

FINAL REPORT 2024

CAPITALIZING INDIGENOUS
ENTREPRENEURS

Working to better understand and address the challenges faced by Indigenous entrepreneurs in Canada in accessing capital



EXECUTIVE SUMMARY

Access to capital is crucial for fostering economic growth and prosperity among entrepreneurs worldwide. However, for Indigenous entrepreneurs in Canada, the journey to securing capital is fraught with unique challenges stemming from historical, social, and systemic factors. To address these challenges and identify opportunities for improvement, a comprehensive survey was conducted to gather insights from both Indigenous entrepreneurs and capital providers in an attempt to audit the current Indigenous and entrepreneurial capital systems.

The survey, part of a larger study on capitalizing Indigenous entrepreneurs in Canada, was conducted in partnership with SVX and led by Wakopa Financial, who engaged several researchers to lead and execute the survey and develop this report. The goal was to engage directly with stakeholders to better understand Indigenous entrepreneur barriers, challenges, and opportunities for increasing access to capital for their businesses. While some of the results sometimes confirm what has been reported elsewhere, this survey allowed for Indigenous entrepreneurs and capital providers to delve more deeply on key issues, and this report works to share the insights and knowledge that were voiced.

The primary stakeholders targeted for this survey were capital providers and Indigenous entrepreneurs, but it was open to anyone. Unique question subsets were developed for capital providers, Indigenous entrepreneurs, aspiring Indigenous entrepreneurs, Indigenous economic development officers and employees of Indigenous owned companies, and ecosystem supporters. The survey received a total of 135 responses, with approximately 50% resulting from one-on-one interviews conducted by the team of researchers to allow for semi-structured conversations. While responses came from various stakeholders, Indigenous entrepreneurs and capital providers formed the largest proportion. Commonly identified barriers include deficits in investment-ready entrepreneurs, complex funding applications, and a lack of accessible training and mentorship.

This survey report provides valuable insights into the perspectives of both Indigenous entrepreneurs and capital providers regarding access to capital in Canada. It identifies significant barriers and opportunities, setting the stage for future initiatives aimed at promoting economic development and prosperity within Indigenous communities. By addressing these challenges and fostering collaboration, a more inclusive and supportive environment for Indigenous entrepreneurship in Canada can be created.

LIST OF COLLABORATORS_

PROJECT LEAD

Richard Tuck, CEO
Wakopa Financial

PROJECT MANAGER

Brent Wennekes
MDP Indigenous Development
University of Winnipeg

With Academic Supervision from:
Melanie O’Gorman
Assistant Professor in the
Department of Economics
University of Winnipeg

RESEARCHERS

Tasha Brooks, DBA
Royal Roads University

Laura Mueller, MBA
University of Northern British Columbia

Descanon Cook, Interdisciplinary Studies
Laurentian University

Cheryl Liang, Bachelor of Commerce
Queens University

Adefikunola Adetoro, PhD Economics
University of Manitoba

ACKNOWLEDGEMENTS

Wakopa Financial Workers’ Co-operative has a distributed home office network located on Treaty #1 Territory, the original land of the Cree, Ojibway, Dene, and Dakota peoples, as well as the homeland and birthplace of the Métis Nation. The water we drink comes from Shoal Lake 40 First Nation on Treaty #3 Territory and our electricity comes from Treaty #5 Territory. We celebrate our Indigenous heritage and acknowledge the harms and mistakes of the past as we work together in the spirit of truth, reconciliation, and collaboration.

WITH SUPPORT FROM



Graphic Design Cover Art and Report
By Indigenous Owned Matriarch Media

INDEX_

- 
03. Executive Summary
 05. Survey Statement
 06. Study Execution
 08. Type of Respondents
 10. Entrepreneur/Business Owner Perspectives on access to Capital
 11. Anecdotes of Interest Indigenous Entrepreneurs
 12. Capital Provider Input and Insights
 13. Capital Provider Perspectives
 14. Anecdotes of Interest Capital Providers
 15. Summary Analysis
 16. Cross Referencing Identified Barriers with Candid Remarks
 22. Report in Statistics

SURVEY STATEMENT_



ABOUT THE SURVEY

Unique question subsets were developed for capital providers, Indigenous entrepreneurs, aspiring Indigenous entrepreneurs, Indigenous economic development officers and employees of Indigenous owned companies, and ecosystem supporters. Each group was asked to respond to 8-10 primary questions, plus 6 questions focused on demographic and future engagement; the question types were primarily multiple choice and open-ended. The survey used electronic distribution/completion as well as an interview tool, where the interviewers were provided with advice and encouragement to probe deeper into responses, especially for capital providers. This resulted in a depth of qualitative data, where respondents could share their personal thoughts and experiences.

STUDY EXECUTION

The survey was made available through various channels; it was shared multiple times on LinkedIn and other platforms and was also shared directly with stakeholders via email. For example, several digital responses were received subsequent to Rickard Tuck's (CEO of Wakopa Financial) keynote address at the Saskatchewan Indigenous Economic Development Network's Digital Innovation Forum, where a key focus of his presentation was on capitalizing Indigenous entrepreneurs. The survey was originally released on September 25, 2023, and closed on January 15, 2024.

To engage stakeholders nationwide, project partners utilized Riipen to recruit and pay student researchers. Riipen offers a technology platform aimed at providing competitive advantages for organizations and academic institutions, supporting student development. The original goal was to attract 20 Indigenous students from across Canada. Researcher qualifications included Indigenous background, finance training, research experience, and connection to local entrepreneurial ecosystems. The project team directly contacted 50 post-secondary institutions across Canada and utilized Riipen's network to distribute the opportunity.

Despite these efforts, only five researchers (two in Ontario, one in Manitoba, and two in British Columbia) were ultimately recruited for the project, in addition to the lead researcher based out of the University of Winnipeg. This, in and of itself, is a data point for the overall research goals of the partners. A key takeaway from this experience aligns with what we have learned from stakeholders and our environmental scan, which is that there aren't enough Indigenous people being trained in finance and low financial awareness is a significant barrier for Indigenous entrepreneurs in raising capital.

Of the six researchers, five identified as female, and three identified as Indigenous. While the quantity was less than targeted, the quality of researchers beat the partners' expectations. For example, one Indigenous researcher is doing their Doctorate and their dissertation has them working with Indigenous entrepreneurs and auditing a subset of NACCA's Indigenous Financial Institutions (IFIs) and another Indigenous researcher has vast professional experience and operates her own business. These researchers have added much valuable perspective to the project and the majority of analysis in this report was conducted by the Indigenous doctoral researcher.

INTRODUCTION

Access to capital is a fundamental driver of economic growth and prosperity for entrepreneurs worldwide. However, for Indigenous entrepreneurs in Canada, navigating the complex landscape of capital acquisition presents unique challenges rooted in historical, social, and systemic factors. Recognizing the critical importance of understanding these challenges and identifying opportunities for improvement, a comprehensive survey was conducted to gather insights from both Indigenous entrepreneurs and capital providers.

This survey aimed to capture the perspectives of two primary stakeholders: Indigenous entrepreneurs and business owners, and capital providers, both Indigenous and non-Indigenous. By focusing on these key stakeholders, the survey sought to illuminate the barriers, opportunities, and recommendations related to accessing capital in Indigenous communities across Canada.

The findings presented in this report provide a nuanced understanding of the current state of capital access for Indigenous entrepreneurs, shedding light on the disparities in approval rates, the impact of systemic biases, and the need for tailored support mechanisms. By juxtaposing the experiences and perspectives of Indigenous entrepreneurs with those of capital providers, this report offers a comprehensive analysis of the challenges and opportunities within the Indigenous entrepreneurial ecosystem.

Through a detailed examination of survey responses, anecdotal evidence, and comparative analysis, this report aims to inform policymakers, financial institutions, and Indigenous communities about the critical issues surrounding access to capital. Ultimately, it seeks to catalyze dialogue, collaboration, and action towards creating a more inclusive and supportive environment for Indigenous entrepreneurship in Canada.

TYPES OF RESPONDENTS

The survey team garnered responses from a variety of stakeholders, with our two primary stakeholders – Indigenous entrepreneurs and business owners (all ages) and capital providers (both Indigenous and non-Indigenous) – forming the largest proportion of respondents at 57% and 24% respectively (Figure 3). Thus, their responses are the focus of this report. Despite recruiting challenges, the study team was successful in achieving a level of geographic spread; that said, respondents were primarily clustered in BC (25%), ON (22%), and MB (19%) (Figure 2). In terms of Indigeneity, the majority of respondents were First Nations (49%) followed by Non-Indigenous (29%) and Métis (19%). Four percent of respondents identified as Inuit (Figure 4).

INDIGENOUS

57%

NON-INDIGENOUS

24%

FIGURE 1.

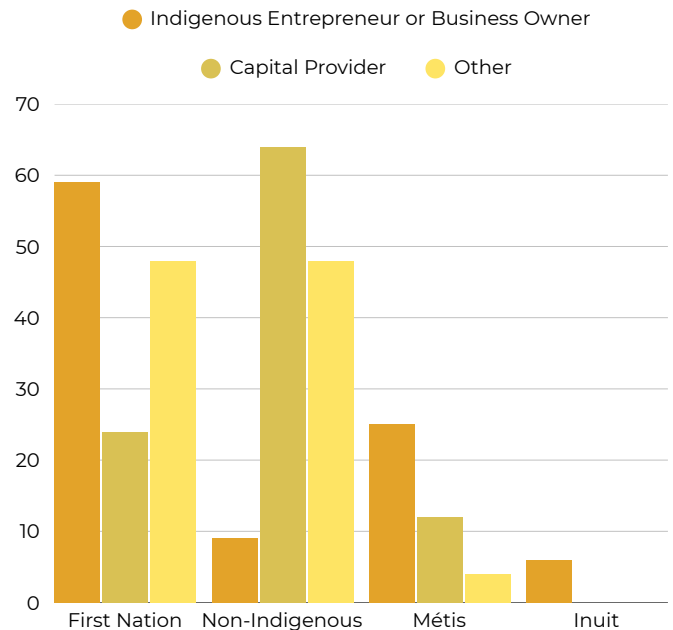


FIGURE 2.

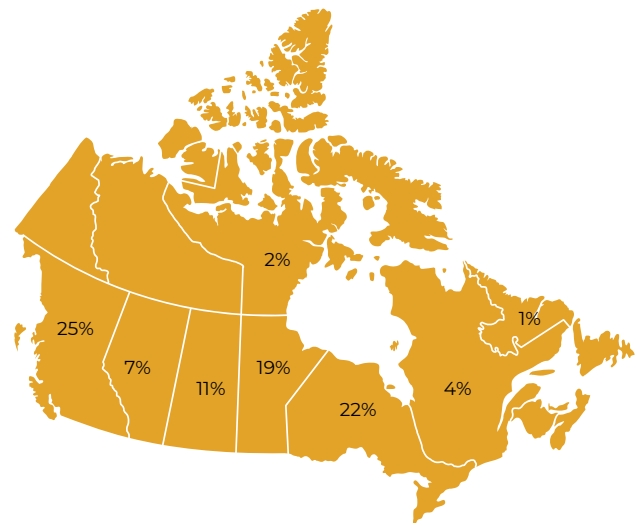
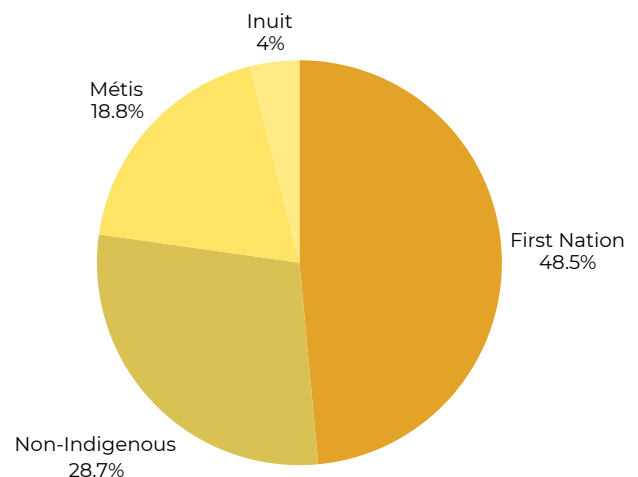


FIGURE 4.



SUMMARY

The survey received responses from experienced entrepreneurs, with many operating their current venture for over 7 years. The respondents primarily accessed capital through government and local organization grants, with varied success rates and common barriers including personal credit issues and complex application processes. Concerns regarding capital access include high costs and cultural misunderstandings. Indigenous entrepreneurs face unique challenges, including discrimination and limited tailored support. Their recommendations include streamlining processes and providing better education and mentorship, particularly for Indigenous entrepreneurs, to foster business growth and success.

About the entrepreneurs/business owners who responded:

- Almost half of the entrepreneurs who responded have started and/or owned a single business – the one they are currently working on, while 26% had started and/or owned at least three businesses other than the one they are currently working on (Figure 5).
- The majority (37%) of respondents have owned/operated their primary/current business for over 7 years, with 29% of respondents owning their primary business for 4-6 years and 26% owning their primary business for 1-3 years. Only 8% had owned their primary business for less than a year (Figure 6).
- The majority (37%) of respondents self-described their business as an "established business" that has existed for a long time and maintains itself, while 32% described their business as a startup. Side-hustle and lifestyle businesses came in at 13% and 11%, respectively (Figure 7).

FIGURE 5.

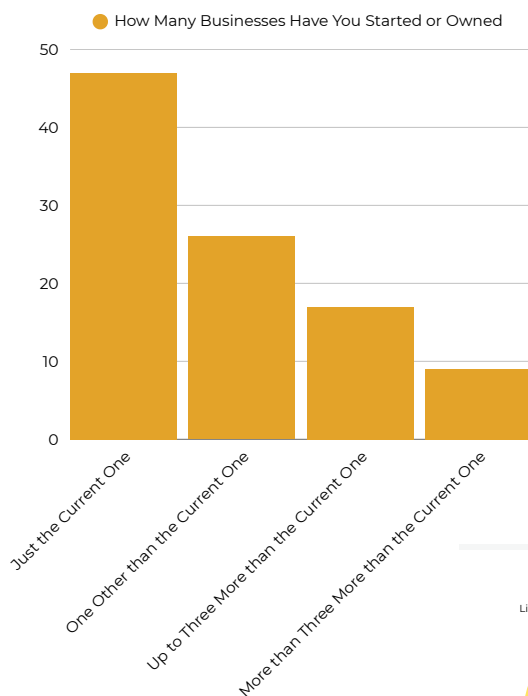


FIGURE 6.

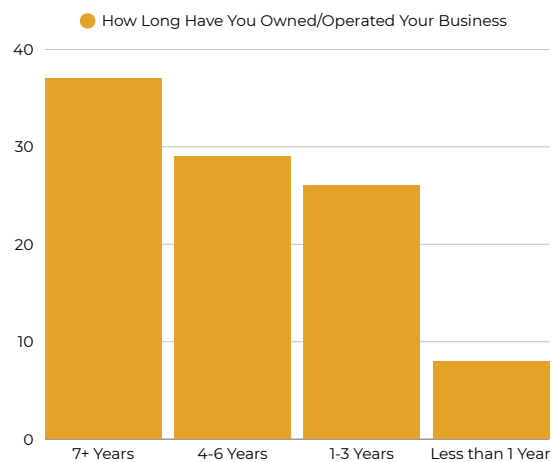


FIGURE 7.

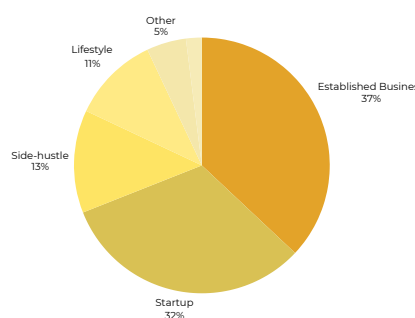
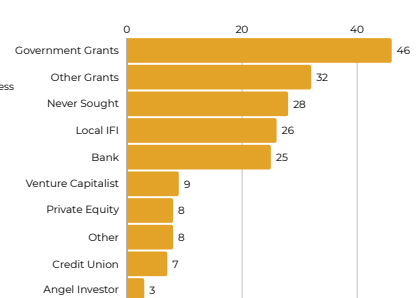


FIGURE 8.



ENTREPRENEUR/BUSINESS OWNER PERSPECTIVES ON ACCESS TO CAPITAL

The most common sources of capital that these respondents accessed were government grants (46%), other types of grants from local organizations (32%), followed by their local Indigenous Financial Institutions and venture capitalists at 26% and 25% respectively; 28% had never sought capital for their business (Figure 8).

Success in accessing and deploying capital varied widely amongst respondents, with the majority (21%) of respondents indicating that they have never been successful, followed closely by those respondents who achieved a 100% success rate (19%). The average rate of success was 48% (Figure 9).

When asked an open-ended question on what they thought would have turned their capital provider's "no" into a "yes," feedback generally focused on the problems they encountered, and it varied widely. Still, there were some common themes: (1) personal credit issues, (2) business models not aligning with lender criteria, (3) discrimination or bias based on personal characteristics, (4) need for better business financials, and (5) lack of responsiveness and/or feedback from capital providers.

The top concerns these respondents had regarding accessing capital based on a multiple-choice question were complex application processes (52%), cost of capital being too high (42%), unfavourable repayment terms (33%), followed by lack of cultural understanding by capital providers (25%) (Figure 10).

When asked an open-ended question about their other needs, there was general agreement that they would benefit from (1) quality mentors and coaching and (2) training and development support, with the most common discipline being related to finance/accounting.

There were a wide variety of responses to the open-ended question on whether they have any final thoughts on the challenges they face. Common themes include: (1) limited access to capital that is tailored for Indigenous entrepreneurs with streamlined application processes, (2) discrimination and biases in the financial sector, including the high costs of borrowing for Indigenous businesses, (3) lack of education, support, and mentorship, particularly tailored to indigenous entrepreneurs.

Note: Similar to Indigenous entrepreneurs, employees at Indigenous owned and operated businesses highlighted barriers including complex application processes, lack of cultural understanding by capital providers and unfavourable repayment terms.

ANECDOTES OF INTEREST INDIGENOUS ENTREPRENEURS:

"When I started my business a couple of years ago ... I was only able to find one grant. But there were plenty of banks and financial institutions ready to hand out loans to Indigenous people. And the most annoying part about the grant I applied for was that they forced me to take out a loan to prove I was truly in need of money. Only after the loan was processed did they disburse the grant money. I ended up using half of my grant money to pay off the loan I didn't even need. And the worst part... these applications for the grant and loan took months and months of my time and energy. The application process was complex and tedious."

"I am very cognizant of the harm being done to our communities by banks, extractive industries, etc. and I will not compromise my values and take their money."

"You can't take a minority share without diluting the Indigenous aspect of the business, both for grants and for the Indigenous cultural aspect; the cultural component is not recognized as having any value."



CAPITAL PROVIDER INPUT AND INSIGHTS_

Capital providers indicated that entrepreneurs that come to them access capital with varied success. Top barriers hindering capital providers' support for Indigenous entrepreneurs include a lack of awareness of available services and funding among Indigenous communities, complex and onerous funding application processes, insufficient resources for Indigenous-focused initiatives, and a perceived scarcity of suitable Indigenous entrepreneurs to invest in. Suggestions to improve the success rate for Indigenous entrepreneurs accessing capital include increasing business acumen and financial literacy through training programs, providing alternative financial options such as grants and low-interest loans, and implementing programs to support credit health and address personal equity issues. Overall, the data underscores the need for tailored support and streamlined processes to address the unique challenges faced by Indigenous entrepreneurs in accessing capital.

- The majority (55%) of the respondents were Indigenous Financial Institutions (IFIs), followed by commercial banks at 12% (Figure 12).
- The most common (88%) investment vehicle offered was conventional loans. IFIs, in almost every case, offered conventional loans at rates higher than commercial banks. When an Indigenous entrepreneur can't qualify at a commercial bank, they may be more likely to succeed with an IFI, but at a rate that is typically about two points higher (Figure 13).
- A wide variety of other options are being offered from other capital providers, with grants being the most common (39%).
- While some capital providers indicated various Indigenous population prioritization for their investments, most did not indicate a specific Indigenous subgroup (20%) or did not prioritize Indigenous populations at all (38%) (Figure 11).

FIGURE 11.

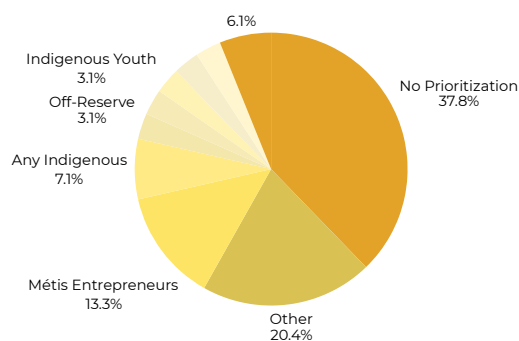
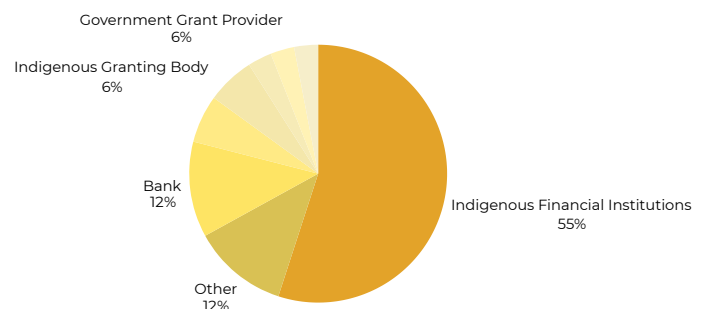


FIGURE 12.



CAPITAL PROVIDER PERSPECTIVES:

According to the capital providers, of those Indigenous entrepreneurs that have come to them, the success rate in accessing and deploying capital varied widely. The mean success rate was 67%, with 12% of respondents indicating as low as 1% - 10% and 24% of respondents indicating as high as 91-100%. The respondents that indicated the lowest success rate included private capital, banks, as well as IFIs. Those respondents that indicated the highest success rate were all IFIs (Figure 14).

There was general agreement on the top barriers or obstacles hindering their organization's support of more Indigenous entrepreneurs. Here are the top three issues:

"Indigenous entrepreneurs lack awareness of their services/funding." This was the top barrier (45%), and it was characterized in open-ended questions by the remoteness of many Indigenous communities and capital provider budget/staff resource constraints to make the trips required to build relationships.

"Funding application processes are too complex or onerous" and "Insufficient resources or funding for Indigenous-focused initiatives" were tied (39%) as the second most noted barriers. They were characterized in open-ended questions by a lack of opportunities specifically tailored for Indigenous entrepreneurs and inefficiencies and bureaucratic hurdles in the funding processes.

"Lack of suitable Indigenous entrepreneurs businesses to invest in" was another common barrier (30%). This was characterized in open-ended questions by the entrepreneurs' lack of education and training in business acumen and financial literacy, lack of personal assets, and lack of mentorship and support systems (Figure 15).

A variety of suggestions were received to the question that asked the capital providers what they would do if a \$100 million fund was created to help improve the success rate for Indigenous entrepreneurs in accessing capital. The suggestions primarily focused on increasing the number of qualified entrepreneurs to fund. These were the top three suggestions in order of predominance:

Focus on increasing business acumen and financial literacy with training programs and one-to-one supports.

Provide alternative financial options, such as additional grants, low-interest loans, loans with higher maximums and equity assurance and streamline application processes.

Programs that support credit health and address personal equity issues.

Mean Success Rate

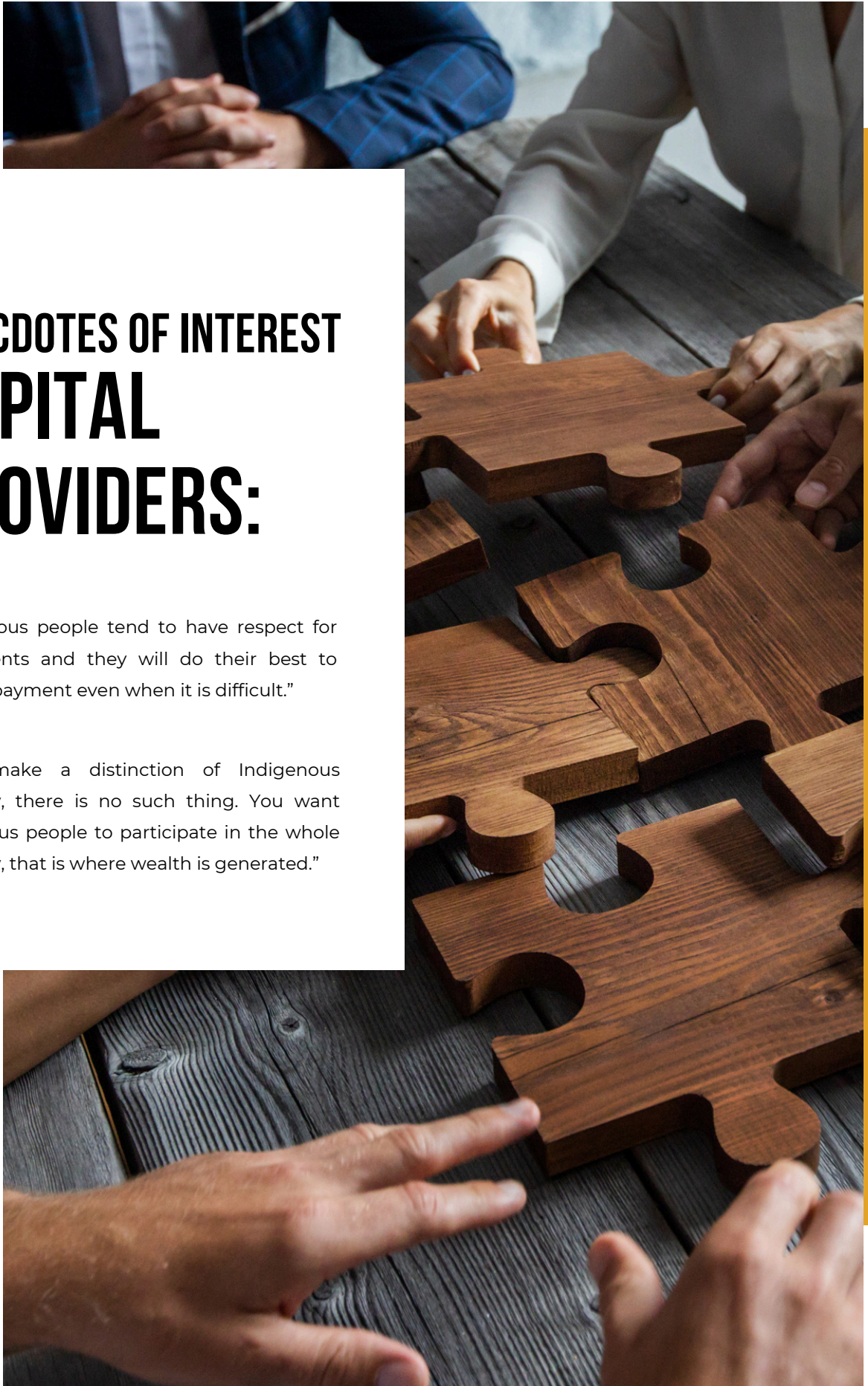
67%

According to the capital providers, of those Indigenous entrepreneurs that have come to them, the success rate in accessing and deploying capital varied widely.

ANECDOTES OF INTEREST CAPITAL PROVIDERS:

"Indigenous people tend to have respect for agreements and they will do their best to make a payment even when it is difficult."

"Don't make a distinction of Indigenous economy, there is no such thing. You want Indigenous people to participate in the whole economy, that is where wealth is generated."



SUMMARY ANALYSIS

The findings from this survey highlight the integral role of Indigenous Financial Institutions (IFIs) in supporting Indigenous entrepreneurship, with 57% of IFIs approving between 76-100% of applications. This high approval rate contrasts sharply with non-Indigenous capital providers, where only 9% report a similar approval rate for Indigenous entrepreneurs. The disparity is rooted in perceived risks and potential for investment loss among non-Indigenous capital providers, highlighting a significant gap in trust and understanding towards Indigenous business ventures.

From the perspective of IFIs, the predominant barriers to approving more applications are not related to the quality or viability of Indigenous entrepreneurs themselves but to external constraints such as the lack of suitable candidates and a lack of resources for initiatives. Furthermore, Indigenous entrepreneurs' notable lack of awareness about available services exacerbates these challenges. This paradox suggests that while increasing awareness is crucial, it must be accompanied by enhanced resource allocation to ensure that rising demand can be met effectively.

The stark contrast in approval rates between Indigenous and non-Indigenous capital providers calls for a closer examination of the criteria and assumptions underpinning investment decisions. It raises critical questions about the extent to which systemic biases and misconceptions about Indigenous entrepreneurship influence funding outcomes.

Addressing these disparities is essential for fostering a more inclusive and supportive entrepreneurial ecosystem for Indigenous communities.

Conversely, the data from Indigenous entrepreneurs who have sought out support provides a unique perspective in contrast to the capital providers. The Indigenous entrepreneurs who have been unsuccessful in securing capital reveal critical insights into systemic barriers within the financial ecosystem. Notably, a significant 38% of these entrepreneurs reported receiving no response at all to their applications, highlighting a lack of transparency and communication from capital providers. This silence not only leaves entrepreneurs without crucial feedback but also perpetuates a sense of exclusion and invisibility within the financial system.

Moreover, nearly as many entrepreneurs cited their business type or location as incompatible with the capital providers' criteria. This suggests that existing funding models and evaluation criteria may be too rigid or narrowly defined, failing to accommodate Indigenous businesses' diversity and unique contexts. Such restrictions can disproportionately disadvantage Indigenous enterprises, especially those operating in trans-border or underserved communities or those engaged in non-traditional or culturally specific sectors.

The juxtaposition of capital providers reporting a scarcity of suitable entrepreneurs to fund against the significant proportion of Indigenous entrepreneurs who receive no response to their funding applications signals a profound disconnect within the entrepreneurial ecosystem. This contradiction highlights systemic inefficiencies and communication breakdowns that warrant closer examination.

CROSS REFERENCING IDENTIFIED BARRIERS WITH CANDID REMARKS

This section of the survey report establishes a vital connection between the barriers and challenges identified by Indigenous entrepreneurs and the corresponding insights provided by capital providers and vice versa. Through a detailed examination of verbatim comments, this analysis offers a comprehensive understanding of the intersecting perspectives surrounding access to capital for Indigenous businesses. By juxtaposing these perspectives, this section of the report aims to provide a nuanced view of the systemic barriers hindering Indigenous entrepreneurs' access to capital and offers insights into potential pathways for addressing these challenges, while sharing the experiences of both respondent types in their own words.

ENTREPRENEUR IDENTIFIED BARRIERS

Complex/onerous application processes and lack of responsiveness from capital providers

Cost of capital is too high

Discrimination or bias

COMMENTS FROM CAPITAL PROVIDERS

"We have a lot of clients that fall off after the application due to the overwhelming nature of the application itself."

"Clients often don't put the work that is required to get a loan."

"Lots of hoops they have to jump through together with the grants."

"IFIs aren't equipped to support startup entrepreneurs - both in capacity and the time it takes to work through processes. We have to walk them through the process."

"There is an inherent distrust of financial institutions. The process we are trying to put them through deepens the distrust."

"(Indigenous startups are) financing through personal debt; biggest threat to Indigenous business development is personal debt; we are burying youth (our future) in debt."

"Indigenous entrepreneurs and communities are not risk rated appropriately...Banks, years ago had bad experiences with loan losses and couldn't get collateral, so they paint all Indigenous people with the same stroke; it's simply not true; in fact, to my knowledge, ... you are always going to have the federal governments with a judiciary obligation to lend so they will never go bankrupt."

"White men know the market better and it is a white man based economy; if an Indigenous economy makes more sense then money will flow there."

"Indigenous entrepreneurs need to understand the global perspective; otherwise the company will not grow fast or big enough to attract capital."

"Indigenous businesses would score higher all else being equal. In certain programs, Indigenous businesses may be able to receive a higher level of support."

"Most Indigenous entrepreneurs refuse to put a business plan together - no plan on how to achieve success."

CROSS REFERENCING IDENTIFIED BARRIERS WITH CANDID REMARKS

ENTREPRENEUR IDENTIFIED BARRIERS	COMMENTS FROM CAPITAL PROVIDERS
Personal credit/equity issues	<p>"I see more and more young people coming in, but they are spending money recklessly and it affects their credit."</p>
	<p>"If there was a product that could help rebuild credit and make it accessible, that would be an absolute game changer."</p>
	<p>"A lot of times they lack the credit rating/history. Get them back on track with their credit."</p>
	<p>"Little to no savings so entrepreneurs are unable to inject their equity requirements when applying through conventional lenders (banks, credit unions)."</p>
Lack of cultural understanding by capital providers and business models not aligning with lender criteria	<p>"First Nation lending is relationship based, so lenders need to become aware of their needs, culture."</p>
	<p>"There is no difference between Indigenous and non-Indigenous in the capital market, unless they can get additional funding because they are Indigenous."</p>
	<p>"Should increase the number of Indigenous fund managers - very few Indigenous people going through finance. For business people, when you see yourself across the table, it relaxes you; trust is built really quickly; much harder to sit across from a bay street person (as an Indigenous entrepreneur)"</p>
	<p>"More Indigenous (people) taking business programs is fundamental to changing the investment culture"</p>
	<p>"Certain programs have characteristics that aren't typical of Indigenous businesses. We have programs that are targeted to certain sectors as well as high growth; eliminates a lot of on reserve by focusing towards tech and manufacturing."</p>
	<p>"Indigenous entrepreneurs lack self confidence...so they tend not to follow through with ideas."</p>

CROSS REFERENCING IDENTIFIED BARRIERS WITH CANDID REMARKS

CAPITAL PROVIDER IDENTIFIED BARRIERS

Complex/onerous application processes

COMMENTS FROM INDIGENOUS ENTREPRENEURS

"The (Indigenous capital provider) requested financial statements, projections, purchase orders when we were a pre-revenue startup."

"It can be a long and time consuming process."

"Some gatekeeping of funds. In order to get that (undisclosed) funding, I had to sit through presentations about the mining industry (read: extractivism) as part of their 'training'."

"What's involved in an application is a bit of a challenge... you have to know it's going to be a challenge and be prepared for the slog and the sudden appearance of additional, unexpected hurdles and continue to try to plow through them."

"The people doing the review/diligence are a big problem...western business reps...they can't understand what would make an economically viable operation in a northern community; they are out of their wheelhouse - can't see the business proposition."

"Many of the funds available market themselves as being accessible, but the reality is they require unrealistic criteria for Indigenous businesses to provide. I have a decade of commercial banking experience and understand complex lending, I have a masters degree in Management and Innovation, I am the CEO of a (undisclosed). Currently, if I am not able to access capital for my business, explain to me how our Indigenous communities can...because it is very rare to have my level of business sophistication and be an Indigenous entrepreneur."

"Non-Indigenous people are designing grants and funds for Indigenous people with lending criteria based on models that were created to satisfy a system that was meant to exclude Indigenous people."

"A lot of the things one needs to do to access capital is daunting, vague, and unclear. No handbook that would help prepare an entrepreneur with all the documents and other preparation one needs just to approach a potential lender."

"...the time spent applying and getting turned down is not worth it. better to go get another customer and invest in that."

"We heard of so many people applying for like \$10-40k and only being approved \$4k. It isn't worth our time."

CROSS REFERENCING IDENTIFIED BARRIERS WITH CANDID REMARKS

ENTREPRENEUR IDENTIFIED BARRIERS

Indigenous entrepreneurs lack awareness of their services/funding

Insufficient resources or funding for Indigenous-focused initiatives

Lack of responsiveness from capital providers

COMMENTS FROM INDIGENOUS ENTREPRENEURS

"Indigenous entrepreneurs have traditionally been excluded from mainstream economies so we have much less history in interacting B2B and have much less knowledge and/or support systems around us to support us."

"I think that there are millions of dollars worth of subsidy programs from the government for different social causes, including aboriginal programs, but people who need that money are not aware of those...programs."

"Indigenous people that have moved away from their native communities find it exceptionally difficult to find support. We no longer fit into the local definition of 'Indigenous' because we are not part of that local group. This adds to the feeling of exclusion and unfair treatment. The lack of support is discouraging for those that have chosen to move off the reserve to make another part of Canada home."

"Potential capital sources are physically far away from us - and only rarely do government or Indigenous economic development-focused orgs reach us."

"I did not know about Indigenous capital providers."

"(There should be) more funding to government agencies to help those organizations to better serve Indigenous entrepreneurs."

"My needs include....a more small business friendly government, one who supports its small businesses and understands they are vital to a robust national economy."

"Lots of national organizations seem to get money to support Indigenous entrepreneurs but instead of supporting entrepreneurs it funds ineffective administration and support staff and nothing flows to entrepreneurs."

"I have completed my application and a business plan. Submitted and did not get a response. I followed up and still did not get a response."

"Did not get feedback from (Indigenous capital provider). Contacted (national representing organizations) about obtaining loans and was told they could not help."

"I was not provided with any details on why my application was rejected." (this sentiment is repeated several times)

"Someone to respond to my enquiries might have been helpful."

CROSS REFERENCING IDENTIFIED BARRIERS WITH CANDID REMARKS

ENTREPRENEUR IDENTIFIED BARRIERS	COMMENTS FROM INDIGENOUS ENTREPRENEURS
Lack of responsiveness from capital providers	"I received no support from Indigenous financial institutions. They wouldn't return my calls."
Lack of suitable Indigenous entrepreneurs/businesses to invest in	<p>"I was turned down years ago for a loan I wanted for improving the already established business at (name redacted) an Indigenous financial institution because my business is aviation and I am not a pilot. They said that I needed to be a pilot to qualify even though I run the business. We resorted to private loans from wealthy customers who believed in us. Years later I tried again for a different project and received it no problem."</p> <p>"We are a federally licensed cannabis business but public institutions will not lend to this legal business. Private lenders have their own biases towards either the nature of the cannabis business or the unknown in such a young industry. However, I think my being a woman is a much bigger deterrent to funding than my Indigenous background."</p> <p>"Banks will not give loans to on-reserve businesses."</p> <p>"Funders were less concerned about social and more concerned with ROI and employment income; if intent is to run a social purpose it is very difficult."</p> <p>"(Undisclosed capital provider) was rude and said 'Why don't you ask your family for the money?'"</p> <p>"(Indigenous capital providers) do not fund innovation, they prefer businesses like a food trucks or retail."</p>
Lack of business acumen and financial literacy	<p>"(I could benefit from) better knowledge about business practices, i.e. the administrative systems that are the backbone of an organization - for staffing, for government filings, financial analysis and planning tools."</p> <p>"(I could benefit from) a better understanding of tax requirements."</p> <p>"We've been underperforming on education forever; most Indigenous entrepreneurs are not higher educated."</p> <p>"Culturally appropriate professional support is so needed."</p> <p>"Their equity requirements are often a challenge."</p> <p>"Provide more training opportunities at no or minimal cost for Indigenous entrepreneurs to administer/manage a business."</p>

CROSS REFERENCING IDENTIFIED BARRIERS WITH CANDID REMARKS

CAPITAL PROVIDER IDENTIFIED BARRIERS

Alternative financial options needed

COMMENTS FROM INDIGENOUS ENTREPRENEURS

"There are other places that I think I could theoretically seek funding grants but I am very cognizant of the harm being done to our communities by banks, extractive industries, etc. and I will not compromise my values and take their money."

"Currently I cannot afford to spend the time necessary to grow my business because I need to hold a job to ensure our bills are paid."

"Access to grant money that isn't tied to going through a middleman would be nice. When I needed capital, I had to get it from the banks. Now that I have cash flow, I don't need the capital."

"...money couldn't be used for operating costs, not for project management, expenses, etc."

"My needs include lower taxes, and a more small business friendly government, one who supports its small businesses and understands they are vital to a robust national economy."

"Indigenous businesses should not be capitalized on."

"The only government grants for Indigenous people I can find are for communities/bands."

"Access to grant money that isn't tied to going through a middle-man would be nice."

"Specialized capital is needed for on-reserve businesses."

"Indigenous people that have moved away from their native communities find it exceptionally difficult to find support. We no longer fit into the local definition of "Indigenous" because we are not part of that local group. This adds to the feeling of exclusion and unfair treatment. The lack of support is discouraging for those that have chosen to move off the reserve to make another part of Canada home."

"Lots of national organizations seem to get money to support Indigenous entrepreneurs but instead of supporting entrepreneurs it funds ineffective administration and support staff and nothing flows to entrepreneurs."

"The costs of borrowing are high and there are still stereotypes in the financial sector regarding Indigenous businesses."

"Ultimately the resources created, time after time, for Indigenous people benefit the people running them more than the resources going out."

AREAS OF AGREEMENT

HIGHLIGHT

Deficits in Indigenous entrepreneurs being investment ready. Common pain points between groups include weak personal financials, weak business financials, and lack of business planning.

Applications processes are too complex/onerous

Coaching and training supports are needed

Quality mentorship is needed

Resources for staffing. Both capital providers and entrepreneurs identified this as a need for their own organizations

Personal credit is a key issue

ANALYSIS

From the entrepreneur's perspective, this means that they need to increase their business and financial acumen through training and/or hiring the right people and taking the necessary steps to be eligible for funding. In doing so, they are working to fit within the current system.

From the capital provider perspective, their hands are tied as they have certain regulatory requirements that must be met and risk analysis that doesn't place value on Indigenous culture, social impacts, and historical harms.

Could be a reflection of Indigenous entrepreneurs not being ready for investment, i.e. having the business acumen and financial awareness needed for the applications.

There is an easily recognizable gap in coaching and training for Indigenous entrepreneurs in Canada, especially in remote communities.

There is a deficit of experienced Indigenous entrepreneurs available to provide mentorship. Existing mentorship is either of low quality or not culturally appropriate, or both.

While the needs are different, both point to a lack of funding, talent, and support for Indigenous entrepreneurs' access to capital in Canada.

Acknowledged by both sets of stakeholders, there is a clear opportunity for programming that supports loan guarantees and/or credit health repair.

AREAS OF DISCREPANCY_

HIGHLIGHT

There was a discrepancy between the most common sources of capital as identified by entrepreneurs (grants – 78%; loans – 26%) compared to the capital providers we interviewed, which indicated loans as their primary vehicle.

Indigenous entrepreneurs average access to capital success rates (48%) were lower than capital provider approval rates (67%).

Capital providers' indication that Indigenous entrepreneurs lack awareness of their services/funding was not backed up by Indigenous entrepreneurs perceptions on their barriers/challenges in accessing capital.

Discrimination or bias in access to capital was identified as a clear problem by Indigenous entrepreneurs, while capital providers did not indicate that it was a common barrier.

ANALYSIS

Capital providers like IFIs and commercial banks are playing a small role in the space, given the ones we've talked to offer loans as their primary investment vehicle.

Further study would be needed to clarify whether this is a perception issue, a respondent bias issue, a question reliability issue, or something else.

Further study would need to be done to determine how aware Indigenous entrepreneurs are of their access to capital options. However, this study suggests that this awareness is not a primary barrier for Indigenous entrepreneurs.

Interestingly, while capital providers didn't directly indicate the barrier, some made comments that appear reflective of the barrier (Figure 9 & Figure 14).

SUMMARY & CONCLUSION_

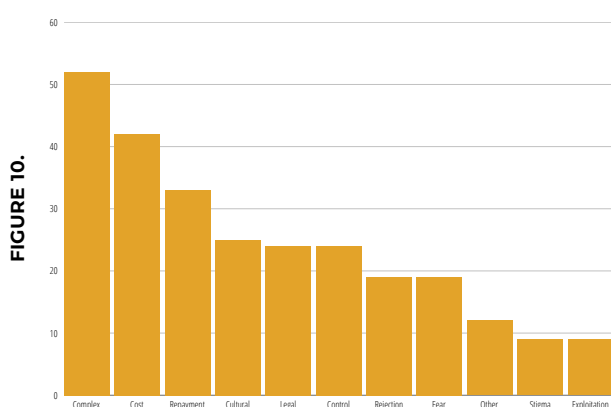
In conclusion, this survey report provides valuable insights into the perspectives of both Indigenous entrepreneurs and capital providers regarding access to capital in Canada. The findings underscore the significant challenges faced by Indigenous entrepreneurs in accessing capital, as well as the disparities in approval rates between Indigenous and non-Indigenous capital providers.

Key findings reveal that Indigenous entrepreneurs primarily access capital through grants, with government grants and local organization grants being the most common sources. However, they face significant barriers, including complex application processes, high costs of capital, discrimination, and a lack of cultural understanding by capital providers. These barriers contribute to lower success rates in accessing capital compared to non-Indigenous entrepreneurs.

On the other hand, capital providers, including IFIs and commercial banks, acknowledge the challenges faced by Indigenous entrepreneurs but also highlight constraints on their end, such as limited resources and regulatory requirements. There is a clear need for increased awareness among Indigenous entrepreneurs about available services and funding opportunities, as well as improved support and mentorship programs tailored to their needs.

The survey report emphasizes the importance of addressing systemic biases and misconceptions about Indigenous entrepreneurship and calls for streamlined processes, better education, and mentorship to foster a more inclusive and supportive entrepreneurial ecosystem. It also highlights the need for collaboration between Indigenous entrepreneurs, capital providers, and policymakers to develop solutions that address the unique challenges faced by Indigenous businesses. Overall, the report provides a comprehensive understanding of the barriers and opportunities in accessing capital for Indigenous entrepreneurs and sets the stage for future initiatives aimed at promoting economic development and prosperity within Indigenous communities.

REPORT IN STATISTICS_



WHAT CONCERNS YOU MOST ABOUT ACCESS TO CAPITAL FOR YOUR BUSINESS?

- 52%** Complex Application Process
- 42%** Cost of Capital is Too High
- 33%** Unfavourable Repayment Terms
- 25%** Lack of Cultural Understanding by Capital Provider
- 24%** Legal and Regulatory Changes
- 24%** Loss of Control of Business
- 19%** Rejection and Discrimination
- 19%** Fear of Failure
- 12%** Other
- 9%** Cultural Stigma & Assimilation into Western Culture
- 9%** Cultural Appropriation & Exploitation

WHAT DESCRIBES YOU BEST?



FIGURE 3.

- 50%** Indigenous Entrepreneur or Business Owner 35+ Years
- 17%** Indigenous Capital Provider
- 7%** Employee at an Indigenous-owned & Operated Business
- 7%** Non-Indigenous Capital Provider that Provides Capital to Indigenous Entrepreneurs or Businesses
- 7%** Indigenous Entrepreneur or Business Owner Under 35
- 6%** Non-Indigenous Person Who Supports the Indigenous Community
- 3%** Indigenous Person Who Supports the Indigenous Community
- 1%** Indigenous Economic Development Officer for an Indigenous Community
- 1%** Indigenous Person with a Business Idea 35+ Years
- 1%** Indigenous Person with a Business Idea

THINKING ABOUT THE TIMES YOU'VE TRIED TO GET CAPITAL, WHAT % WERE YOU SUCCESSFUL?

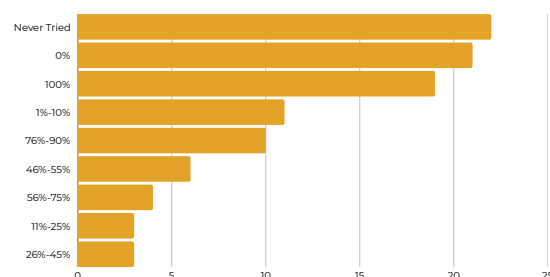


FIGURE 9.

- 22%** Never Tried to Get External Capital for My Business
- 21%** 0%
- 19%** 100%
- 11%** 1%-10%
- 10%** 76%-90%
- 6%** 46%-55%
- 4%** 56%-75%
- 3%** 11%-25%
- 3%** 26%-45%

CAPITAL PROVIDER SUMMARY

WHAT TYPE OF CAPITAL OR INVESTMENT VEHICLES DO YOU OR YOUR ORGANIZATION MAKE INTO INDIGENOUS BUSINESS?

- 88% Conventional Loans
- 42% Other
- 39% Grants
- 27% Low-Interest Loans
- 24% Mortgages
- 18% Convertible Notes
- 18% Preferred Shares
- 12% Conventional Lines of Credit
- 12% Simple Agreements for Future Equity (SAFEs)
- 12% Common Shares
- 9% Impact-Adjusted Loans
- 6% Revenue Sharing Agreements
- 3% Shared Earning Agreements (SEALs)
- 3% Impact Mortgages

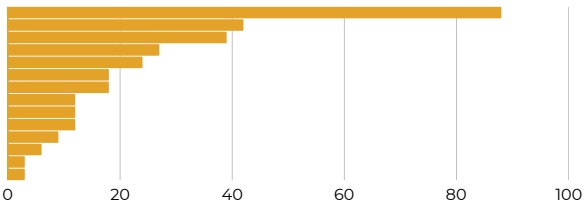


FIGURE 13.

Now thinking about Indigenous Entrepreneurs that have come to ask for capital, what % do you estimate are successful at getting the money and deploying it?

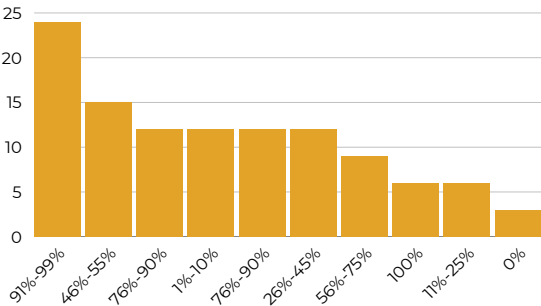


FIGURE 14.

24%		
91%-99%		
15%	12%	6%
46%-55%	76%-90%	100%
12%	12%	6%
76%-90%	26%-45%	11%-25%
12%	9%	3%
1%-10%	56%-75%	0%

IN YOUR OPINION, WHAT ARE THE PRIMARY BARRIERS OR OBSTACLES THAT HINDER YOUR ORGANIZATION'S ABILITY TO SUPPORT MORE INDIGENOUS ENTREPRENEURS?

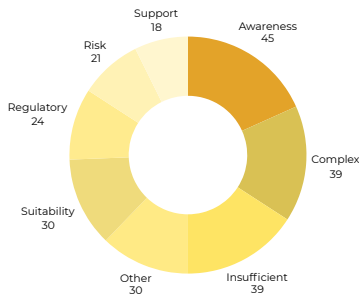


FIGURE 15.

- 45% Indigenous Entrepreneurs Lack Awareness of Our Services/Funding
- 39% Funding Applications Are Too Complex or Onerous
- 39% Insufficient Resources or Funding for Indigenous-Focused Initiatives
- 30% Other
- 30% Lack of Suitable Indigenous Entrepreneurs or Businesses to Invest In
- 24% Regulatory or Legal Barriers
- 21% Concerns About Risk or Potential for Investment Loss
- 18% Insufficient Resources or Funding for Supporting Indigenous Entrepreneurs



THANK YOU

WAKOPA FINANCIAL

ADDRESS:

856 Century Street,
Winnipeg, MB

Richard Tuck

richard@wakopafinancial.com
www.wakopafinancial.com