



NEWS RELEASE

Social Finance: Unlocking the Potential of Developmental Lending

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Calgary, June 2, 2014 - It's not news that the oil & gas industry is the backbone of Alberta's economy and key driver of Canada's economy. However, a new report by commissioned by [Statoil](#) and [Indian Business Corporation](#) (IBC) and conducted by [Impakt Corporation](#) reveals a widening gap between expansion of oil & gas and the ability of Aboriginal entrepreneurs to contribute to and benefit from industry growth.

Social Finance: Unlocking the Potential of Developmental Lending finds that in Alberta, Aboriginal people experience more income inequality and worse health and social outcomes than other Canadians. And while increasing Aboriginal involvement in the resource economy through entrepreneurship has been shown to improve these disparities, Aboriginal businesses in the province are being left out of industry's expansion for one primary reason: lack of access to capital.

As outlined in the report, most people living on reserve lack collateral and have no borrowing history or sufficient financial records. As a result, and despite a banner year for Canada's biggest banks, and in an industry that has nearly tripled in size between 2002 and 2012, mainstream lenders consider Aboriginal people to be high risk. The impact is clear: oil and gas companies are not able to engage enough local suppliers, the aspirations of individual entrepreneurs are thwarted, and Aboriginal communities in which more businesses could be operating are being left behind.

Social Finance: Unlocking the Potential of Developmental Lending also documents the reasons why Indian Business Corporation's made-in-Alberta approach to developmental lending hold such promise for Aboriginal communities, the oil & gas sector, and the province itself. The findings indicate that developmental lending delivers shared value through improved socio-economic conditions for borrowers and more resilient local supply chain and improved social licence to operate for lenders. Despite the promise of developmental lending, demand for capital far outstrips supply: IBC has approximately \$13 M in loan capital of which 95 percent is deployed at any given time.

The value of IBC's approach was endorsed last week when [AltaGas Ltd.](#) announced a ground breaking contribution of \$500,000, providing much needed capital to help finance entrepreneurs already approved for financing by IBC. "AltaGas is always seeking new opportunities to create sustainable social value," said **David Cornhill, Chairman and CEO of AltaGas**. "I know firsthand how important it was to have financial support when we started AltaGas twenty years ago and we wanted to be able to do the same, but specifically for First Nations entrepreneurs. Through this agreement with IBC, AltaGas is able to support the creation and growth of sources of revenue for First Nation communities and to ensure that everyone benefits from the impacts of the energy industry."

While the precise socio-economic impact of developmental lending is difficult to quantify, the report suggests that developmental lending in conjunction with effective policy and community-based initiatives is one of the clearest ways to address the socio-economic needs of Aboriginal people. "If Canadian resource companies really want to do something valuable for Aboriginal people while securing their social licence to operate, they should provide capital for developmental loans," said **Brian Cardinal, President of the Indian Business Corporation**. "Trusted intermediaries like the Indian Business Corporation have shown that developmental lending is an effective way of bringing people into the resource economy, increasing self-sufficiency and community resilience."

About Indian Business Corporation

Since 1987, the Indian Business Corporation – a developmental lender - has provided financing for First Nations peoples in Western Canada. IBC believes that access to capital for First Nations peoples provides opportunities for success and economic development.

For more information: www.indianbc.ca

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