnerships is, therefore, dependent on the relationship building brokers can foster that allows people to learn about each other, reshape any stereotypical views they hold, and understand the constraints other organisations face (Mandell, 2002[107]). In addition, brokers deal with hindrances such as: "blockers" (organisations or individuals that slow down activity or act against its interests); staff turnover in government; and organisational silos in governments.

Box 4.20. The Kimberly Institute Broome Model, Australia

The Kimberly Institute (2015) Broome Model is an Aboriginal, community-controlled, collective-impact partnership approach, with social investment mechanisms, that creates long-term plans to address Indigenous socio-economic disadvantage (Kimberley Institute, 2017[108]). Collective impact has emerged from earlier models of networked partnerships, addressing entrenched disadvantage in place-based communities, and has been rapidly adopted in Australia, Canada and the United States (AIFS, 2017[109]). It has a framework of tools to guide the distilling of existing knowledge, the examination of strengths and the design of collaborative activity. The inclusion of a shared measurement system and the focus on dedicated resources via a backbone organisation (AIFS, 2017[109]).

The model involves a community broker facilitating a process that starts with a community survey to determine issues and needs. The broker then builds an alliance of Aboriginal community-controlled non-governmental organisations to create packages of programmes to address the community priorities uncovered (jobs, housing, etc). Organisational capacity building is then arranged so that organisations can participate and a set of metrics is created for funders. Instead of seeking government funding directly, the service providers obtain medium- to long-term funding in the form of an "investment" from a corporate or social investor. The government underwrites this "investment", agreeing to repay the investor the investment sum along with a "return", after a certain number of years and achievement of agreed outcomes. The model allows investors to make a long-term investment in potential outcomes described and monitored using good empirical data on an ongoing basis.

In the Broome Model, two community brokers gave the traditional owners and Aboriginal community-controlled corporate entity considerable additional capacity by:

- Partnering with a university to help design and run the community survey. This analysis underpinned its strategy and was used to attract funders and provide a baseline for evaluation.
- Building relationships across Indigenous organisations in Broome and engaging consultants to help build their capacity to design

intervention packages and a social investment model that was backed by their data.

- Negotiating agreements with corporate partners for investment and convincing government to repay the investment with interest if it produced better outcomes than its current funding model.
- Running the projects effectively, building adult training into activities (community capacity building).
- Collecting evaluation data that demonstrated the social return on investment.

The two pilot projects undertaken using the model have been successful. But the Indigenous brokers report three challenges that have been "larger or more resistant than expected":

- Despite interest and commitment, the capacity of community organisations to make a major change in their business model, and their internal capacity to maximise their participation in the process, is a limiting factor. The brokers need more time to assist with planning and capacity across several organisations.
- Despite getting Yawuru Native Title Holders' full involvement and recognition of the potential benefits for all concerned, ongoing engagement and leadership was more difficult than expected, as other imperatives arose over time. This is a reflection of competing demands and priorities in a 'thin' institutional context.
- The lack of interest from government and some of its agencies despite the demonstrated benefits for the delivery of their service obligations in the community. Brokers were developing a concerted strategy of engagement with governments and their agencies but have had to take other jobs.

This model is being examined by other corporates wanting to operate in Indigenous areas but has stalled in Broome because of a lack of funding for brokers to undertake the capacity building in all parties.

Regional alliances between Indigenous communities

The final way that regional communities can build capacity is to form alliances with other communities. There are fewer examples of this in regional areas because governance is clan-based and assimilation, exclusion and land policies have not fostered clans working together. In addition, any increase in the scale of Indigenous organisations brings issues about representation, interests and accountability to governance institutions (Altman and Sanders, 2002[100]). These are difficult issues to deal with, so the desire for organisations to remain locally autonomous is understandable (Altman and Sanders, 2002[100]).

Box 4.21. Examples of First Nations building scale for leadership and decision-making in Canada

St'át'imc governance services

One example of capacity building between Indigenous communities can be found in British Columbia, Canada. The St'át'imc First Nation, made up of ten First Nation Bands, formed a unified governance structure: the St'át'imc Chiefs Council (SCC). The structure represents the original inhabitants of a territory that is located in the Southern Coast Mountains and the Fraser Canyon region of British Columbia. While respecting the integrity and autonomy of each community, the council body is seeking to build collective strength through unification. Aside from protecting St'át'imc jurisdiction, it seeks to foster self-sufficiency and self-determination. In 2011, the St'át'imc signed a landmark agreement with a local electric distributor and the province to address grievances in relation to the construction and operation of hydro facilities. In the process, the SCC set up the St'át'imc Government Services (SGS), which are crucial for advancing capacities in all member communities (St'át'imc Government Services, n.d.[110]).

SGS programmes address capability gaps concerning organisational governance, financial management, human resources and leadership. This is done through a three-year strategic plan that contains annual work plans and tools to track, demonstrate and evaluate organisational results. Specific examples with regards to capacity building include a skills inventory and gap analysis conducted in 2015. It identifies local employment demand and determines available skills at the community level. Further, it provides recommendations and strategies to meet the skills required informing the development of an education and training plan (St'át'imc Government Services, 2015[111]). The nation has also set-up a scholarship programme which provides support in areas such as post-secondary education, health careers, St'át'imc language and culture, economic development, governance and knowledge management.

Mi'kmaq Nation

Prior to colonisation, the Mi'kmaq territory (Mi'kma'ki) covered Nova Scotia, parts of New Brunswick and Quebec, Prince Edward Island, and Newfoundland. Mi'kma'ki was divided into seven districts that were led by a district chief. These chiefs came together to form the Mi'kmaw Grand Council that governed the whole territory. Colonisation and settlement disrupted these traditional forms of governance. The primary form of governance for contemporary Mi'kmaw are reserves formed under the Indian Act.

However, the Mi'kmaq First Nations in Nova Scotia are also coming together to collaborate on a larger scale. The Mi'kmaq Nation Economic Development Strategy was designed following an economic base study. It outlines five directions to strengthen and build the Nation:

- Assessing capacity of each community and the Nation to become economic-development ready and establishing implementation and operational management plans, practices, decision-making processes, accountability and financial management.
- Planning business development opportunities for each community.

- Partnership development to work on business development and diversification, business agreements, community revenue and development, skills and capacity, meaningful employment and social well-being within the Nation.
- Lands and assets to ensure the Nation continues to invest in and preserve the Mi'kmaw culture, language and connection to the land and its resources, increase skills and employment, and develop strong leaders to reach the Nation's goals.
- Community led by establishing clarified roles and responsibilities between communities, the Nation and support organisations and, by revitalising a culture of participation through prosperous individuals, communities and the Nation.

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Annex 4.A. Key policy documents

The following national Indigenous economic development documents were reviewed:

- Australian Government (2018): Closing the Gap – Prime Minister's Report 2018.
- Australian Government (2018): Indigenous Business Sector Strategy.
- Australian Government (2011): Indigenous Economic Development Strategy 2011-18.
- Indigenous and Northern Affairs Canada (2008), Federal Framework for Aboriginal Economic Development.
- Indigenous and Northern Affairs Canada (2012), Federal Framework for Aboriginal Economic Development, Update on Implementation of the Federal Framework for Aboriginal Economic Development.
- Indigenous and Northern Affairs Canada (2014), Federal Framework for Aboriginal Economic Development, as well as Progress Report – June 2014
- Māori Economic Development Panel (2012): He kai kei aku ringa. The Crown Māori Economic Growth Partnership.
- Māori Economic Development Panel (2012): He kai kei aku ringa. The Crown Māori Economic Growth Partnership – Action Plan 2012-17.
- Ministry for Māori Development (2017): He kai kei aku ringa. E RERE Booklet.

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