

BACKGROUND PAPER: GROWTH STRATEGY

The FNII Growth Strategy

This background paper summarizes the FNII strategy to grow the number of First Nations voluntarily using its services. The growth strategy draws heavily from the lessons learned by the FMA and FNLMA systems.

The FMA is First Nation-led legislation that established the First Nations Tax Commission (FNTC), the First Nations Financial Management Board (FMB) and the First Nations Finance Authority (FNFA). The FMA requires interested First Nations to opt-into its regulatory framework. In the last 10 years, 230 First Nations have opted into the FMA because it increases their revenues, creates investor and member confidence in their financial management systems, provides them cheaper access to long term infrastructure financing and expands and protects their fiscal jurisdictions.

The FNLMA is also First Nation led legislation. It establishes the framework to assume lands jurisdiction and creates the lands management resource center to support participating First Nations. 153 First Nations have opted into this framework and over 100 are waiting to join. They are opting in because the framework allows them to assume land management jurisdiction and to potentially reduce the costs and time of transactions on their lands in support of greater investment.

There are 276 First Nations that are either in the FMA, FNLMA or both. They are the most successful and cost-effective method to assume sectoral First Nation jurisdiction. This was recognized in the most recent federal budget as both frameworks are being significantly expanded to address increased First Nation demand and to develop and implement expanded jurisdictions for participating First Nations.

These optional legislative frameworks have been successful for six reasons.

5. They respect the right of self-determination for every participating First Nation. This respect for freedom of choice reduced their legislative consultation requirements.
6. They require a political or community commitment to the framework. This reduced the time and costs associated with implementing standards, laws and templates.
7. They provide tangible jurisdictional and economic benefits to communities and members. Realizing these benefits in the short term explain the FMA's growth.
8. They provide the institutional support to assume jurisdictions using effective capacity support and capacity development models.
9. The institutions in these frameworks are constantly seeking innovations and improvements to ensure more First Nation opt into the framework.

10. They create a group of participating First Nations and the necessary institutional support to advance improvements to their frameworks, such as the proposed FNII.

FNII will be part of this successful system. FNII will be an FMA institutions where participating First Nation would have to opt into the use of FNII services. The existing FMA framework and institutional mentoring associated with this framework reduces the design, implementation and legislative development costs associated with building FNII.

As part of the FNII business planning process, it is important to estimate how fast the demand for FNII will grow. Specifically, the FNII implementation and financial plans will depend on (a) how many First Nations choose to work with FNII (b) the demand for specific FNII innovations and services and (c) the number and nature of the service delivery partnerships. Each of these is discussed briefly.

- Number of First Nations Opting In - As the experience of the FMA and FNLMA demonstrates, the growth rate of First Nations opting in depends on the perceived value of the proposed innovations to support First Nation jurisdiction and economies. The innovations represent the incentives to support the FNII concept. Stated differently, this growth rate depends on the strength of the FNII communication strategy.
- Use of FNII Innovations (services) – This growth rate depends on the design and delivery of the proposed innovations, the ease of switching to these innovations and ultimately how helpful they are to participating First Nations. This rate depends on service delivery design, ensuring innovations are part of legislative framework and results from testing the innovations in pilot or demonstration projects. This growth rate depends on how well FNII delivers better results.
- Supportive Service Delivery Partners – The FNII innovation delivery model is dependent on the development of partnerships with tribal, regional or provincial organizations who can effectively support infrastructure services to aggregates of First Nations. The growth of these partnerships will depend on their capacity and support for the proposed innovations and FNII's methods to ensure national service quality through these partnerships. This growth rate depends on the support from potential regional partners of the FNII innovations and the efficient and effectiveness of for transferring innovation service delivery to these partners.

Growth Strategy

Almost all successful innovations follow a pattern known as an “S” curve. It begins with some early adopters who try and test the innovation(s). The experience of these early adopters determines whether the innovation rapidly trends up or not. If it does then there is a period of strong growth for several years and then because there is often a limit to the number of participants growth levels off. This is the pattern exhibited by the FMA and FNLMA. There were a few early adopters and in the last 7-10 years there has been strong growth. It is expected that

this growth will continue for at least 5 or 8 more years. By this time well over ½ of all First Nations will be using one or both frameworks.

A two-part strategy is proposed for FNII to achieve “S” curve growth. Part 1 focusses on improving proposed innovations and attracting early adopters to the FNII proposal through demonstration projects. Part 2 is about establishing a framework and supportive system within the FMA to support rapid growth of participants using the FNII innovations.

Part 1 – Attracting Early Adopters

FNII will utilize the following strategy to attract early adopters and improve its innovations.

1. **Communications Focused on Innovations** – FNII will focus communications on the potential benefits from the proposed FNII innovations. Engagement activities to date confirm that the proposed FNII innovations are attractive to many First Nations and First Nation infrastructure organizations. FNII will be making a major presentation about its proposal at the National meeting of FMA and FNLMA First Nations in May and will follow up with continued engagement with interested First Nations throughout the next year. FNII should further test the interest in these innovations continued presentations, surveys and other methods. Follow up on interest will help provide a preliminary assessment of the number of early FNII adopters.
2. **Use Website to Encourage Participation** – A major focus for communications will be the fnii.ca website. The FNII website will contain many elements of the FNII proposal so that interested communities can evaluate and participate in the FNII development process. The website will be an important idea testing ground for FNII innovations and service delivery proposals. This open source development model will improve FNII design, provide a means to test ideas and hopefully establish a trust building precedent that attracts more early adopters.
3. **Regional Partners** – FNII will continue to cultivate beneficial working relationships and explore partnership opportunities with the regional service delivery organizations with the goal of establishing formal protocol agreements. These regional organization partners will provide advice on FNII design details, identify potential efficiencies, share their service delivery experience, and suggest methods to maximize the value of these partnerships.
4. **Demonstration Projects** – FNII will work with its regional partners to identify and select specific FNII innovations to test and prove in demonstration projects. Projects from various regions involving a variety of asset types and of different size and scope will be identified. A planning, engineering, project management or another contractor could act as a FNII advocate for each project. FNII services and innovations will be applied and utilized in the execution of each of demonstration project. These demonstration projects should accomplish two objectives. First, they should formalize the FNII working

relationship with early adopters. Second, they should help FNII refine and improve proposed innovations for larger scale adoption.

Part 2 – Establish the Framework for Growth

FNII will use a three-part approach to establish its framework to support significant growth in demand for its services.

1. **Business Plan Details** – FNII will continue to refine and evolve its business plan. This will include improvements to the supporting background papers, more detailed innovation descriptions and strategies, projections for First Nation participation to support detailed implementation and financial plans, an expanded logic model and performance measures framework, and details for board selection, governance and operations. This evolving business plan will be developed in an open and transparent manner using the fnii.ca website. The business plan will be used to support a possible FMA legislative amendment to create FNII. It will be used to support FNII policies, procedures, standards, laws and templates. It will be used to identify efficiencies for implementing proposed FNII innovations with regional partners. It will be used to support an efficient transition from the old infrastructure system to the new FNII support infrastructure system for participating First Nations. It will be used to support FNII communications and to answer questions from interested First Nations and regional partners.
2. **Legislative Framework** – FNII will begin to identify the technical elements required to be established as an FMA institution. This will include at least the purposes and mandates for FNII, the specific First Nation powers required to assert their infrastructure jurisdiction, the methods for selecting FNII board members, the responsibilities of board members, FNII powers to support First Nation standards, laws and templates, procedures required for proposed innovations and an accountability framework for FNII to report to its First Nation clients. The FNII legislative framework will likely be developed in three parts.
 - i. An outline of the probable required legislative elements as mentioned above.
 - ii. A technical discussion paper that will provide more details on these legislative elements and will integrate business plan elements and findings from engagement and demonstration projects. The FNII business plan and technical development paper will be key engagement elements with early adopters and proponents.
 - iii. A proposed legislative amendment to the FMA to create FNII.
3. **Governance and Implementation** – Assuming the proposed FMA amendment to create a statute based FNII is passed by Parliament, then the formal FNII implementation

strategy would commence in three parts based on the experience of the FMA institutions.

- i. The FNII Board of Governors would be selected based on its chosen approach.
- ii. Staffing would commence to provide the administrative framework for FNII operations.
- iii. FNII would begin to develop its initial operations and service delivery policies and procedures to support its business lines.

Once these steps are complete, FNII would begin to provide the services necessary to deliver its mandate.

The FNII Development Timeline

It is expected that FNII can implement this growth strategy during the next 24 months. This prediction is based on the approximate timelines in the Gantt chart below to complete each element of this two-part growth strategy.

Element of FNII's Growth Strategy	2018/19												2019/2020														
	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020			
Part 1 - Attracting Early Adopters																											
Communications	█												█														
National Meeting		█																									
Follow-Up & Engagement			█																								
Develop & Maintain fnii.ca		█										█															
Regional Partnerships	█												█														
Demonstration Projects				█									█														
Part 2 - Establishing the Framework for Growth																											
Evolve Business Plan & Design	█																										
Legislative Elements Outline						█																					
Technical Discussion Paper									█																		
Proposed Amendment																											
Legislation Introduced													█														
Legislation Passed																█											
Board Selections																█											
Staffing																█											
Policies & Procedures																				█							
Service Commencement																									█		