

NISGA'A ECONOMIC ENTERPRISES

Investments building durable community results

What Nisga'a Economic Enterprises has done is lay the foundations for a sustainable local economy. It is systematically paying attention to the four key functions that must be taken into account in building an economic base: creating equity, access to credit, human resource development, & good planning & research.

MIKE LEWIS

In a past issue, I detailed a training and development program undertaken by the Nisga'a Tribal Council (see pp. 2-6). The Nisga'a put in place a strategic plan, drew up key development corporation policies, targeted key opportunities, learned how to negotiate joint ventures, and prepared a core leadership ready and committed to implementation. Four years later, these measures are beginning to pay off big time in terms of economic and social benefits to Nisga'a citizens and communities.

NISGA'A MISSION & STRATEGIC GOALS

The Nisga'a, like many other aboriginal communities, for years watched riches flow from their homeland, leaving little behind by way of lasting benefits. In 1990, Matt Moore, then Economic Development Officer for the Nisga'a Tribal Council (collective political and governmental arm of the Nisga'a communities), spearheaded an effort to turn these circumstances around. Working in close collaboration with Westcoast Development Group, the tribal council designed a 15-month process that integrated training, planning, technical support, and decision-making.

An early and crucial result of this integrated training process was the definition of the economic role to be played by a development corporation, Nisga'a Economic Enterprises, Inc. (NEEI). Building an economic base is a goal shared by Nisga'a Tribal Council, its four member communities, and the majority of the Nisga'a nation that inhabit British Co-

lumbia's beautiful Nass Valley. To help forge such a base, NEEI's mission is to establish a major presence in every sector of the regional economy. In order of priority, NEEI investments are to generate profits, to secure opportunities to develop Nisga'a managers, and to create training and job opportunities. It is also to organize skills training and technical/management training in order to ensure that NEEI ventures and the Nisga'a economic strategy as a whole secure maximum benefits for the Nisga'a people.

Flowing from this mission and an analysis of the regional economy, NEEI set out the strategic goals it intended to reach between 1991 and 1996.

1. To have an active, competent board with the capacity to make informed and efficient decisions in all aspects of NEEI investment and training operations. In addition, the majority of Nisga'a staff are to possess the skills necessary to sustain the work involved in building an economic base.
2. To be self-sufficient by the end of five years, that is, to be able to cover NEEI

operating costs from revenues. (Projected costs will be around \$250,000/year.)

3. To invest in the forestry, manufacturing, and tourism sectors so as to make NEEI an owner of at least one business within each, generating profits, management influence, jobs, and a solid presence from which to build Nisga'a sectorial influence. Ancillary to this goal is the development of a system for routinely monitoring and evaluating investment opportunities in those sectors.
4. To register profits of at least \$1 million by the end of five years from which to build an investment pool for use in on-going investment activity.

Shortly thereafter, an additional goal was drawn up:

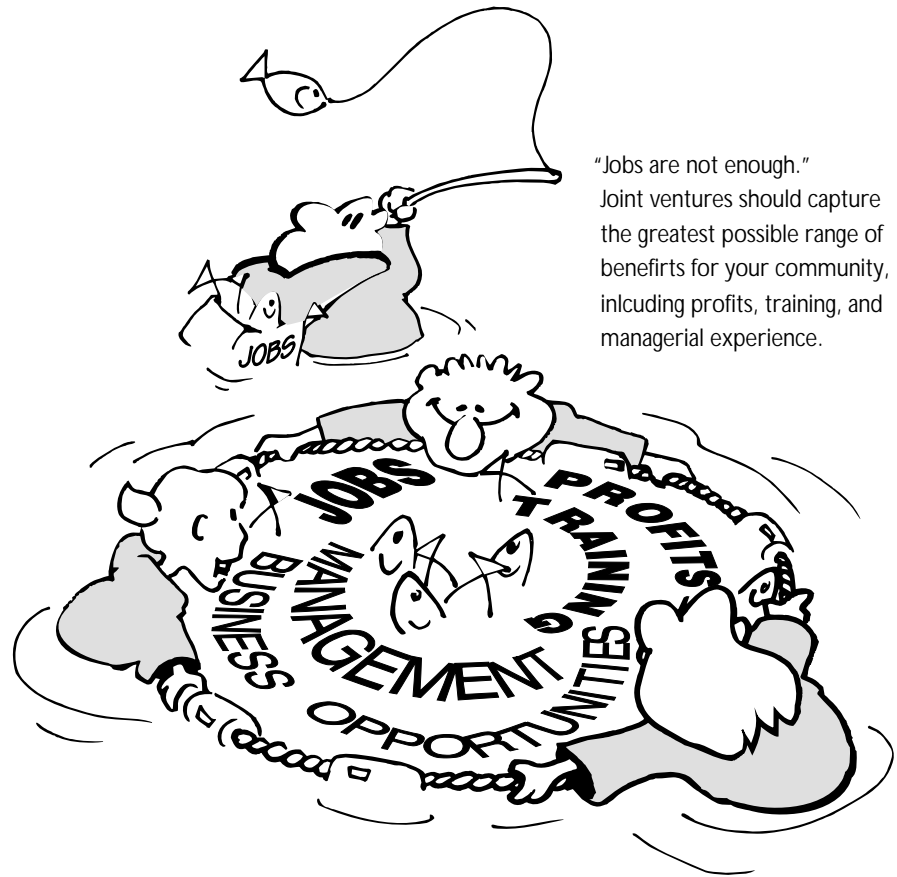
5. To establish a language, culture, and training endowment with a \$1 million target, and if possible, to start additional endowments at \$100,000 per year in natural resources and business economics in 1996.

These decisions, made in the course of the planning process in 1991 and early 1992, have guided the actions of the NEEI board and staff ever since.

CAPTURING BENEFITS & DELIVERING RESULTS

Utilizing a joint venture approach, the NEEI made the forest sector its initial target. Several forest companies in the region were interested in talking with the Nisga'a. As wood supply problems continue to grow and land claims discussions continue to advance, aboriginal partners have become a potential competitive advantage.

Why? For starters, the Nisga'a, who have had a land settlement under negotiation for several years, will have significant long-term influence over wood supply. Smart forest companies are thus seeking ways to develop a business relationship with aboriginal groups. In the short term, however, small business licenses issued under the province's Small



"Jobs are not enough."
Joint ventures should capture the greatest possible range of benefits for your community, including profits, training, and managerial experience.

Business Forest Enterprise Program have been the main opportunity for the Nisga'a (and many other companies) to supply fibre to the mills.

NEEI examined the track record and performance of several potential partners with which to bid on one of these 2-year timber sales. They finally chose Rayonier Canada - a firm with a solid track record, who satisfied their concerns for environmental stewardship, and had a long-term interest in being NEEI's partner. A deal was negotiated and a successful bid for timber rights secured. The Nisga'a were finally positioned to capture the full range of benefits from their homeland's resources and economic opportunities - profits, management influence, jobs, and training.

PROFITS, MANAGEMENT, & JOBS

By carefully targeting its first joint venture, NEEI - with no equity in its pocket - made a significant contribution to the

economic self-reliance and social health of Nisga'a communities. The work with Rayonier Canada generated for NEEI profits enough to finance their own operational costs and to create an initial pool of \$250,000 for re-investment. Known as the Nisga'a Investment Fund, it has since grown to \$2.24 million, well beyond the \$1 million target established in the strategic plan. (The pertinent goal has since been revised to a figure of \$10 million by the year 2000.)

Jobs have also been a significant benefit. There are 110 jobs in forest harvesting, some of them in the joint venture and others in a helicopter logging operation that has trained and contracted Nisga'a workers. Another 36 jobs are associated with a stevedoring operation that ships logs out of the harvest area. It is conducted as a joint venture with an Alaska aboriginal corporation. Lastly, four jobs have been created in the NEEI itself, all of them filled by Nisga'a members.

TABLE 1: UNDERSTANDING BENEFITS

Strategic Benefits	Long Term	Priority 1: Profits
		Priority 2: Management
Retail Benefits	Short Term	Priority 3: Employment & Training

One NEEI staff member, Melvin Stevens, has been involved in the logging side of operations. He has moved from a foreman position to managing almost all aspects of joint venture logging operations. With a bit more training in various aspects of financial management, almost the entire range of jobs in this side of NEEI's business will be filled by Nisga'a citizens.

From the vantage point of Matt Moore, now NEEI's general manager, these results are a solid starting point.

CREATIVE BUSINESS SUPPORT FINANCING

Although the main action in NEEI is as a business-owner, it has also given atten-

tion to the credit needs of Nisga'a entrepreneurs. In 1993 it established an \$85,000 loan guarantee fund to cover 10% of a business' costs up to a maximum of \$25,000. In 1994, four businesses drew from \$5-15,000. No money has been lost so far and demand has begun to pick up. In March 1995 alone there were \$45,000 in loan guarantee applications, many of them from home-based businesses. NEEI is increasing the allocation of profits to this fund to bring it to a level of \$150,000 this year.

Investment funds are also being used in creative ways for bridge financing. The Northern Native Fishing Corporation (one-third owned by the Nisga'a Tribal Council), for instance, has received a

\$650,000 loan guarantee at a rate of return that will earn NEEI \$39,000 over a 4-month period while providing crucial financing at the beginning of the new fishing season. Another example is the purchase of a halibut license for \$154,000. Each year, it shall be awarded in a lottery open to all qualified Nisga'a fishermen. Through an agreement with the winner, whoever purchases the fish from the licensees will remit an 11% return on investment directly to the NEEI.

ON-GOING PLANNING & RESEARCH

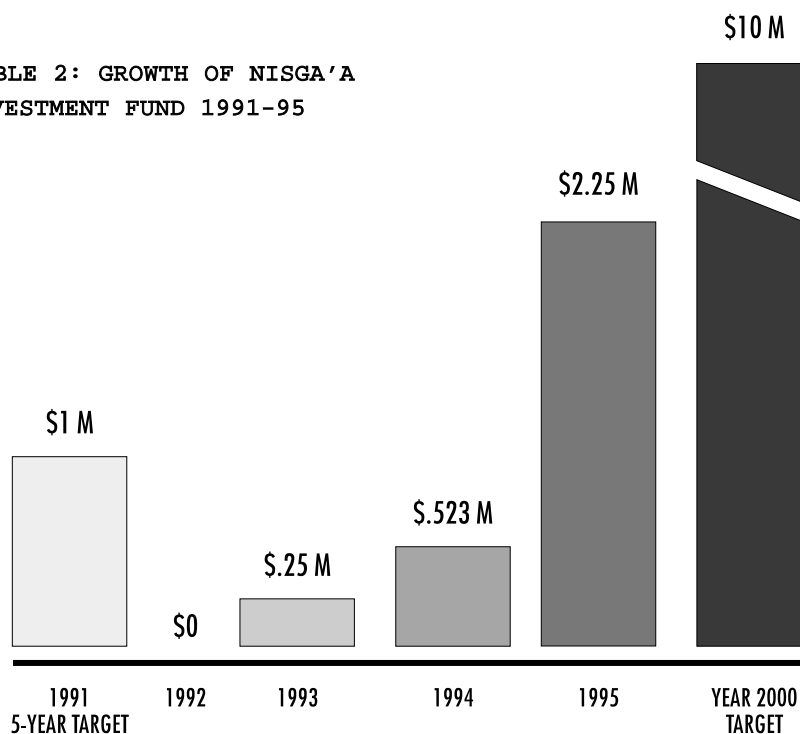
"Value-added thinking" and strategic research (and a shrewd business sense) are integral to the NEEI commitment to solid planning.

NEEI conducts a research and planning program directed at venture and institutional development. A budget of \$80,000/year has been dedicated to this very purpose. The corporation continues to examine opportunities in order to expand its presence in the forestry industry. It is drawing up a strategy to buy halibut and other fishing licenses as a means of counteracting the steady erosion of Nisga'a participation in the industry. They are funding and guiding a study to determine the feasibility of a Nisga'a credit union in the valley. (The nearest banking services are two hours away by road from New Aiyansh, the main community.)

NEEI is also working hard to build linkages between the types of ventures they currently conduct, the needs of the communities, and new venture development. For example, one very high cost in the stevedoring business is employee accommodation. Due to the remote location, a floating camp has to be brought in. Feasibility analysis is underway into a camp infrastructure that can serve the stevedore employees as well as accommodate sports fishermen.

Another example is the strategy to link road construction to Kincolith (a Nisga'a

TABLE 2: GROWTH OF NISGA'A INVESTMENT FUND 1991-95



community with no current road access) with targetted timber licenses against which the road construction cost could be amortized. In addition, the strategy will provide access to an area offering potential for a small, high-quality resort.

One of their newest ventures follows the same principle. For its first three years, NEEI had a person committed full-time to training and employment placement. Now this function has been spun off into a new company, Nisga'a Economic Development Services. It will continue to do training and labour contracting, but will also become a key focus for human resource planning and development. This company will be an important vehicle for keeping up on labour market intelligence. In time, it will take on small business and entrepreneurial development and support, including the management of the Nisga'a loan guarantee fund.

BUILDING THE SOCIAL INFRASTRUCTURE

For those who consider CED a strategy to meet social goals through business means, the NEEI is rapidly emerging as a "best practice" example of the critical relationship between economic and social development. After its early success in generating profits, NEEI initiated a strategy to contribute to the social and educational infrastructure so important to the long-term health and self-reliance of Nisga'a communities.

The first indicators of the social investment commitment was demonstrated as early as 1992. At that time, NEEI put the first \$100,000 of its profits towards establishing the Nisga'a House of Learning. Another \$250,000 went to create a Nisga'a Language, Culture, and Training Endowment. Through support from foundations and other interests, it is being leveraged into a \$1 million fund. Plans are afoot for similarly sized endowments for resource management and

stewardship and for economic and business development. (In the past year, another \$250,000 was invested in the renovation of a heritage building in New Aiyansh. It now provides both NEEI and the Nisga'a House of Learning with a good, spacious working environment.)

The NEEI believes that investing in this kind of social and educational infrastructure is an appropriate basis for thinking about dividends to its owners, the communities. They have a strict policy that does not allow for the paying out of cash dividends. However, there are other ways of distributing benefits that are worth noting.

Presently under consideration is the possibility of awarding each of the four communities a grant of \$20,000/year to apply to community development as they see fit. Another approach now on the drawing board is a Community Challenge Program that will match dollar-for-dollar, to a maximum of \$25,000 per community, community efforts to raise funds for recreational and social development. Another initiative that rewards citizen effort is their Achievement Award Program for athletic and artistic excellence.

Finally, NEEI is mindful of the need to ensure that its relations with the Nisga'a political leadership and citizens are seen as *mutually* supportive. At the most recent Nisga'a Annual Assembly, NEEI hosted a gala evening, including entertainment and a sumptuous feast for over 500 people.

CONCLUDING COMMENTS

Taken together, the achievements of this community development corporation in four short years are a testimony to the dedication and skill of the NEEI staff and board and to the power and effectiveness of CED as a comprehensive and co-ordinated way to create durable, long-term benefits.

What the NEEI has done is lay the foundations for a sustainable economic

base. It is systematically paying attention to the four key functions that must be taken into account in building an economic base: creating equity, access to credit, human resource development, and good planning and research. They are building a interrelated array of resources and organizations that link social and economic development. They are creating hope, strengthening community, and continuing to focus on building organizational capacity, all of which are prominent themes in CED's best practice organizations. Moreover, they are building for the long term. We can learn a lot from their efforts. ☞

For more information about the development mechanisms employed by the NEEI, refer to the following publications of the Centre for Community Enterprise: *Aboriginal Joint Ventures: Negotiating Successful Partnerships*, by Mike Lewis and William J. Hatton (1992), and *Strategic Planning for the Community Economic Development Practitioner*, by Mike Lewis and Frank Green (1992).