

QUÉBEC

ABORIGINAL PEOPLES OF QUÉBEC

THE ABORIGINAL INITIATIVES FUND II

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This document was written and published in the winter of 2013. The electronic version is available at the following address: www.autochtones.gouv.qc.ca, under the heading dedicated to programs.

Photo credits
Secrétariat aux affaires autochtones
Page 14: Marc Tremblay

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ISBN 978-2-550-66207-5 (print version)

ISBN 978-2-550-66208-2 (electronic version)

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GENERAL APPLICATION FRAMEWORK



The Aboriginal Initiatives Fund II (AIF II) is made up of five different budgets, the management of which has been entrusted to the Minister for Aboriginal Affairs: economic development, loan guarantees, community infrastructure, community action and consultation.

The main objective of the AIF II is to support Aboriginal social, economic and community development. To this end, the AIF II will provide financial support to promising projects with potential for major spin-offs and growth generation.

- Funding from the AIF II is complementary to other sources of provincial or federal government support. The role of the AIF II must be clearly understood as being complementary to the role of other government stakeholders, to allow Aboriginal communities and organization to materialize their projects. The AIF II will not fund projects that would interfere with or duplicate existing responsibilities, programs or services.
- Projects submitted under the framework of the AIF II must be funded on a priority basis by the existing programs of the federal government as well as those of Gouvernement du Québec departments and agencies.
- The AIF II may be used only to fund those projects that no other program can fund and, as the case may be, those projects requiring additional financial assistance not available under existing programs.

In this context, in order for the funding to be authorized within the framework of the AIF II, generally speaking, an important part of the funding must be assumed by the community, proponent, federal government or any other partner. The proponent must **demonstrate its financial need** and provide the Secrétariat aux affaires autochtones—and relevant Aboriginal authorities, if applicable—with a business plan including, among other things, the following information:

- The issue explaining and justifying the financial need and the relevance of resorting to the funding budget;
- The place where the project will be carried out;
- The breakdown of the costs and funding of the project, including an itemized list of the other anticipated sources of funding;
- The advantages associated with the project;
- The steps taken to support the project, and a demonstration of how the assistance being sought is needed in order to carry out the project;
- A three-year budget forecast.

Lastly, to be eligible for AIF II funding, **an expense must be incurred after the date on which the application for financial assistance is submitted**. No project will be approved by the Minister for Aboriginal Affairs until such time as the financing plan has been completed, including, where such is the case, the financial participation of the federal government.

ECONOMIC DEVELOPMENT



The economic development component of the Aboriginal Initiatives Fund II (AIF II) reserves \$64 million for Aboriginal nations and communities covered under the program. The goals of this component are to:

- Establish conditions that are conducive to the emergence of economic development;
- Create and develop businesses;
- Create and consolidate jobs;
- Foster entrepreneurship among women and youth.

A. General terms

In order to access this component of the program, a nation or community must:

- Have signed with the Minister for Aboriginal Affairs a specific agreement in which the nation or community undertakes to submit economic development projects. This agreement must be signed no later than two years following the publication, in the *Gazette officielle du Québec*, of the Order in Council that approved the creation of the AIF II;
- Not have previously signed with the Gouvernement du Québec an agreement allowing it to fund economic development projects, unless such agreement specifically provided that it would not have a prejudicial effect on the renewal of funding under the AIF II.

Under the economic development and community infrastructure components, should a community wish to transfer residual amounts from the AIF to the AIF II, the AIF agreement will be terminated, and all projects will be assessed pursuant to applicable criteria under the AIF II. The other AIF components ended on March 31, 2012. The resolution of the council to enter into specific agreements relating to AIF II with the Gouvernement du Québec would have to reflect this intention, where applicable.

B. Eligible organizations

Eligible organizations are as follows:

- The Aboriginal communities and nations recognized by the Québec National Assembly;
- Non-profit Aboriginal organizations or their equivalent;
- Profit-oriented Aboriginal organizations or their equivalent.

C. Eligible projects

In order to be eligible for the amounts reserved for nations and communities, an economic development project must:

- Enable the goals of this component of the program to be reached;
- Be a priority for the nation or community;
- Be submitted to the Secrétariat aux affaires autochtones (SAA) within five years of the date on which the specific agreement is signed.

Projects that are eligible for the amounts reserved for mobilization, youth entrepreneurship and social economy projects, must:

- Enable the goals of this component of the program to be reached;
- Be submitted to the SAA and be completed prior to March 31, 2017.

In order to be eligible, a project must fit into one of the following six categories:

Entrepreneurship

Projects in this category are meant for starting, expanding and developing businesses.

Studies

Projects in this category are mainly meant for the completion of studies necessary for putting together eligible projects within this component of the program for economic development (including business plans).

The share allocated to studies may not exceed 10% of the amounts reserved by the program for the economic development of the nation or community.

Assistance for local economic development

Projects in this category mainly seek to help the nation or community so that it can better structure its own economic development. More specifically, these projects are mainly meant to:

- Support communities in the development of a strategic plan for economic development;
- Survey the resources of the environment, and make them known and more accessible;
- Hire and train local economic development officers in an Aboriginal setting.

Financial assistance for local economic development may not exceed 30% of the amounts reserved for the economic development program of the nation or community.

Labour force training

Projects in this category are mainly meant for the development of the Aboriginal labour force, especially through vocational training.

Retraining training in the workplace that is necessary for starting, expanding or consolidating an entrepreneurial project eligible within this component of the program may be eligible, where the beneficiary of the retraining training is Aboriginal. Furthermore, Local First Nation Commissions as well as local employment centres must be solicited by the proponents as partners, pursuant to their respective responsibilities. The AIF II's general application framework stipulates that the program is a complementary tool.

Social economy

Projects in this category are mainly meant for the initiatives of non-profit organizations in the social economy field.

Under the program, \$2 million is reserved for social economy projects developed by off-reserve Aboriginal companies or organizations. The contribution limit for each project is set to \$100,000, allowing for exceptions. The “first-come, first-serve” principle applies.

Social economy companies offer products and services in innovative fields that are just as varied as those covered by traditional companies. “Social” community businesses, whose goal is to produce and offer goods and services that meet community needs, have an entrepreneurial nature that is based on a social purpose.

In accordance with the directions of the Gouvernement du Québec in this area, the operating rules and principles of these companies define them in a particular way, so:

- Their purpose must be to serve their members or community rather than simply to generate profit and focus on financial performance;
- They must be managed in a way that is autonomous from the State;
- They must integrate, in their statutes and ways of doing things, a democratic decision-making process that includes users;
- They must defend the primacy of people and jobs over capital in the division of their surpluses and revenue;
- They base their activities on principles of participation, empowerment and individual and collective responsibility.

The social economy sector consists of two types of companies classified according to their legal status:

- Cooperative and mutualist, composed of cooperatives in accordance with the *Cooperatives Act* or the *Act respecting financial services cooperatives*, as well as mutual insurance companies established in accordance with the *Act respecting insurance*;
- Associative, which includes non-profit organizations (NPOs) created pursuant to division III of the *Companies Act* and whose financial viability mainly depends on independent revenue from production and goods and services.

Note that NPOs that are not mainly entrepreneurial in nature, such as community-based agencies, charitable organizations, economic development corporations, municipal bodies, and the like, are not social economy companies. Nevertheless, such organizations can still set up social economy projects that respect the above-mentioned criteria to generate autonomous revenue.

Economic mobilization

Projects in this category must have a mobilizing effect in the economic field for Aboriginal nations or communities in general. They must also have been submitted by non-profit Aboriginal organizations and have been the subject of a consensus among the relevant Aboriginal nations or communities.

Youth entrepreneurship

Under the AIF II, \$2 million is reserved for economic development projects led by young Aboriginal entrepreneurs aged 35 or under, whether or not they live in their native community, in addition to amounts reserved and split among the Aboriginal communities that are eligible for the program.

These projects are to be submitted directly to the SAA, which will analyze their eligibility based on the applicable standards of the program. The first-come, first-serve principle applies. The contribution limit is set to \$100,000 per project, allowing some exceptions.

D. Eligible expenses

Generally speaking, eligible expenses are limited to capital expenditures, as defined in generally accepted accounting principles. Operating expenses, the repayment of debt or deficits, as well as working capital are not eligible expenses.

Some exceptions can be made in the following situations:

- For study, labour force training and mobilization projects, all expenses are eligible;
- For local economic development assistance and social economy projects, all expenses are eligible over a maximum period of five years;
- In the case of business acquisitions or acquisitions of interest in existing companies, the expenses incurred are eligible if they have direct and significant impacts on job creation in the community.

E. Determining of the financial assistance

General section

The financial assistance takes the form of a grant, the maximum amount of which is determined by taking into account the proponent's financial needs and the assistance granted by other departments and agencies of the Gouvernement du Québec and of the federal government.

The assistance granted by the Gouvernement du Québec and its agencies may not exceed 50% of eligible expenses, and the total amount of the financial assistance awarded by the two orders of government may not exceed 90% of the total cost of the project, allowing for exceptions.

In order to encourage partnerships between Aboriginal and non-Aboriginal people, any business formed by such a partnership will be considered to be 100% eligible for the program, under the condition that the Aboriginal proponent retain effective control over the business and more than 50% ownership of the company. Where an Aboriginal proponent does not have a majority share in the company, the financial assistance that may be awarded to the project will correspond to the share of the company under Aboriginal control.

Specific section

In order to make funding more accessible for Aboriginal women and youth, a specific section was put in place. The SAA has increased the combined financial assistance awarded by the Gouvernement du Québec and its agencies to 60% of eligible expenses for projects carried out by Aboriginal women and youth. Similarly, the combined assistance granted by the two orders of government has risen to 95% of the total costs of such projects.

Only young Aboriginal people aged 35 or under and Aboriginal women of all ages may benefit from this specific funding section.

Companies for which over 50% of effective control and ownership are held by young Aboriginal entrepreneurs aged 35 or under or female Aboriginal entrepreneurs of all ages are fully eligible for this specific section of funding.

F. Terms of repayment and reporting

Generally speaking, authorized projects will be the subject of a funding agreement between the eligible organization and the Gouvernement du Québec. The agreement will define the activities, conditions for the payment of financial assistance and commitments of the parties. Moreover, this agreement provides for a reporting process.

LOAN GUARANTEES



The loan guarantee component of the Aboriginal Initiatives Fund II (AIF II) makes \$5 million available to Aboriginal peoples in Québec. The goals of this component are to:

- Set up the conditions that will foster the emergence of economic development;
- Allow Aboriginal organizations to access conventional funding sources.

A. Eligible organizations

Eligible organizations are:

- Aboriginal nation communities that are recognized by the Québec National Assembly;
- Non-profit Aboriginal organizations or their equivalent;
- For-profit Aboriginal organizations or their equivalent.

B. Eligible projects

To be eligible for a loan guarantee, projects must achieve the goals set out by this component of the program, be submitted to the Secrétariat aux affaires autochtones (SAA) and be completed before March 31, 2017.

C. Eligible expenses

All expenses related to the creation, expansion or consolidation of an eligible business or organization are eligible.

D. Determining of the financial assistance

The financial assistance takes the form of a loan guarantee to support economic or social development initiatives. The Gouvernement du Québec may guarantee a loan for an amount representing 50% of eligible project costs, up to a maximum of \$100,000, with some exceptions. The loan guarantee will be effective for a maximum period of 5 years. At the end of this period, the proponent could obtain a grant in an amount representing up to 5% of the loan guarantee, if it meets certain conditions specified in the guarantee agreement.

In order to encourage partnerships between Aboriginal and non-Aboriginal people, businesses and organizations in such partnerships will be considered 100% eligible for this program as long as the Aboriginal proponent retains effective control and, in the case of a company, owns more than 50% of the shares. For the Aboriginal proponent who owns less than 50% of the shares, the amount of financial assistance for the project will correspond to the percentage of ownership.

To calculate the financial contribution of the Gouvernement du Québec or its agencies, loan guarantees are estimated at 3% of the guaranteed amount.

E. Conditions of application and reporting

All authorized projects will be the subject of a loan guarantee agreement between the eligible organization and the Gouvernement du Québec. The agreement will define the project, conditions for the loan guarantee and commitments of the parties. Moreover, this agreement will provide for a reporting process.

COMMUNITY INFRASTRUCTURES



The community infrastructure component of the Aboriginal Initiatives Fund II (AIF II), with a total budget of \$38 million over five years, is available to Aboriginal peoples in Québec. Of this amount, \$3 million has been set aside for use by Aboriginal community organizations located off reserve. The “first come, first served” principle applies to this component of the program. In terms of community infrastructure projects initiated by off-reserve Aboriginal community organizations, housing is eligible if these projects are related to temporary, transient or emergency housing.

The goals of this component are to:

- Renew and improve community infrastructures so as to enhance the well-being and living conditions of Aboriginal populations;
- Support the social and community development of Aboriginals.

If a community wants the remaining funds reserved under the economic development component of AIF to be transferred to AIF II, it can request to do so. Then, the initial agreement will be terminated. Whether it is for the economic development or community infrastructure component, all new projects that are submitted will be evaluated under the applicable AIF II criteria. Funding can be from the AIF (if the community is eligible and the amounts are still available) or AIF II, as the case may be. The other AIF components—loan guarantees, community action and support for consultation—ended on March 31, 2012.

A. General terms

In order to have access to this budget, a nation or community must:

- Have signed a specific agreement with the Minister for Aboriginal Affairs no later than two years after the announcement of the AIF II, in which the nation or community commits to submitting economic development projects;
- Have prioritized eligible projects representing at least 25% of the portion of the budget reserved for it under the economic development component;
- Not have received more than \$1 million in financial assistance for the same community under this component of the program.

B. Eligible organizations

Eligible organizations for the community infrastructure component are:

- Aboriginal nations and communities that are recognized by the Québec National Assembly;
- Non-profit Aboriginal organizations or their equivalent.

C. Eligible projects

All community infrastructure projects must be submitted by the nation or the community within a period of five years from the signing, by all parties, of the specific agreement establishing the terms of program planning and cooperation in the economic development field. Projects presented by off reserve Aboriginal community organizations must be submitted to the Secrétariat aux affaires autochtones and completed by March 31, 2017. All projects must meet the following criteria:

- The project must be considered a priority and useful for the well-being of the Aboriginal population;
- The nation, community or beneficiary organization must be able to assume the operating and upkeep expenses, if any.

Eligible Infrastructures

Projects concerning the following activity sectors are eligible: social services, recreation, sports, culture, communications, tourism and information technologies. The following infrastructures and facilities are eligible:

- Daycare centres;
- Recreation and sports facilities;
- Tourist reception, recreation, physical fitness, community and administrative centres;
- Non-residential developments (for example: earthworks, recreation and community parks, playgrounds, walking trails, beaches and campgrounds);
- Cultural and communication facilities having a community vocation;
- Development of heritage assets;
- Youth centres;
- Community and residential centres.

Non-eligible Infrastructures

This budget cannot be used to fund on-reserve projects in sectors that fall under the federal government's responsibility, including:

- Drinking water catchment, purification, storage and distribution facilities, including equipment related to fire protection;
- Disposal and inspection facilities for wastewater, including rain water;
- Roads, streets, sidewalks, bridges, overpasses, tunnels, retaining walls and noise walls;
- Schools;
- Hospitals and dispensaries;

- Airports and wharfs;
- Penitentiaries, police stations, fire stations and jails;
- Facilities related to public security and justice (places where justice is exercised).

D. Eligible expenses

In general, all costs necessary for the implementation of projects are eligible, including capital expenditures, as defined by generally accepted accounting principles, as well as all costs incurred for the completion of the project.

In the case of an eligible project with a business plan demonstrating the need for temporary financing for operating costs, a portion of the operating costs may be considered as eligible expenses.

The purchase price of lands is not eligible.

E. Determining of the financial assistance

The granted financial assistance may not exceed 50% of eligible expenses, allowing for exceptions.

F. Conditions of payment and reporting

In general, all authorized projects will be the subject of a funding agreement between the eligible organization and the Gouvernement du Québec. The agreement defines the consultation activities, conditions for the payment of financial assistance and commitments of the parties. Moreover, this agreement provides for a reporting process.

The Gouvernement du Québec agrees to finance the debt service of each project; it will repay the principal, interest payments and long-term debt costs to the financial institution that the nation, community or organization chose to finance its project.

COMMUNITY
ACTION



This component of the Aboriginal Initiatives Fund II (AIF II) within the “Plan d’action gouvernemental en matière d’action communautaire” (Government action plan in the community action field) aims to support Aboriginal community action organizations. To this end, \$8 million has been set aside for them over a five-year period. From this amount, \$1 million is reserved for Aboriginal women’s organizations. The goals of this component are to:

- Support improving the socioeconomic condition of Aboriginals;
- Support the development of Aboriginal services;
- Recognize and promote action from Aboriginal community organizations.

A. General terms

In order to access this component of the program, Aboriginal community action organizations must provide the Secrétariat aux affaires autochtones (SAA) with the following:

- An instrument of incorporation (charter);
- The statutes and general by-laws ratified at a general assembly and which are in effect at the Aboriginal organization;
- An activity report or the annual report of the active community organization;
- The financial report and the budget forecasts for the funding period;
- Any other document deemed relevant by the SAA.

B. Eligible organizations

Aboriginal community action organizations must also have the following characteristics:

- Be a non-profit organization;
- Be rooted in the Aboriginal community;
- Have an associative and democratic life;
- Be free to determine its mission, its approaches, its practices and its orientations;
- Be directed by a board of directors that is independent of the public network.

C. Eligible projects

All projects relating to the mission of the eligible organization.

D. Eligible expenses

General expenses are eligible, such as rent, salary costs, office material and technological infrastructure.

E. Determining of the financial assistance

The financial assistance will take the form of a grant to support the overall mission of the Aboriginal community action organization. The amount of the grant will be determined according to the needs demonstrated by the eligible organization and the available financial resources.

F. Conditions of payment and reporting

All authorized funding will be the subject of a multi-year funding agreement between the eligible organization and the Gouvernement du Québec. The agreement will define the project, conditions for the grant and commitments of the parties. Moreover, this agreement will provide for a reporting process.

SUPPORT FOR CONSULTATION



The support for consultation component of the Aboriginal Initiatives Fund II (AIF II), with a total budget of \$20 million over five years, provides funding for Aboriginal nations or communities that are planning to participate in the consultation processes initiated by the Gouvernement du Québec. The objective of this budget is to facilitate the application of the constitutional obligation incumbent upon the Gouvernement du Québec in this field.

A. General terms

In order to have access to this budget, an Aboriginal nation or community must have been solicited by a government department, a government agency or a government corporation to have the nation or community take part in a consultation process as outlined in the Interim Guide for Consulting the Aboriginal Communities (Interim Guide). Aboriginal nations or communities that present projects of a structuring nature facilitating their participation in consultations initiated by the Gouvernement du Québec, pursuant to the Interim Guide, will also have access to this component of the program.

B. Eligible organizations

- Aboriginal nations and communities that are recognized by the Québec National Assembly;
- Organizations mandated by one or more Aboriginal nations or communities to take part in consultations.

C. Eligible projects

Consultation Office

- Set-up and operation of consultation offices that allow a nation or community to participate in consultation processes initiated by the Gouvernement du Québec under the Interim Guide;
- Other activities by Aboriginal nations and communities that allow them to achieve the goals sought by the consultation processes initiated by the Gouvernement du Québec;
- Participation in certain consultation activities among partners, prior to consultation processes.

Strategic Initiatives

- Projects of a structuring nature related to consultations may also be eligible for this component of the program. These projects should, notably, facilitate consultation work between the Gouvernement du Québec and Aboriginal nations or communities or contribute to developing a nation's or community's capacity to participate in consultations. These projects will be subject to separate agreements.

D. Eligible expenses

The eligible expenses include:

- Operating expenses of consultation offices;
- Consulting fees not exceeding current rates regulated by the Gouvernement du Québec;
- Travel expenses not exceeding current rates regulated by the Gouvernement du Québec;
- Expenses incurred to attend meetings or assemblies;
- Expenses related to the production, preparation, drafting or translation of documents;
- All other reasonable related expenses that can be linked to the eligible projects.

E. Determining of the financial assistance

The maximum amount of financial assistance granted, in the form of non-refundable contribution, will be determined by taking into account the sectoral opinions from the departments working in the consultation process as well as comparable agreements. The needs related to the consultation office's activities as well as the volume of anticipated consultation work will be the key elements taken into consideration during this assessment.

The maximum financial assistance may reach 100% of the costs of eligible consultation activities.

F. Conditions of payment and reporting

All authorized projects will be the subject of a funding agreement between the eligible organization and the Gouvernement du Québec. The agreement will define the consultation activities, conditions for the payment of financial assistance and commitments of the parties. Moreover, this agreement will provide for a reporting process.

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