



Indian and Northern  
Affairs Canada

Affaires indiennes  
et du Nord Canada

## ***Final Report***

# ***Evaluation of the Indian Government Support Programs***

Date: July 16, 2009

Evaluation, Performance Measurement,  
and Review Branch  
Audit and Evaluation Sector



Canada 

# Table of Contents

---

<b>ACRONYMS .....</b>	<b>IV</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>V</b>
<b>MANAGEMENT RESPONSE / ACTION PLAN .....</b>	<b>VIII</b>
<b>1.0 INTRODUCTION .....</b>	<b>1</b>
1.1 Evaluation Purpose and Scope .....	1
1.2 Evaluation Issues .....	1
1.3 Evaluation Approach .....	2
<b>2.0 METHODOLOGY .....</b>	<b>3</b>
2.1 Document and Data Review .....	3
2.2 Literature Review .....	4
2.3 Key Informant Interviews .....	4
2.3.1 Interviews with INAC Officials .....	4
2.3.2 Interviews with the Office of the Superintendent of Financial Institutions and the Régime des Bénéfices Autochtones Officials .....	4
2.4 First Nation and Tribal Council Participation .....	5
2.4.1 Telephone Interviews with First Nation and Tribal Council Officials .....	5
2.4.2 First Nation and Tribal Council Case Studies .....	5
2.4.3 First Nation and Tribal Council Focus Groups .....	6
2.5 Challenges and Constraints .....	6
<b>3.0 IGS PROGRAM PROFILE .....</b>	<b>7</b>
3.1 Band Support Funding (BSF) Program Background .....	7
3.2 Tribal Council Funding (TCF) Program Background .....	8
3.3 Band Advisory Services (BAS) Program Background .....	9
3.4 Band Employee Benefits (BEB) Program Background .....	10
3.5 Professional & Institutional Development (P&ID) Program Background .....	11
4.1 Rationale/Relevance Summary of Findings .....	13
4.1.1 Rationale and Continued Relevance of Policy and Program Objectives .....	13
4.1.2 Program Complementarity or Overlap .....	16
4.1.3 Program Priority .....	17
4.2 Design and Delivery Summary of Findings .....	17
4.2.1 Program Objectives and Outcomes .....	18
4.2.2 Effectiveness of Program Delivery .....	18
4.2.3 Management Regime .....	19
4.2.4 Administrative Requirements .....	22
4.3 Data Reporting System Summary of Findings .....	23
4.3.1 Performance Management Regime .....	24
4.3.2 Data Reporting .....	25
4.4 Success and Impacts Summary of Findings .....	25
4.4.1 Achievement of Objectives .....	26
4.4.2 Unintended Impacts .....	30
4.5 Cost-Effectiveness/Alternatives Summary of Findings .....	31
4.5.1 Cost-Effectiveness .....	32
4.5.2 Alternatives .....	33
4.5.3 Best Practices .....	34
<b>5.0 FINDINGS, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>36</b>
5.1 Findings/Conclusions .....	36
5.2 Recommendations .....	37
<b>6.0 BIBLIOGRAPHY .....</b>	<b>39</b>

*List of Tables*

---

Table 1: Participation of Officials by Affiliation and Region..... 3

Table 2: Distribution of Communities and Tribal Councils..... 5

Table 3: BSF/TCF/BAS Profile of Case Study Communities and Tribal Councils..... 6

Table 4: IGS and Component Programs Eligibility Amounts by Region, 2007-08..... 7

Table 5: BSF Eligibility Amounts by Region, 2003- 04 to 2007- 08 ..... 8

Table 6: TCF Eligibility Amounts by Region, 2003-04 to 2007-08..... 9

Table 7: Number of Tribal Councils and Affiliated First Nations by Region, 2007-08 ..... 9

Table 8: BAS Eligibility Amounts by Region, 2003- 04 to 2007-08..... 10

Table 9: BEB Eligibility Amounts (\$000s) by Region, 2003- 04 to 2007-08 ..... 10

Table 10: Number of BEB Plans & Employees Covered within the Plans, 2003- 04 to 2007-08..... 11

Table 11: P&ID Allocation of Funds<sup>1</sup> and Companion Initiative<sup>2</sup> by Region 2006-07 & 2007-08 ..... 12

Table 12: P&ID Expenditures<sup>1</sup> by Region, 2008-09..... 30

# Acronyms

<b>AFA</b>	Alternative Funding Arrangement
<b>AFN</b>	Assembly of First Nations
<b>AFOA</b>	Aboriginal Financial Officers Association
<b>BAS</b>	Band Advisory Services
<b>BEB</b>	Band Employee Benefits
<b>BOC</b>	Basic Organizational Capacity
<b>BSF</b>	Band Support Funding
<b>CFA</b>	Comprehensive Funding Arrangement
<b>CFNFA</b>	Canada First Nations Funding Arrangement
<b>CIMD</b>	Corporate Information Management Directorate
<b>DRMAF</b>	Departmental Results-based Management Accountability Framework
<b>FNITP</b>	First Nation and Inuit Transfer Payment System
<b>FSO</b>	Funding (Field) Services Officer
<b>GS-PD</b>	Gathering Strength – Professional Development
<b>HQ</b>	Headquarters
<b>HR</b>	Human Resources
<b>HRSDC</b>	Human Resources and Social Development Canada
<b>IGS</b>	Indian Government Support
<b>IGSS</b>	Indian Government Support System
<b>ISO</b>	International Standards Organization
<b>IIMD</b>	Indian and Inuit Management Development
<b>INAC</b>	Indian and Northern Affairs Canada
<b>IT</b>	Information Technology
<b>LTS</b>	Lands and Trust Services
<b>OSR</b>	Own-Source Revenues
<b>OSFI</b>	Office of the Superintendent of Financial Institutions
<b>PAA</b>	Program Activity Architecture
<b>P&amp;ID</b>	Professional and Institutional Development
<b>PTO</b>	Provincial Territorial Organizations
<b>TCF</b>	Tribal Council Funding

# Executive Summary

---

## Introduction

The Indian Government Support (IGS) Program represents a comprehensive suite of programs designed to support First Nation administrations in assuming responsibility for, and offsetting the costs of, local governance and program management. The five distinct but related programs that constitute the IGS Program include: Band Support Funding, Band Employee Benefits, Tribal Council Funding, Band Advisory Services, and Professional and Institutional Development.

The objectives of this evaluation are: (1) to assess the relevance, performance and effectiveness of the IGS programs in relation to current policy initiatives; and (2) to provide Treasury Board with the program evaluation findings as part of the process for redesigning IGS and obtaining approval for new program authorities on April 1, 2010.

## Methodology

Information used to inform the evaluation was gathered from multiple lines of evidence:

- Review of program files and documents;
- Review of financial and program data files;
- Review of relevant literature;
- Key Informant Interviews:
  - With 37 Headquarters and Regional Indian and Northern Affairs Canada (INAC) officials,
  - With five officials from the Office of the Superintendent of Financial Institutions and Régime des Bénéfices Autochtones (RBA), and
  - With 24 officials representing 20 First Nations and tribal councils;
- Nine Community Case Studies (involving 22 officials):
  - Three in Ontario (two communities and one tribal council),
  - Three in Quebec (two communities and one tribal council), and
  - Three in British Columbia (two communities and one tribal council); and
- Two Focus Groups (involving seven officials):
  - Group #1 represented bands from New Brunswick, Quebec and Northwest Territories, and
  - Group #2 represented tribal councils from Nova Scotia, Quebec, Manitoba, and the Yukon.

In consultation with regional INAC officials, selection of First Nation and tribal council participants for telephone interviews, case studies and focus groups reflected on-reserve population and remoteness.

## Evaluation Findings

*IGS Programs Continue to be Relevant:* The evaluation demonstrates a continued need for the IGS programs to provide support to First Nation administrators at both the community and tribal council levels. There is, however, a need to modernize the programs so that they respond to the actual costs associated with governance and administration, and to update the policy framework so that it more accurately reflects the shift in government policies from devolution to the inherent right to self-government.

*High Level of Program Complementarity:* The IGS programs are very complementary and exhibit little overlap with other INAC initiatives. At the same time, there is a recognized need to simplify the program structure and strategically align or consolidate IGS program components in an effort to reduce the ‘silo’ approach to program funding (e.g., merging Band Advisory Services (BAS) and Band Support Funding (BSF)).

*Program Delivery Issues:* The introduction of the Department’s First Nation and Inuit Transfer Payment system, which tracks expenditures provided through INAC’s various funding agreements (Alternative Funding Arrangement, Comprehensive Funding Arrangement, Canada First Nations Funding Arrangement), was not synchronized with the timing of IGS applications and reports, and was associated

with additional workload for INAC regional staff. Delays in Professional and Institutional Development (P&ID) funding occur across the country, resulting in limited timeframes within which to complete projects. Delivery of Band Employee Benefits (BEB) is very labour intensive (especially outside Quebec) with all regions noting that communities have difficulty understanding the employee eligibility criteria.

*Models of Program Delivery and Management:* The evaluation did not find a need for greater centralization of IGS programs. Unique regional approaches such as that to P&ID program delivery, often responded to regional needs and priorities, and were seen to have limited applicability in other regions.

*Reporting Requirements:* IGS application and reporting requirements for BSF, BAS and Tribal Council Funding (TCF) are straightforward and consistent with the amount of funding provided. The administrative requirements for the BEB program are onerous, with application forms requiring manual updating and are viewed by applicants as too complicated. P&ID application and reporting dates are considered to be fair, but the one-year timeframe and delays in the flow of funding limit the scope of projects.

*Lack of Performance Measurement:* There is currently no performance measurement regime that allows IGS program objectives and outcomes to be tracked globally or within each program component. Reporting is limited to program activities and outputs that trigger funding flows rather than program outcomes, which have not been defined in measurable terms. While TCF, BAS and P&ID reports contain information on their respective program results, this does not translate into an overall performance management regime. P&ID is the only program in which performance data are used to assist with decision-making.

*Program Successes:* While limited information is available on program results/successes, it is clear that the effectiveness of each of the five IGS programs is influenced by unique and/or shared factors. Factors facilitating success include: beneficial core funding; streamlined administration; broad/flexible program guidelines; flexible definitions; access to administrative and governance capacity tools; and/or openness towards modern governance.

*Complex and Outdated Funding Formulae:* BSF and TCF funding formulae are overly complex, difficult to explain to recipients, and do not reflect current core cost factors, thereby limiting the degree of transparency and understanding associated with the funding process.

*Indicators of Cost-Effectiveness:* The nature of requests for support has become more sophisticated over the last decade, suggesting an increased complexity within governance and administration despite static funding levels. First Nation bands and tribal councils continue to deliver complex services from a smaller funding base than their municipal counterparts.

## IGS Evaluation Recommendations

**IGS funding should be continued. The evidence strongly suggests that this is the backbone of First Nation government, and that, without this support, many of the administrations would encounter serious difficulty. INAC should seek ways to consolidate its delivery of IGS to create administrative efficiencies both within the Department and for First Nation management.**

1. INAC, in consultation with First Nations and tribal councils, should revisit IGS component program policies to update program objectives, expectations and anticipated outcomes and ensure that these are clearly stated.
2. INAC should simplify and modernize BSF and TCF program formulae so that they are clearly reflective of program policies and are transparent to First Nation and tribal council administrations.
3. BAS funding should be blended with the BSF grant. The program policy should state clearly the rationale for only funding large, independent First Nations.
4. The composition of advisory services under TCF and BAS funding should be updated to reflect modern administration needs. Consideration might be given to align these to the ten functions of government to be consistent with the P&ID program. Details are provided in the P&ID section 4.2.3.
5. INAC should continue the process of integrating funding for the BEB with its salaried programs, following the Health Canada model. Sufficient time should be given for the conversion process to allow for policy approval for INAC salaried programs to build this into their funding bases. As well, management will have to consider provisions required to “grandfather” funding for the defined benefit plan managed by the RBA and the Conseil des Mohawks de Kahnawake in Quebec, and the retirement plan for employees of the Fort Alexander Indian Band in Manitoba.

**INAC, in consultation with funding recipients, should seek to streamline reporting requirements with the goal of freeing up administrative resources within First Nation and tribal council administrations and the INAC regions.**

6. If tribal council advisory services are not specified under a renewed IGS program, consideration should be given to limiting tribal council reporting in annual audits.

**INAC should establish a performance measurement regime for the IGS suite of programs.**

7. In the area of performance monitoring and reporting, INAC should begin to identify sources for outcome-related measurement and establish a system of performance measurement to support regularized collection and assessment of data on impacts and outcomes.

**Future IGS program design and delivery should support efforts to increase First Nation governance capacity.**

8. As the only departmental program targeted specifically to strengthening governance capacity, P&ID should be given a longer-term dimension to enable funding support for more complex multi-year projects.

# Management Response / Action Plan

Project Title: Evaluation of the Indian Government Support Program  
Project #: 1570-7/08044

	Evaluation Recommendation	Management Response	Management Action	OPI
1	IGS [Indian Government Support] funding should be continued. The evidence strongly suggests that this is the backbone of First Nation government, and that, without this support, many of the administrations would encounter seriously difficulty. INAC should seek ways to consolidate its delivery of Indian Government Support to create administrative efficiencies both within the Department and for First Nation management.	Indian and Northern Affairs Canada agrees.	INAC will propose to renew the IGS program while maintaining its focus on supporting First Nation governments. The proposed new program authorities would aim to improve administrative efficiencies for both the department and First Nations.	Director, Professional and Institutional Development
(a)	INAC, in consultation with First Nations and tribal councils, should revisit IGS [Indian Government Support] component program policies to update program objectives, expectations and anticipated outcomes and ensure that these are clearly stated.	Indian and Northern Affairs Canada agrees. To this end, INAC engaged stakeholders between February and June 2009.	INAC will propose a new policy authority by March 2010 which will establish a basis to update the objectives, expectations and anticipated outcomes of the Indian Government Support programs.	Director, Professional and Institutional Development
(b)	INAC should simplify and modernize BSF [Band Support Funding] and TCF [Tribal Council Funding] program formulae so that they are clearly reflective of program policies and are transparent to First Nation and tribal council administrations.	Indian and Northern Affairs Canada agrees.	By March 2010 INAC will propose a policy authority to establish the basis for simpler, modern and transparent funding formulae.	Director, Professional and Institutional Development
(c)	BAS [Band Advisory Services] funding should be blended with the BSF [Band Support Funding] grant. The program policy should state clearly the rationale for only funding large, independent First Nations.	<p>Indian and Northern Affairs Canada agrees that Band Advisory Services should be integrated into Band Support Funding as part of the proposed renewed program design.</p> <p>Providing advisory services to small individual First Nations is not cost effective without the benefit of aggregation. Smaller First Nations continue to have the option of forming tribal councils to access the same advisory services at the aggregate level. First Nations unaffiliated with tribal councils and with populations less than 2000 continue to have access to advisory services through INAC regional offices.</p>	<p>INAC will consider seeking a revised authority to integrate Band Advisory Services into Band Support Funding as part of the Indian Government Support program renewal.</p> <p>INAC will also consider continuing to support the Tribal Council Funding program as the most cost effective method of providing advisory services to smaller First Nations.</p> <p>If approved, INAC's proposed revised policy for advisory services in large First Nations will explicitly note the cost effectiveness of funding organizations which serve larger populations.</p>	Director, Professional and Institutional Development
(d)	The composition of advisory services under TCF [Tribal Council Funding] and BAS [Band Advisory Services] funding should be updated to reflect modern administration needs. Consideration might be given to aligning these to the ten functions of government to be consistent with the P&ID program.	Indian and Northern Affairs Canada agrees.	INAC will propose a new policy authority by March 2010 which will establish a basis to update the list of eligible advisory services under the Tribal Council Funding program. INAC will work with the national working group on the renewal of the Tribal Council Funding program to determine what could be included in this list.	Director, Professional and Institutional Development

	Evaluation Recommendation	Management Response	Management Action	OPI
(e)	INAC should continue the process of integrating funding for the BEB [Band Employee Benefits] with its salaried programs, following the Health Canada model. Sufficient time should be given for the conversion process to allow the Minister to seek Cabinet approval for INAC salaried programs to build this into their funding bases. As well, management will have to consider provisions required to “grandfather” funding for the defined benefit plan managed by the RBA in Quebec.	At its meetings with First Nation administrators in June, INAC proposed integrating Band Employee Benefits funding with funding for INAC programs which fund salaries, following the Health Canada model. This proposal was not widely supported by participants. The participants’ main concern was that integrating pension and benefits dollars into salaried programs would obscure the size of the shortfall in the Band Employee Benefits program budget and would not significantly reduce the administrative burden.	INAC will consider seeking policy and program authorities to continue funding employee benefits packages.	Director, Professional and Institutional Development
2	<b>INAC, in consultation with funding recipients, should seek to streamline reporting requirements with the goal of freeing up administrative resources within First Nation and tribal council administrations and the INAC regions.</b>	Indian and Northern Affairs Canada agrees and under the new Policy on Transfer Payments will develop new reporting requirements.	<b>As the new Policy on Transfer Payments will be implemented by March 2011, discussion with First Nations will occur to develop new reporting requirements.</b>	<b>CFO, RO</b>
(a)	If tribal council advisory services are not specified under a renewed IGS [Indian Government Support] program, consideration should be given to limiting tribal council reporting to the annual audit.	Indian and Northern Affairs Canada agrees that the administrative burden can be reduced. However, the Policy on Transfer Payments requires that contribution-based funding be justified through reports.	With input from a national working group on the renewal of the Tribal Council Funding program, INAC will consider new reporting requirements which would aim to gather relevant outcomes-based data while minimizing the administrative burden.	Director, Professional and Institutional Development
3	<b>INAC should establish a performance measurement regime for the IGS [Indian Government Support] suite of programs.</b>	<b>INAC agrees that all new or renewed programs have performance management regimes.</b>	<b>INAC will propose a performance measurement strategy for the new program authority.</b>	<b>Director, Professional and Institutional Development</b>
(a)	In the area of performance monitoring and reporting, INAC should begin to identify sources for outcome-related measurement and establish a system of performance measurement to support regularized collection and assessment of data on impacts and outcomes.	Indian and Northern Affairs Canada agrees. In June 2009, officials held discussion sessions with over 450 First Nation administrators on how to improve performance measurement under a renewed program.	INAC will take into consideration discussions held with First Nation administrators when establishing a performance measurement strategy to monitor the impacts and outcomes of a renewed program.	Director, Professional and Institutional Development
4	<b>Future IGS [Indian Government Support] program design and delivery should support efforts to increase First Nation governance capacity.</b>	<b>INAC agrees.</b>	<b>INAC will consider seeking program authorities for a renewed program which increases First Nation capacity.</b>	<b>Director, Professional and Institutional Development</b>
(a)	As the only departmental program targeted specifically to strengthening governance capacity, P&ID should be given a longer-term dimension to enable funding support for more complex multi-year projects.	Indian and Northern Affairs Canada appreciates the benefits of multi-year funding for capacity development projects.	Indian and Northern Affairs Canada will consider using the new Policy on Transfer Payments to offer multi-year funding for governance capacity development projects based on recipient governance capacity development plans.	Director, Professional and Institutional Development

I concur with this Action Plan

I concur with this Action Plan

I concur with this Action Plan

\_\_\_\_\_

# ***1.0 Introduction***

---

This report presents the findings of an evaluation undertaken jointly by the Evaluation, Performance Measurement and Review Branch (EPMRB) in the Audit and Evaluation Sector and the Professional and Institutional Development Directorate in the Governance Branch of Indian and Northern Affairs Canada (INAC). It assesses the Indian Government Support (IGS) Program and its five current component programs: Band Support Funding (BSF); Tribal Council Funding (TCF); Band Advisory Services (BAS); Band Employee Benefits (BEB); and Professional and Institutional Development (P&ID). It includes a description of the evaluation scope and methodology, evaluation findings and implications for program redesign and renewal.

The evaluation was carried out under the direction of a Senior Evaluation Manager from EPMRB and a Policy Analyst from the Support to First Nations Unit from the Professional and Institutional Development Directorate.

## **1.1 Evaluation Purpose and Scope**

The purpose of the evaluation is to assess the relevance, performance and effectiveness of the IGS programs in relation to current policy initiatives. The results of the program evaluation are required by Treasury Board as part of the process for redesigning IGS and obtaining approval for new program authorities on April 1, 2010.

The evaluation is national in scope. It includes the five IGS programs currently in operation and covers the five-year period from 2003-04 to 2007-08, during which time a total of \$1.3 billion was allocated to the IGS program overall. In 2007-08, INAC allocated \$280.8 million to IGS component programs. Section 3.0 provides a profile of the IGS Program and each of its components.

## **1.2 Evaluation Issues**

The following evaluation issues were intended to guide the evaluation:

### **Rationale and Relevance**

- Are the policy objectives of the IGS programs still relevant and are they consistent with the federal government's Aboriginal policy and priorities?
- Are the objectives of each of the five IGS programs currently in operation still relevant (address issues/problems)?
- Is there complementarity or overlap amongst the IGS programs or between the objectives of the IGS programs and the objectives of other governance programs available to First Nations? (Should these programs be merged or strategically aligned?)
- Should any of the IGS programs, or any of their major activities, be prioritized above or below other IGS programs?

### **Design**

- Should the management of IGS be more centralized or decentralized to First Nations institutions?
- Are the administrative requirements (applications and reporting) proportional to the level of funding provided? Is there room for improvement? (Where and how?)
- What are the stated objectives of the program? Does the program have clearly stated objectives and outcomes?

## **Delivery**

- Are the IGS programs delivered in an effective manner?
- Should IGS program delivery and management regimes in some regions be considered as exemplars/models for all regions?

## **Data Reporting System**

- Is the current performance measurement regime adequate to accurately monitor the achievement of objectives and expected outcomes for each IGS program?
- Are there any gaps in the reporting of data?
- Is performance data used in decision-making?

## **Success**

- Are the objectives of each individual IGS program as well as the overall global program objectives being achieved? What factors have facilitated/hindered the achievement of program objectives?

## **Unintended Impacts**

- Have there been any unintended impacts; positive or negative?

## **Cost-effectiveness/Alternatives**

- What results were achieved in relation to the costs of each program and IGS globally?
- Is the current methodology for allocating resources appropriate and effective? Can more effective allocation mechanisms be identified?
- Should a mandatory condition of support be contingent on the leveraging of funds from other First Nations sources?
- Are there alternatives to achieving IGS program objectives separately and globally?
- Is the current design of these programs the most effective approach for achieving the program objectives? Are there better alternatives?
- Are best practices used in managing/delivering IGS programs separately and globally?

## **1.3 Evaluation Approach**

The evaluation was undertaken in two phases. A number of documents and files were reviewed and preliminary interviews were conducted with IGS program staff during the evaluation's first phase to provide the consultants with a broad understanding of the IGS suite of programs. This facilitated the preparation of two working papers:

- Discussion Paper on the Extension of the 383 Authority for TCF, BAS, BEB and Indian and Inuit Management Development (IIMD)<sup>1</sup>; and,
- Detailed Methodology Report.

Phase 2 of the evaluation involved a more in-depth examination of document/data files and literature, data collection, analysis and reporting as summarized in the next section.

---

<sup>1</sup> Indian and Inuit Management Development Program.

## 2.0 Methodology

Evaluation findings are based on evidence collected from the following lines of inquiry:

- Review of documents and data;
- Literature review;
- Key informant interviews with INAC Headquarters (HQ) and Regions (including regional reviews in Quebec, Southern Ontario and British Columbia (BC) ;
- Key informant interviews with officials from the Office of the Superintendent of Financial Institutions (OSFI) and Régime des Bénéfices Autochtones (RBA);
- Key informant interviews with 20 First Nations and tribal councils;
- Case studies of six First Nation communities and three tribal councils; and
- Two focus groups with three First Nations and four tribal councils.

Table 1 below summarizes the number of officials participating in each line of inquiry:

**Table 1: Participation of Officials by Affiliation and Region**

Region	INAC	OSFI and RBA	First Nations and Tribal Councils			Total
			Interviews	Case Studies	Focus Groups	
NCR	12	2				14
Atlantic	2		1		2	5
Quebec	4	3	2	9	2	20
Ontario	4		3	8		15
Manitoba	4		3		1	8
Saskatchewan	1		3			4
Alberta	1		6			7
BC	6		5	5		16
Nunavut	1					1
Northwest Territories	1				1	2
Yukon	1		1		1	3
<b>Total</b>	<b>37</b>	<b>5</b>	<b>24</b>	<b>22</b>	<b>7</b>	<b>95</b>

### 2.1 Document and Data Review

Documents reviewed for this evaluation included program reports, previous audits and evaluations, records of actions taken, and various other reports/papers as identified by the Project Authority. The documents were categorized according to the following broad subject areas: program policies; previous evaluations and audit; policy analyses and briefing notes; and, annual reports and program reporting. Information contained in the documents was examined and analyzed for evidence that would support the assessment of the full range of evaluation issues.

The purpose of the data review was to provide an analysis of the relative importance of the various program components of IGS and the historical trend in funding in those components at the national and regional levels. Information from these documents and data files also allowed for the development of the IGS program profile. Additionally, the review assessed the capacity of available data in contributing to the evaluation of success, cost-effectiveness and data reporting issues.

Other documents, data files and websites were accessed as required for background information on First Nations and tribal councils participating in telephone interviews and case studies. To this end, regional INAC offices

provided audit reports, TCF/BAS annual reports and P&ID reports.

## **2.2 Literature Review**

The evaluation team, in consultation with INAC's Project Authority, developed a list of literature to be reviewed. The literature identified was chosen because it highlights implementation results (e.g., lessons learned/best practices) rather than policy findings. The literature was obtained from the following websites/institutes/projects:

- Institute on Governance
- Harvard Project
- C.D. Howe Institute
- Caledon Institute
- United Nations Development Programme

Documents produced by these academic institutions on the topic of Aboriginal governance were reviewed to address evaluation issues in the areas of program rationale/relevance, design and alternatives.

## **2.3 Key Informant Interviews**

### **2.3.1 Interviews with INAC Officials**

A total of 37 HQ and regional INAC officials participated in in-person and telephone interviews between November 16, 2008, and April 6, 2009. HQ officials included representatives from: Governance Branch; Community Investments Branch; Education Branch; Community Infrastructure Branch; Transfer Payments and Financial Policy Directorate; and Data Operations.

Regional officials provided input through telephone interviews in all regions except the three involved in in-depth reviews: Quebec; Southern Ontario and BC. These reviews were conducted in conjunction with the community and tribal council case studies that took place in those regions. They involved in-person interviews with IGS program administrators and funding officers and officials in other functional areas of these regional offices. These interviews helped provide evaluators with a better understanding of the operational barriers and drivers, as well as the successes and challenges faced by program administrators.

INAC officials provided input on all evaluation issues and questions.

### **2.3.2 Interviews with the Office of the Superintendent of Financial Institutions and the Régime des Bénéfices Autochtones Officials**

As the federal regulator for pension plans, OSFI is responsible for informing INAC of bands in arrears with respect to filings or remittances. OSFI officials were interviewed to obtain input on several topics relating to the effectiveness and continued relevance of the BEB program and potential alternative approaches that might simplify the process.

The RBA Financial Group manages the Native Benefits Plan, a private defined benefit plan in Quebec that was established in 1979 by the Atikamekw-Montagnais council prior to the conception and implementation of the BEB. INAC exempted this plan from specific BEB terms and conditions related to employer-employee contributions that permitted the retention of the *status quo* for the plan's operation under the BEB. RBA officials were interviewed in order to obtain their views on the effectiveness, success and continued relevance of the BEB program in Quebec.

## 2.4 First Nation and Tribal Council Participation

First Nations and tribal councils provided input to the evaluation through three mechanisms:

- Telephone Interviews
- Case Studies
- Focus Groups

The communities were selected on the basis of on-reserve population and the remoteness factors in consultation with regional INAC officials. Table 2 summarizes the distribution of communities and tribal councils that ultimately agreed to participate in the evaluation.

**Table 2: Distribution of Communities and Tribal Councils**

Size/Location	Urban <sup>1</sup>	Rural <sup>2</sup>	Remote <sup>3</sup>
<b>Small</b> ( <i>&lt;500 On-Reserve Population</i> )	4	4	4
<b>Medium</b> ( <i>500-1000 On-Reserve Population</i> )	3	3	1
<b>Large</b> ( <i>&gt;1000 On-Reserve Population</i> )	3	2	3
<b>Tribal Councils<sup>4</sup></b>	6	2	1

<sup>1</sup> Within 50km of a service centre, geographic index 1.

<sup>2</sup> Located from 50km to 350km of a service centre, geographic index 2.

<sup>3</sup> Over 350km from a service centre or no year round access, geographic index 3 and 4.

<sup>4</sup> On-reserve populations of participating tribal councils ranged in size from 886 to 10,350 community members.

[Source: INAC, National BSF and TCF Summaries, 2007-08.]

### 2.4.1 Telephone Interviews with First Nation and Tribal Council Officials

Twenty-nine First Nations and four tribal councils were invited to participate in the evaluation through telephone interviews with a target set for 25 completions. The purpose of these interviews was to obtain First Nation and tribal council administrator perspectives on the relevance, delivery, success, and effectiveness of the IGS suite of programs. A total 24 officials from 20 First Nations and tribal councils participated in interviews between February 17 and April 24, 2009.

### 2.4.2 First Nation and Tribal Council Case Studies

In consultation with INAC's Quebec, Ontario and BC regional offices, two communities and one tribal council were selected in each region for case studies. The sample reflects differing levels of geographic remoteness and size. The communities selected were representative of the regions in which they are located. BC has a preponderance of small communities with populations of less than 500 on-reserve, while Southern Ontario hosts some of the largest First Nation communities. The two communities selected in Ontario are also unaffiliated and therefore recipients under the BAS program. In Quebec, one large and one small community were selected. Both are affiliated with tribal councils. The two communities in BC and one of the communities in Quebec were members of the tribal council being visited in those regions. This was designed to enable the evaluation to gain the view of tribal council services from the perspective of service providers as well as that of the member client.

Table 3 summarizes community and tribal council characteristics in relation to the BSF and TCF programs.

**Table 3: BSF/TCF/BAS Profile of Case Study Communities and Tribal Councils**

Region	Recipient Type <sup>1</sup>	Geographic Index <sup>2</sup>	Total Regional Population	Total On-Reserve Population	Total Basic Services	Total Program Funding	BAS/TCF Advisory Services	Per Year	Total BSF/TCF Eligibility
Quebec	Small urban	1-B	1,864	306	\$1,800,678	\$2,779,272	n.a.	5.5	<b>\$334,039</b>
	Large urban	1-B	4,886	2,055	\$14,879,911	\$18,958,339	n.a.	31.0	<b>\$867,309</b>
	Urban tribal council	1-B	13,140	8,631	n.a.	\$1,437,630	\$471,138	13.3	<b>\$753,159</b>
Ontario	Large urban	1-A	22,969	11,186	18,874,344	21,623,774	\$258,405	74.0	<b>\$1,418,308</b>
	Large rural	2-B	7,104	3,067	\$15,975,712	\$19,301,670	\$105,329	29.0	<b>\$911,657</b>
	Rural tribal council	2-B	4,879	2,045	n.a.	\$838,910	\$226,457	11.3	<b>\$423,894</b>
BC	Small urban	1-C	354	148	\$512,905	\$1,273,646	n.a.	3.5	<b>\$172,130</b>
	Small urban	1-C	554	294	\$694,763	\$1,618,663	n.a.	4.8	<b>\$222,197</b>
	Urban tribal council	1-C	2,113	1,208	n.a.	\$182,369	\$152,568	3.2	<b>\$216,397</b>

<sup>1</sup> A small community is defined as having an on-reserve population of less than 500 and a large community as having a population on-reserve greater than 1000. "Urban" means being located within 50km of a service centre, geographic index 1; "Rural" means being located from 50km to 350km of a service centre, geographic index 2.

<sup>2</sup> The geographic index is composed of remoteness and environmental factors (generally, a higher number and later alphabetical letter indicates that a community has higher location costs).

[Source: INAC, National BSF and TCF Summaries, 2007-08]

### 2.4.3 First Nation and Tribal Council Focus Groups

Two focus groups were conducted via teleconference on April 27 and 28, 2009. The first group included band representatives from New Brunswick, Quebec and the Northwest Territories (NWT)<sup>2</sup>. The second group was comprised of tribal council officials from Nova Scotia, Quebec, Manitoba, and the Yukon.

Discussions were guided by four themes:

- What should be the policy framework for IGS programs today?
- Can proposal-driven projects improve governance/administrative capacity?
- What, if any, relationship should there be between BSF (including BAS) and TCF today?
- How can reporting be streamlined and maintain accountability?

## 2.5 Challenges and Constraints

Concurrent to the evaluation, P&ID Directorate undertook a separate and distinct process to engage First Nations and tribal councils in the redesign of the IGS programs. This resulted in some delays in scheduling interviews and case studies to ensure that evaluation activities were not confused with engagement processes. These delays, as well as other activities such as regional meetings of the Assembly of First Nations, limited the availability of evaluation participants and further challenged the narrow timeframe available for evaluation fieldwork.

The evaluation was also constrained by a lack of results-based performance data on program outcomes. As well, budget allocations were used in the program profiles because actual expenditure data were not available at the program level. Section 4.3 provides evaluation findings on the program's data reporting system.

<sup>2</sup> Emergencies prevented two other bands from the Saskatchewan and Yukon regions from participating.

## 3.0 IGS Program Profile<sup>3</sup>

The IGS Program was initiated in response to the devolution of direct program and service delivery from INAC to First Nations in the 1980s. Funding from the suite of IGS programs was intended to assist First Nation administrations in assuming responsibility for, and defraying the costs of, local governance and program management. Financial support is provided for a variety of functions including: pension and benefit regimes for employees including education staff in First Nation schools; capacity development and training; and, where feasible and desirable, the regional administration of programs and services through tribal councils.

Responsibility for the overall administration and performance of the IGS Program is assigned to the P&ID Directorate, within the Governance Branch of the Regional Operations Sector. The Directorate is responsible for developing, preparing and circulating all program directives and operational procedures related to the programs; managing non-financial program data; and coordinating departmental activities in relation to departmental audit and evaluation functions. Regional offices are responsible for the delivery, maintenance, monitoring, and support functions associated with the distribution of funding and the verification of inputs.

Table 4 below summarizes the regional distribution of funding for the IGS Program and its components in 2007-08.

**Table 4: IGS and Component Programs Eligibility Amounts by Region, 2007-08**

Regions	BSF	TCF	BAS	BEB	P&ID <sup>1</sup>	IGS Total
Atlantic	\$12,163,275	\$2,542,816	-	\$4,831,100	\$1,019,407	\$20,556,598
Quebec	\$15,127,506	\$3,098,634	\$208,472	\$10,616,700	\$1,349,283	\$30,400,595
Ontario	\$47,224,025	\$8,765,390	\$839,025	\$11,349,000	\$3,303,041	\$71,480,481
Manitoba	\$32,411,687	\$6,399,248	\$450,160	\$12,153,500	\$2,477,163	\$53,891,758
Saskatchewan	\$31,783,261	\$5,752,979	\$79,324	\$11,713,700	\$2,495,833	\$51,825,097
Alberta	\$24,486,943	\$4,880,773	\$472,504	\$10,564,600	\$1,666,566	\$42,071,386
BC	\$42,968,651	\$9,267,393	\$156,354	\$8,119,900	\$2,207,836	\$62,720,134
Yukon	\$1,675,524	\$2,533,213	-	\$346,600	\$389,144	\$4,944,481
NWT	\$5,989,929	\$528,296	-	\$387,400	\$503,774	\$7,409,399
Nunavut	-	-	-	-	\$183,943	\$183,943
National	-	-	-	-	\$4,867,632	\$4,867,632
<b>Total</b>	<b>\$213,830,801</b>	<b>\$43,768,742</b>	<b>\$2,205,839</b>	<b>\$70,082,500</b>	<b>\$20,885,990</b>	<b>\$280,761,455</b>

<sup>1</sup> Includes funding for the Companion Initiative.

[Source: INAC, Indian Government Support System (IGSS) Version 4.03.C, Corporate Information Management Directorate (CIMD).]

The following sections summarize the five distinct programs that currently comprise the IGS Program.

### 3.1 Band Support Funding (BSF) Program Background

BSF is a grant program under authority 410 and is the cornerstone of First Nation governance and continued devolution of federal services to First Nation communities' control. As the largest of the IGS funding programs, BSF is part of the government pillar of the departmental Program Activity Architecture (PAA), and plays a major role in strengthening and facilitating good governance and effective local governments. The purpose of the BSF grant is to assist band councils in meeting the costs of local government and administration of INAC-funded services. BSF allows First Nation communities the flexibility to allocate funds according to their individual needs and priorities, and be responsive in an environment of growing complexity and as they move

<sup>3</sup> Sources of information for this section include: *Departmental Results-based Management Accountability Framework (DRMAF)* and *Departmental Risk-based Audit Framework*; Program Policies for the BSF, TCF, BAS, BEB, and IIMD Programs; and P&ID Workout – Summary Report.

toward self-government. BSF is made available to all First Nations provided they are constituted in accordance with the *Indian Act*.

BSF grant funding is formula-based and takes into account the population, geographic location and programming responsibilities of individual First Nations. Funding was frozen from 1997-98 to 2000-01 at 1996-97 reference levels, and during this period, band databases were not updated. Beginning in 2001-02, bands became eligible for up to a five percent increase per year (non-compounded) until 2004-05, totalling 20 percent over the four-year period. Table 5 summarizes the regional allocations of BSF program funding over the past five fiscal years. It would appear that BSF eligibility amounts for 2004-05 reflect an updating of databases for the 20 percent adjustment to funding.

**Table 5: BSF Eligibility Amounts by Region, 2003- 04 to 2007- 08**

Regions	2003-04	2004-05	2005-06	2006-07	2007-08
Atlantic	\$10,634,147	\$10,083,700	\$12,067,382	\$12,240,790	\$12,163,275
Quebec	\$12,237,445	\$13,837,011	\$14,269,625	\$14,529,429	\$15,127,506
Ontario	\$37,895,924	\$44,009,493	\$46,460,626	\$47,461,843	\$47,224,025
Manitoba	\$25,187,800	\$30,530,033	\$31,232,644	\$31,605,149	\$32,411,687
Saskatchewan	\$25,909,812	\$31,608,181	\$31,371,103	\$31,851,166	\$31,783,261
Alberta	\$19,100,810	\$23,503,738	\$23,738,211	\$23,931,621	\$24,486,943
BC	\$36,638,934	\$46,016,896	\$43,901,660	\$44,318,755	\$42,968,651
Yukon	\$1,945,363	\$1,565,470	\$1,524,640	\$1,595,112	\$1,675,524
NWT	\$3,907,083	\$5,774,040	\$5,916,942	\$4,187,287	\$5,989,929
<b>Total</b>	<b>\$173,457,318</b>	<b>\$206,928,562</b>	<b>\$210,482,833</b>	<b>\$211,721,152</b>	<b>\$213,830,801</b>

[Source: INAC, IGSS Version 4.03.C, CIMD.]

BSF recipients under the Alternative Funding Arrangement (AFA) Authority must continue to meet the terms and conditions of the BSF program authority in addition to meeting the terms and conditions of the AFA Authority, which provides access to multi-year funding. Although there is no reporting requirement attached to a grant authority, annual requirements under AFA include the submission of an Audited Financial Statement, which covers all funding received under the arrangement.

BSF is used to support third party managers engaged by the Department in support of remedial management required when First Nations encounter significant financial and program management difficulties. This is allowed for in the Department's Third Party Manager Policy, which was approved in April 2003.

### 3.2 Tribal Council Funding (TCF) Program Background

The TCF contribution program is funded under Authority 383. TCF funding is for the management and administration of tribal councils as well as for the delivery of advisory services in five areas: band government, financial management, economic development, community planning, and technical services. The program is tied to the departmental PAA's government pillar's strategic outcome of fostering effective institutions.

TCF funding is formula-based, taking into account the services delivered, the number and on-reserve populations of member First Nations and the geographic location of the tribal council office. Effective for 1997-98, TCF program funding was frozen at 1996-97 reference levels (i.e. formula factors were not adjusted to reflect changes in the status of recipients such as in the on-reserve populations being served.) Unlike the BSF, there was no increase in funding to the TCF program to account for factors such as inflation. For 2006-07, most regional offices resumed the practice of updating the data, which determine these formula-based levels of entitlement. However, because INAC has not, since 1991, revised the tables of figures in the underlying formula to account for factors such as inflation, the overall level of funding flowed to tribal councils under the program has remained stagnant.

In 2007-08, the TCF program transferred \$43.8 million to 78 tribal councils serving 492 First Nations. Table 6 summarizes the regional distribution of TCF eligibility amounts over the past five years, and Table 7 shows the regional distribution of tribal councils and affiliated First Nations in 2007-08.

**Table 6: TCF Eligibility Amounts by Region, 2003-04 to 2007-08**

Regions	2003-04	2004-05	2005-06	2006-07	2007-08
Atlantic	\$2,351,965	\$1,897,886	\$2,496,265	\$2,448,256	\$2,542,816
Quebec	\$2,637,417	\$2,734,346	\$2,918,284	\$2,968,427	\$3,098,634
Ontario	\$8,662,404	\$8,659,796	\$8,681,357	\$8,721,128	\$8,765,390
Manitoba	\$6,180,199	\$6,180,199	\$6,540,226	\$6,360,001	\$6,399,248
Saskatchewan	\$5,783,515	\$5,915,419	\$5,819,319	\$5,792,932	\$5,752,979
Alberta	\$4,971,154	\$4,969,635	\$4,911,165	\$4,966,037	\$4,880,773
BC	\$9,338,785	\$9,310,561	\$9,718,382	\$9,046,965	\$9,267,393
Yukon	\$2,897,483	\$1,942,895	\$1,962,938	\$2,533,213	\$2,533,213
NWT	\$883,995	\$635,901	\$632,077	\$500,387	\$528,296
<b>Total</b>	<b>\$43,706,917</b>	<b>\$42,246,638</b>	<b>\$43,680,013</b>	<b>\$43,337,346</b>	<b>\$43,768,742</b>

[Source: INAC, IGSS Version 4.03.C, CIMD.]

**Table 7: Number of Tribal Councils and Affiliated First Nations by Region, 2007-08**

Regions	Number of Funded Tribal Councils	Number of Affiliated First Nations	Total On-reserve Population
Atlantic	6	33	17,058
Quebec	7	26	24,852
Ontario	15	99	47,893
Manitoba	7	55	61,448
Saskatchewan	8	67	47,747
Alberta	8	43	45,623
BC	21	140	36,581
NWT	4	24	12,734
Yukon	2	5	978
<b>Total</b>	<b>78</b>	<b>492</b>	<b>294,914</b>

[Source: INAC, IGSS, Version 4.03.C, CIMD.]

### 3.3 Band Advisory Services (BAS) Program Background

The BAS contribution program is funded under Authority 383. The objective of the BAS program is to provide funding to large, unaffiliated bands for the delivery of advisory services to the Chief and Council in support of effective community governance. The BAS program is linked to the government pillar in the departmental PAA and its strategic outcome of fostering effective First Nation institutions. BAS funding allows large, unaffiliated bands to “make or buy” advisory services in the same five areas for which tribal councils are funded: band government; financial management; economic development; community planning; and technical services. Only First Nations with 2,000 or more status members on-reserve are eligible for BAS funding.

BAS contribution funding is based on a funding formula that takes into account population size in 1,000-person increments, remoteness and travel factors. As in the case of TCF, BAS program funding was frozen at 1996-97 reference levels, and there has been no additional flow of funding to the program since that time.

The BAS program transferred \$2.2 million annually to 18 unaffiliated bands from 2005/06 to 2007/08. There are no large unaffiliated First Nations in the Atlantic, Yukon and NWT regions. Table 8 summarizes the regional distribution of BAS funding.

**Table 8: BAS Eligibility Amounts by Region, 2003- 04 to 2007-08**

Regions	2003-04	2004-05	2005-06	2006-07	2007-08	# of Bands
Atlantic	-	-	-	-	-	-
Quebec	\$182,413	\$208,472	\$208,472	\$208,472	\$208,472	1
Ontario	\$700,700	\$735,171	\$812,693	\$839,025	\$839,025	6
Manitoba	\$317,298	\$476,820	\$476,820	\$476,820	\$450,160	3
Saskatchewan	\$79,324	\$79,324	\$79,324	\$79,324	\$79,324	2
Alberta	\$393,999	\$446,336	\$446,336	\$472,504	\$472,504	4
BC	\$78,177	\$156,354	\$156,354	\$156,354	\$156,354	2
Yukon	-	-	-	-	-	-
NWT	-	-	-	-	-	-
<b>Total</b>	<b>\$1,751,911</b>	<b>\$2,102,477</b>	<b>\$2,179,999</b>	<b>\$2,232,499</b>	<b>\$2,205,839</b>	<b>18</b>

[Source: INAC, IGSS Version 4.03.C, CIMD.]

### 3.4 Band Employee Benefits (BEB) Program Background

The BEB contribution program is funded under Authority 383. BEB funding is intended to enable eligible employers to establish employee benefit packages, which are comparable to competing employers and to support the cost of the employers' share of contributions to pension plans for eligible employees. As part of the departmental PAA's government pillar, the program plays a key role in strengthening institutions by enabling recruitment and retention of a professional and independent First Nation and Inuit public service. This also supports the Department's goals of devolving control of program management and delivery to First Nation and Inuit communities.

The BEB was also affected by the IGS funding freeze that took effect in 1997-98. Regions were given the option as to whether or not apply some of their annual global increments in core INAC programming to the BEB program. As well, bands already at their BSF maximum when the 20 percent increase in BSF funding was implemented could have the additional funding flowed to them through the BEB or IIMD programs. However, where regional global core allocations are insufficient, valid applications for BEB funding are declined.

This is the second largest IGS program after BSF. In 2007-08, the program transferred \$70 million for employer contributions to 568 pension plans covering 20,568 employees. Tables 9 and 10 summarize the regional distribution of BEB eligibility amounts, the number of plans and the number of employees covered by the plans during the past five years.

**Table 9: BEB Eligibility Amounts (\$000s) by Region, 2003- 04 to 2007-08**

Regions	2003-04	2004-05	2005-06	2006-07	2007-08
Atlantic	\$3,798.5	\$2,207.0	\$3,551.7	\$3,791.0	\$4,831.1
Quebec	\$8,447.7	\$8,736.9	\$9,843.3	\$10,685.0	\$10,616.7
Ontario	\$9,939.0	\$9,395.3	\$11,091.1	\$11,174.6	\$11,349.0
Manitoba	\$10,758.6	\$10,758.6	\$10,758.6	\$10,716.0	\$12,153.5
Saskatchewan	\$9,187.0	\$11,233.6	\$11,233.6	\$11,391.7	\$11,713.7
Alberta	\$9,929.7	\$10,564.6	\$10,564.6	\$10,564.6	\$10,564.6
BC	\$7,700.9	\$7,899.9	\$7,763.3	\$8,119.9	\$8,119.9
Yukon	\$329.1	\$291.7	\$346.6	\$346.6	\$346.6
NWT	\$521.0	\$460.5	\$358.1	\$382.6	\$387.4
<b>Total</b>	<b>\$60,611.5</b>	<b>\$61,548.1</b>	<b>\$65,510.9</b>	<b>\$67,172.0</b>	<b>\$70,082.5</b>

[Source: INAC, IGSS Version 4.03.C, CIMD]

**Table 10: Number of BEB Plans & Employees Covered within the Plans, 2003-04 to 2007-08**

Regions	2003-04		2004-05		2005-06		2006-07		2007-08	
	# of BEB Plans	# of Employees Covered by Plans	# of BEB Plans	# of Employees Covered by Plans	# of BEB Plans	# of Employees Covered by Plans	# of BEB Plans	# of Employees Covered by Plans	# of BEB Plans	# of Employees Covered by Plans
Atlantic	40	1,209	40	1,209	38	1,209	39	1,211	39	1,321
Québec	5	1,950	5	1,950	4	1,950	3	2,242	3	2,284
Ontario	102	2,980	102	2,980	115	2,981	118	3,417	115	3,480
Manitoba	71	4,185	71	4,185	71	4,185	80	4,146	83	4,121
Saskatchewan	95	2,755	97	2,799	94	2,828	89	3,678	89	3,728
Alberta	59	2,730	59	2,730	61	2,730	61	2,845	61	2,845
BC	133	2,492	133	2,492	145	2,492	156	2,555	162	2,555
Yukon	11	247	11	247	6	247	7	167	7	169
NWT	5	76	5	76	9	76	9	65	9	65
<b>Total</b>	<b>521</b>	<b>18,624</b>	<b>523</b>	<b>18,668</b>	<b>543</b>	<b>18,698</b>	<b>562</b>	<b>20,326</b>	<b>568</b>	<b>20,568</b>

[Source: INAC, IGSS Version 4.03.C, CIMD.]

### 3.5 Professional & Institutional Development (P&ID) Program Background

P&ID is the result of an integration of two former INAC programs: Gathering Strength - Professional Development Initiative (GS-PD), which was a contribution program funded under authority 306; and IIMD, which was a contribution program funded under authority 383. Authority 306 provides for contributions to support the building of strong governance, administrative and accountability systems. Authority 383 provides for payments to support Indians, Inuit and Innu for the purpose of supplying public services in Indian government support. Both of these Treasury Board authorities were used to fund the P&ID program in 2006-07 and 2007-08, under a single management framework. Starting in 2008-2009, the implementation of the program will be based solely on authority 306, and the IIMD portion of Authority 383 will no longer be used for the allocation of P&ID funds.

Funding proposals should focus on one or both of the following components of governance:

- Measures to support the further development of community governance decision-making mechanisms and frameworks, in order to enhance processes related to key governance functions, as well as to support capacity-building and development of accountability mechanisms for Aboriginal governments.
- Measures to strengthen the public service management/institutional capacity of First Nations and Inuit communities, leading to a more stable and better qualified First Nation/Inuit Public Service workforce accountable for the manner in which it carries out program and service delivery responsibilities. It will also ensure a more efficient and effective use of funds through improvements in program design and delivery.

These two components support the government strategic outcome of the Department's PAA. Intended results include enhancing the capacity of First Nations and Inuit to implement and manage effective governance, for example, by developing systems and tools that support governance capacity building.

The P&ID program transferred \$13.9 million to First Nations, Aboriginal organizations, and tribal councils in 2007-08. Of that total, approximately \$6 million was under the IIMD authority. The Companion Initiative transferred an additional \$7 million that year.

INAC's former Companion Initiative had close linkages to the P&ID program. The initiative was funded in 2006/2007 and 2007/2008 using Budget 2006 funds authorized by the Treasury Board, flowing through existing

P&ID and IIMD authorities. It was the companion to INAC's Intervention Policy<sup>4</sup> and was the only program dedicated to improving the financial management capacity of the 176 First Nations qualifying for intervention. The program sought to support short-term, high-impact initiatives that would make a measurable difference. The initiative targeted both First Nation bands and institutions, and funding was not to be used to remunerate Third Party Managers. A new Treasury Board submission seeking access to Budget 2006 funds was underway, but Budget 2008 has absorbed those funds.

**Table 11: P&ID Allocation of Funds<sup>1</sup> and Companion Initiative<sup>2</sup> by Region 2006-07 & 2007-08**

Regions	2006-07	Companion Initiative 2006-07	2007-08	Companion Initiative 2007-08
Atlantic	\$646,017	\$245,000	\$529,407	\$490,000
Quebec	\$1,124,201	\$220,000	\$909,283	\$440,000
Ontario	\$2,046,908	\$835,000	\$1,653,041	\$1,650,000
Manitoba	\$1,574,369	\$600,000	\$1,277,163	\$1,200,000
Saskatchewan	\$1,559,355	\$620,000	\$1,265,833	\$1,230,000
Alberta	\$1,312,023	\$300,000	\$1,066,566	\$600,000
BC	\$1,560,145	\$475,000	\$1,257,836	\$950,000
Yukon	\$377,217	\$37,500	\$314,144	\$75,000
NWT	\$521,899	\$37,500	\$428,774	\$75,000
Nunavut	\$216,275	-	\$183,943	-
National	\$5,025,213 <sup>3</sup>	\$230,000 <sup>4</sup>	\$4,577,632 <sup>3</sup>	\$290,000 <sup>4</sup>
<b>Total</b>	<b>\$15,963,622</b>	<b>\$3,600,000</b>	<b>\$13,885,990</b>	<b>\$7,000,000</b>

<sup>1</sup> Regional allocations: 25% equally distributed; 75% by formula (on-+ off- reserve population); + Inuit population allocation.

<sup>2</sup> Capacity Development for recipients under intervention; funds not to be used for Third Party Management Remuneration.

<sup>3</sup> Distribution of available P&ID funds: 34% to HQ and 66% to regions.

<sup>4</sup> Funds intended to support related activities carried out by the national office of the Aboriginal Financial Officers Association (AFOA).  
[Source: INAC, IGSS Version 4.03.C, CIMD.]

---

<sup>4</sup> INAC is required to ensure that the integrity of its funded programs and services is protected when difficulties arise. This usually results in the Intervention Policy being invoked. Intervention actions range from the First Nation being required to develop and administer a Remedial Management Plan, to seeking the help of a Co-Manager, and in extreme case, the appointment of a Third Party Manager by INAC.

## 4.0 Evaluation Findings

---

### 4.1 Rationale/Relevance Summary of Findings

The evaluation found that IGS program objectives are still relevant and there is a continued need for the programs in some form. At the same time, the evaluation found that there is a need to modernize the programs to reflect the real costs of governance and administration. There is also a need to update the policy framework to reflect the shift in federal government priorities from devolution to the inherent right to self-government to ensure that the program is renewed with a clear focus on intended outcomes.

The evaluation found that the IGS programs are highly complementary and have little overlap with other INAC initiatives. Since the last renewal of IGS programs, overlap of programs in the area of capacity development was addressed by the creation of the P&ID program, which merged the IIMD and GS-PD programs. Although the importance of all IGS programs was corroborated in all lines of evidence, the evaluation found little justification to define the BAS and BEB in terms of funding “silos”.

#### 4.1.1 Rationale and Continued Relevance of Policy and Program Objectives

- *Are the policy objectives of the IGS programs still relevant and are they consistent with the federal government’s Aboriginal policy and priorities?*
- *Are the objectives of each of the five IGS programs currently in operation still relevant (address issues/problems)?*

The evaluation found that program objectives continue to be very relevant in their intent to support First Nations to govern and deliver programs and services devolved to their administration and control. All lines of evidence pointed to the continued need for funding support for First Nation and tribal council core administrations, advisory services, employee pensions, and governance/administrative capacity development. First Nations respondents identified factors supporting continued relevance of the program objectives such as high population growth, youth population in particular, growing complexity in administration, high poverty levels, and difficulty in hiring and retaining competent staff. Regional officials indicated that many First Nation communities have limited access to own-source revenue to cover the costs of administering programs and services that have been devolved to them.

To quote one regional official, “IGS is a poor cousin compared to education, social, capital dollars. In the neighbourhood of *governance*, IGS is the big kid on the block.” First Nations receive almost \$6 billion from INAC for community-based program delivery. There is a continued need for BSF to ensure the proper administration of these programs.

Similarly, TCF is the only program that provides core funding for tribal councils. Tribal councils deliver INAC funded programs and services when member bands transfer this responsibility to them. Tribal councils need TCF to support the operating costs of offices and program administration just as bands require BSF for the same reason.

Tribal council focus group participants emphasized that recent changes to human rights legislation and the McIvor court decision, which could increase the level of services demanded, could seriously impact the environment in which tribal councils operate. They believe that there will be even greater pressures placed on tribal councils and band administrations to secure sufficient funding to either buy the expertise required or to obtain additional training to build professional capacity within their organizational structures.

BEB continues to be relevant and needed to support stable work forces in the communities. The importance of pensions and benefits in attracting staff in a competitive market is well understood. There is also substantial evidence that the foundation for the effectiveness of IGS funding is dependent upon First Nations’ capacity for

good governance and, to this end, INAC's governance capacity development funding is embodied in the P&ID program.

At the same time, the evaluation found the policy framework for IGS programs, which is rooted in 1980s devolution policies to be in need of updating and modernization. HQ and regional INAC officials agreed that a fundamental shift is needed in the policy framework from supporting administrative devolution goals to supporting good "governance". Focus group participants emphasized that "governance" is more than leadership, and it must be understood to include band administration. The policy objective of being a stimulus for effective local governance is consistent with federal government priorities.

Current evidence corroborates previous evaluation results that found IGS program objectives to be relevant but in need of modernizing and restructuring. In the interim, no substantive changes have been made to the BSF, TCF, BAS, and BEB program policies. The BSF formula was updated in 2005 to reflect changes in the Final Domestic Demand Implicit Price Index. Recommendations that the IIMD be merged with the GS-PD were implemented, and the resulting P&ID program links directly to current governance priorities. Action was taken to address weaknesses in the BEB program's management control framework that were identified in the 2004 audit. The question arises as to whether INAC should be funding a discrete pension and benefits program. Health Canada, which formerly shared the BEB funding authority, has moved to providing employee benefits funding as part of the salary component of individual programs.

According to the IGS program policies, band governments, through an array of institutions and organizations, now directly administer 85% of INAC-funded programs and services including education, social assistance and social support services, housing, and community infrastructure. However, INAC regional and HQ officials believed that in the 1980s, there was no definition of what was being turned over, let alone provision for the evolution of these responsibilities. For example, jobs were based on existing Public Service classification salary levels with no provision for indexing. As well, "basic core support" was not adequately defined in the BSF and TCF policies, which has led to chronic complaints about inadequate funding. Focus group participants made the point that devolution will not be fully implemented until First Nations and tribal councils are equipped to deliver these programs and services effectively.

In addition to devolution objectives, IGS program policies implicitly reflect departmental goals for aggregation. INAC stayed at arm's length on the formation of tribal councils and remained neutral in First Nations decisions to join. There was an expectation that accountability structures would be created between the tribal councils and their member bands. Objectives for tribal councils were not built into the TCF policy explicitly. The program invests in these tribal councils because they support a much larger level of program delivery. BSF and TCF are both formula-driven. The understanding was that funding would be used to support core administration costs, and there was no expectation for reporting accountability in the policy. Similarly, the BAS program in funding only large unaffiliated bands for advisory services implicitly supported aggregation priorities. Small, unaffiliated bands would find it beneficial to belong to a tribal council in order to access advisory services given that INAC no longer has the staff to provide advisory services to small and unaffiliated bands, which must resort to BSF funding to pay for such services.

TCF and BAS funding continue to be relevant for supporting large aggregates in the provision of advisory services to maintain good governance. Approximately half of TCF provides funding for advisory services. These programs could be made more relevant by revisiting the specific areas of service (i.e., band government, financial management, community planning, technical services, and economic development) that are part of the original program design. All lines of evidence indicate that the IGS program continues to fall short of community needs and the capacity to address complex governance activities such as audits, human resource (HR) policy and management, and information technology (IT). Self-government, land claims and changing federal legislation all impact on and add to the complexity of the environment in the operation of band and tribal council administrations. There is a sense that the target has moved, and the activities and functions to which IGS formula programs were designed to contribute have not kept pace with administrations current function.

The evaluation found that all communities have a need to access advisory services at one time or another. Tribal councils are mandated to provide such services, while bands receive BAS on the basis of having a critical mass population of 2,000 on- reserve. The evaluation found that large communities need the funding provided by the BAS program, but it was not clear whether it was being used for advisory services specifically. For many of these administrations, this funding simply blends into the larger pot for band support to cover BSF shortfalls – “BAS is buried within the BSF.” Many INAC officials saw little justification for BAS as a stand-alone program for this reason.

Since the 1990s, federal government Aboriginal priorities have shifted to preparing First Nations for self-government and government-to-government programming, which was not even on the radar in the 1980s. In looking forward, it is important that the new IGS policy framework reflects the reality of this changing environment in which administrations now function. The evaluation finds that if the policy framework is appropriately refocused to the broader policy agenda, there is an opportunity to update the program base accordingly.

Researchers in the field of Aboriginal governance have observed that policy frameworks and capacity development strategies need to be based on recognizing the legitimacy of the governance arrangements. This legitimacy rests on two interconnected factors: (1) having representative structures and decision-making processes that reflect contemporary indigenous views of what are the ‘proper’ relationships, forms of authority and cultural geographies; and (2) having a practical management and service capacity to deliver outcomes. A two-way balance between Aboriginal ideas of effectiveness and accountability (e.g., benefiting the community) and the external stakeholders (e.g., grant reporting and financial compliance) is required in order to sustain this legitimacy.

The literature review identified a close linkage between governance and community capacity development. The United Nations Development Program stated that, “...capacity for governance is seen to be at the heart of sustainable human development and a prerequisite for effective responses to poverty, livelihood, environmental and gender concerns.” Good governance is therefore integral to community capacity building and community development. Capable governance comes about when Aboriginal people have a genuine decision-making role and interest over things that matter to them.

Capacity development is mentioned as a goal of the IGS Program, and is one of the two themes of the P&ID program. Increased governance capacity is identified as a target result for the BSF. Capacity is therefore an important concept for the IGS Program as a whole and should be further emphasized in the IGS suite of programs.

Literature from Australia highlighting the importance of Aboriginal governance and capacity development identifies several guiding principles for generating sustained strengthening of Aboriginal governance that might be successfully applied to the Canadian context. These principles include the following:

- Aboriginal peoples have to “own” and direct the process of developing their capacity for organizational and other forms of governance;
- To obtain sustained governance capacity at the “organization” level, knowledge and learning need to be institutionalized – i.e., embedded deep within the governance structure of the organization. Aboriginal leaders and non-Aboriginal managers can jointly make a significant impact on creating and reproducing an internal “culture of learning and development” within their organizations;
- Groups, “families” or organizations that form partnerships, alliances, federations, and consortia are better able to share resources and capacities;
- There is a critical need for top-level political support and championing of Aboriginal capacity development within government, as well as bureaucratic leadership and collaboration; and

- Building legitimate, capable governance takes time and therefore requires a long-term commitment to carry it out, as well as leadership at the most senior levels (both Aboriginal and non-Aboriginal).

#### 4.1.2 Program Complementarity or Overlap

- *Is there complementarity or overlap amongst the IGS programs or between the objectives of the IGS programs and the objectives of other governance programs available to First Nations? Should these programs be merged or strategically aligned?*

Documentary evidence shows that the IGS was designed and implemented as a comprehensive suite of complementary programs to support the administration of INAC programs devolved to First Nations. The previous evaluations found the IGS component programs had maintained their complementarity two decades later, but identified certain areas of overlap between the IIMD, TCF, BAS, and GS-PD. This was largely addressed by merging the GS-PD with IIMD to form the P&ID program, which was implemented in 2006-07.

Regional officials believe that the P&ID program carries a risk of overlap with other INAC programs aimed at improving capacity, but stressed that this is the only program targeted at governance and administrative capacity specifically. Moreover, given the committee approach to P&ID project approval, regional officials were confident that they are able to avoid occurrences of double funding.

Other areas of potential overlap continue to be found in TCF/BAS advisory services with the INAC economic development and community infrastructure programs.

HQ and regional INAC officials see IGS programs continuing to be highly complementary with little overlap and few gaps. At the same time, they suggested that there is an opportunity to simplify the program structure and strategically align or consolidate IGS program components to reduce the “silo” approach to program funding. Officials from one region said it is important to look at the big picture rather than micro-managing separate programs. They recommended delivering the IGS as one governance program using transaction codes to track funding rather than “stovepipe” programs. It was thought that such an approach would enable First Nations to better respond to current priorities as identified in community work plans.

There was little interest in maintaining the BAS as a stand-alone program. Incorporating the BAS into the BSF was seen as a means of streamlining programming as well as addressing the inequity for small, unaffiliated bands accessing advisory services. The extent to which such inequities would be eliminated would depend upon whether existing funding criteria are imbedded in the consolidated formula.

Other than in the Quebec region, the evaluation found broad support among INAC officials for merging the BEB with salaried programs. To quote one regional official, “BSF, BAS and TCF enhance and support each other fairly well without having gaps. P&ID is the mortar between the bricks of the other IGS programs. BEB is the anomaly. BEB should disappear as a discrete program.” There was a range of opinions among First Nation respondents. Officials from bands funded under the Canada First Nations Funding Arrangement (CFNFA) multi-year or AFA block funding said that such a change would have little impact on them. Those who were in favour of such a change saw benefits in terms of less reporting. They couched their support, however, with the proviso that funding not be reduced. Some responses indicated that the concept was not understood by a number of First Nation respondents.

There is strong support from INAC and First Nation officials for the Department to have a more horizontal approach to program funding in general. First Nation officials stressed that any administrative economies resulting from reducing program silos should, at a minimum, not reduce funding levels, and dollars saved by the Department should be transferred to program and service funding.

A parallel program to the IGS is the Basic Organizational Capacity (BOC) program, which provides core funding to Aboriginal representative organizations (AROs) to: support base administration costs; provide a

minimum level of capacity to advise the federal government of members' needs; and, enhance capacity to access project funding. The BOC program and the TCF program are similar in that they both provide core funding to support the base administration costs of their respective recipients. Tribal councils have a mandate that focuses on service delivery and program advice to communities, whereas the AROs funded under the BOC program have a mandate that focuses on representation and policy advice to INAC.

Policy analysis examined as part of the evaluation's document review suggested that the renewal of authorities and the review of program designs, for both the BOC program and the IGS program, opened the possibility of strategically aligning the two programs by altering the funding approach for AROs and tribal councils. Although not addressed with reference to the BOC program, the evaluation found regional INAC and tribal council officials strongly opposed any changes that would result in indirect funding through their member bands.

### **4.1.3 Program Priority**

- *Should any of the IGS programs, or any of their major activities, be prioritized above or below other IGS programs?*

The evaluation found that the BSF and TCF programs are the foundation for administrative support funding for bands and tribal councils, but that there was little justification for the BAS to continue as a stand-alone program. As well, the evaluation found advisory services specified under the BAS and TCF programs are outdated in comparison to band needs for human resources, legal and information technology advice. These findings are consistent with results from past evaluations.

First Nation respondents saw BEB "funding" to be important in supporting employer contributions to employee pensions. Whether funds are available from a discrete program or as part of salaried program dollar, it was not as important as maintaining the bottom line.

P&ID was given high priority as the only program that addresses governance and administrative capacity development.

## **4.2 Design and Delivery Summary of Findings**

The evaluation found that IGS programs have clearly stated objectives and results. BSF, TCF, BAS, BEB, and IIMD program policies and P&ID program guidelines contain statements of authority, program overview, objectives, and results. Although dated, the Departmental Results-based Management Framework (DRMAF) identifies objectives and expected results for the three program authorities under which programs are funded.

The evaluation also found that the programs are delivered effectively in accordance with regional organizational management structures, which exhibit some variation. The introduction of the First Nation and Inuit Transfer System (FNITP) was not synchronized sufficiently with IGS program application and reporting dates, which led to additional workload for regional staff.

The evaluation did not find a need for greater centralization of IGS programs since regional offices have a more direct relationship with First Nation communities and tribal councils. There was no overall support to have these programs decentralized to First Nation institutions.

Many officials considered their region's approach to P&ID program delivery to be exemplary. Since each of the regions adheres to the program's national guidelines, many of these approaches were different only by degree, and the evaluation found the processes that make them unique might have limited applicability in other regions.

Quebec administration of the BEB is considered by many to be exemplary, however, it is unlikely that other regions could adopt this approach.

The evaluation found merit in the Manitoba region's approach to requiring annual work plans from its tribal councils. The approach taken was to improve the capacity of the region's tribal councils to provide the specified advisory services. As this is likely to be seen as an increase in reporting burden, it will be important to assess whether such an approach improves the quality of services and accountability of tribal councils to their membership.

#### **4.2.1 Program Objectives and Outcomes**

- *What are the stated objectives of the program? Does the program have clearly stated objectives and outcomes?*

The goal of IGS programming is to provide First Nations with assistance for the establishment and maintenance of effective local governance and administrative systems, and the provision of programs and services to their citizenship. Collectively, IGS programs constitute the principal sources of funding for First Nation governments and administrations.

The main objective of the BSF program is to provide a stable funding base to First Nation governments to facilitate effective community governance and the efficient delivery of services. The DRMAF identifies expected outcomes for the BSF program as: fostering increased self-reliance of First Nations and Inuit governments by recognizing decision-making and enabling accountable, transparent, legitimate, and citizen-empowered governance systems, in partnership with First Nations and Inuit.

The objective of the TCF program is to provide core funding to First Nations' created and mandated tribal councils for the aggregated delivery of programs and services to member bands. The expected outcome for the TCF program is increased self-reliance of First Nations by providing a mechanism by which bands can aggregate through the creation of tribal councils to more effectively deliver programs and services formerly delivered by INAC.

The objective of the BAS program is to provide funding to large, unaffiliated Indian bands for the delivery of advisory services to Chief and Council in support of effective community governance. The expected outcome of this program is increased self-reliance of large, unaffiliated First Nations by providing a mechanism through which recipient bands of BAS funding can more effectively deliver programs and services that were formerly delivered by INAC.

The objective of the BEB program is to enable eligible First Nation, Inuit or Innu employers to compete effectively in attracting and retaining the qualified staff required to manage and deliver programs and services, particularly those taken over from the federal government. The expected outcome of the BEB program is a stable or growing number of First Nation/Inuit public sector employees participating in pension and benefit plans.

The objective of the P&ID program is to develop the capacity of First Nations and Inuit communities to perform core functions of governance by funding governance-related projects at the community and institutional levels. P&ID project funding is expected to play a role in strengthening communities' development of governance capacities through interventions such as policies, training and systems of good governance.

#### **4.2.2 Effectiveness of Program Delivery**

- *Are the programs delivered in an effective manner?*

All First Nations and tribal councils receive funding through some component of the IGS Program. The evaluation found that insufficient results-based data are being produced to measure the effectiveness of program delivery. Regional officials suggested the fact that the money reaches its target and is used as intended might be one indicator of effectiveness. Based on existing policies and program guidelines, the system is seen as equally fair or unfair for everyone.

INAC's regional offices are responsible for delivering the IGS programs through the various funding agreements (AFA, CFA and CFNFA), which are negotiated in accordance with a band's or tribal council's capacity for management. Funding is tracked on the FNITP. The organizational management structure varies regionally, for example, BC, Saskatchewan and Quebec have all or some of the IGS programs located in the Governance Branch of Lands and Trust Services.

Saskatchewan and Ontario manage the P&ID program separately from the rest of the IGS suite of programs, which are located in Funding Services. INAC regional officials believe that there is good contact with band administrators directly through program officers and the regional network of funding services officers (FSO).

Several regional and First Nation officials expressed frustration with INAC's FNITP system, which they believe has caused funding delays and generated more hands-on work. INAC officials indicated that the system has made it more difficult to generate amendments and restricts them to processing one amendment at a time. It was suggested that FSOs spend a considerable amount of time "feeding the system" rather than providing service to the communities. As well, the system has been blamed for unreasonably tight deadlines for funding that were not observed prior to the introduction of the FNITP. First Nations and tribal council officials indicated that only a week was given to get applications signed and submitted for 2009-10 funding.

Regional delivery systems are based on the national standard, leaving little room for regional variation in delivery approaches for most of the IGS programs. Ontario officials pointed out, however, that alignment of a specific program across all regions can be challenging because provincial policies and the First Nation governance context differ among regions. For example, in BC, IGS program delivery must operate within the reality of the many ongoing tripartite treaty negotiations.

The P&ID program also has a national framework, but regions have customized delivery mechanisms within that framework to better respond to what are seen as unique regional requirements. Some of these are summarized in section 4.2.4 below. The evaluation found delays in the flow of funding to be the major factor compromising the effectiveness of P&ID program delivery across the country. Officials noted that project funding does not flow to communities until June or later. This leaves a short time span to complete projects before year-end and impacts on the size of project that can be undertaken.

BEB program delivery is considered to be highly labour intensive, especially outside of Quebec. All regions noted that communities have difficulty understanding employee eligibility criteria. INAC has placed a ceiling on funding employer contributions because of budget restrictions. For example, Quebec has imposed a cap based on eligible salaries as of December 31, 2007, which was applied from April 2008 to March 2010. First Nation administrations will be expected to top up INAC contributions beyond this ceiling. Quebec First Nation and regional INAC officials believe this cap will have a greater negative impact on First Nation employers in their region because of the nature of defined benefit plans. As well, they believe that the cap does not respect the federal government's original commitment to fund the employers' share in accordance with the BEB policy.

### **4.2.3 Management Regime**

- *Should the management of IGS be more centralized or decentralized to First Nations institutions?*

The evaluation found various interpretations to the issue of centralization. For the respondents who saw the issue to be one of HQ versus regional management control, the response was emphatically against centralization. The regions have much closer ties to their communities and tribal councils, and have developed management controls and support systems to meet community needs.

Other First Nation and INAC respondents interpreted the question to mean INAC retention of program management versus devolving program management to First Nation institutions. Institutions were understood by some to be sector- or activity-specific organizations (e.g., the Aboriginal Financial Officers Association (AFOA) or regional organizations (e.g., Circuit Rider Program), while others saw them as aggregations such as tribal

councils or provincial-territorial organizations. Regardless of the definition, respondents saw little merit in greater decentralization to First Nation institutions, citing geography as a major obstacle to effective program delivery. As well, respondents expressed concern that this would result in the addition of another layer of bureaucracy or risk politicizing roles. A few regions noted an element of mistrust among some communities with regard to the ability of their tribal councils to take a larger role in program management.

Ontario officials believe that regionalization of institutions is more effective than centralization because it allows for increased support for the achievement of self-government at smaller scales. Currently, it is primarily the large First Nations that are able to work towards “nation” building.

Atlantic regional officials saw a need for greater sharing of best practices both within regions and nationally. They believed that HQ should take leadership in coordinating the sharing of best practices in P&ID projects and band administration, and considered the Centre of Excellence website as a good mechanism to facilitate this, as long as it is user-friendly and accessible by all First Nations.

- *Should IGS program delivery and management regimes in some regions be considered as exemplars/models for all regions?*

### **Professional and Institutional Development (P&ID):**

The evaluation found that regions have implemented the P&ID program to be reflective of regional priorities and practices, and many regions consider their processes to be unique.

National guidelines for the P&ID program call for each region to form an assessment committee that will judge project proposals against program objectives and community priorities. Each region has the flexibility to decide which proportion of its program budget should be allocated to specific community projects, or to regional institutions. Beginning of the 2008-2009 fiscal year, projects are eligible for funding only if they will address one or more of the following ten core functions of government:

- Leadership Selection;
- Membership;
- Decision-making;
- Law-Making and Enforcement;
- Financial Management;
- Human Resources Management;
- Administration (including Information Management and Information Technology);
- Community Involvement;
- Community Planning; and
- Intergovernmental Relations and Networks.

Proposals should clearly indicate that the target group/community of the project has acknowledged the outcome/benefits of the project. As well, applicants must declare all prospective sources of funding for the project.

Proposals must also be judged in the context of their balance with other INAC initiatives previously or currently funded through other programs. Tools should not be funded when previous projects have already funded similar outputs from the same recipient, and funding benchmarks are set for customizing existing tools to different recipient requirements. Regions are asked to consult an online list of projects (*Governance Matrix*) to determine whether proposed projects would duplicate past initiatives.

The evaluation found that regions have implemented the P&ID program to be reflective of regional priorities and practices, and many regions consider their processes to be unique.

The BC region leaves the application process open by evaluating proposals throughout the fiscal year instead of having one call at the start of the fiscal year and allocating funding at one time. The committee meets monthly to

evaluate project proposals. It is comprised of front-line INAC officers from the treaty, capital, band governance and funding services areas, and there has been representation from strategic planning and communications in the past. Members move in and out of the committee. There are also representatives from the provincial Ministry of Aboriginal Relations and the National Centre for First Nation Governance, which maintains its head office in BC.

Upon receipt of annual guidelines from INAC HQ, the region sends out an open call letter and a call package goes out early in the fiscal year. The committee continues to meet monthly until money is committed. All allocations are in response to the proposals received and no allocations are hived off in advance (e.g., amounts reserved for Aboriginal Institutions or tribal councils). Targeting may occur after a proposal is received as the committee may consider need as well as the quality of the proposal. Other factors considered include past performance (e.g., completion rates, budget track record). Even when funds have been fully committed, the region accepts proposals in the event that funding will become available from other sources.

In Ontario, P&ID is delivered “by the book”, and the regional office is diligent in adhering to the program guidelines, with a review committee guiding the project selection process. Perhaps for this reason, Ontario administration of P&ID has been flagged by INAC HQ as an exemplar for other regions. Officials in Ontario believe that other regions have been slower in appreciating the value of P&ID in providing a good environment for First Nations to make decisions that are transparent, accountable and democratic. It was suggested by one Ontario official that P&ID and “Reorientation”<sup>5</sup> have a single director who deals with both programs at the HQ level. This is currently being done in Ontario at the regional level.

The Quebec approach to P&ID appears to be strategic, as they encourage collaboration and empowerment. Quebec regional officials view the P&ID budget allocation as too small to warrant the funding of individual community proposals, instead, they favour group projects and encourage tribal councils to submit proposals on projects that have the buy-in of several communities. The balance of funding is then available to individual communities to submit proposals.

Manitoba’s P&ID committee is comprised of representatives from each of the directorates. A call for proposals goes out and letters of decision are sent back. The committee follows the national checklist and recommendations are taken to the Executive Committee. The committee sits at least three or four times as HQ may release reserved funding to the regions later in the fiscal year. Sometimes the committee will ask an applicant to resubmit or re-profile a proposal as there is no official closing date and the region may receive unsolicited proposals later in the fiscal year. If there are funds available, the committee will reconvene. At some point late in the year, the region may advise a First Nation that the proposal will be put forward to the next year.

Alberta is the only region managed according to treaty lines, and P&ID and other programs are delivered accordingly. The budget is pre-allocated, with half of the budget designated for pan-Alberta proposals from organizations such as AFOA or the Advisory Women’s Group. The rest of the budget is divided equally among the three treaty areas. The Alberta region’s governance committee, in which front-line directorates are represented, meets quarterly to review proposals. Smaller sub-committees assess the band-specific proposals within the treaty areas, while the larger committee reviews projects that have regional implications.

Saskatchewan has reorganized its management of IGS programs. FSOs working out of two district offices are on the front-line for program delivery under funding agreements. There was confusion in reporting roles when these IGS grant and contribution programs were part of the Governance Branch because the money was in the core funding agreement. Saskatchewan’s Governance Branch continues to manage the P&ID program because it has a separate delivery structure. The program’s technical advisory group is comprised of officials from economic

---

<sup>5</sup> A large number of First Nations in Ontario are under self-government negotiations (e.g., via Nishnawbe-Aski Nation and Union of Ontario Chiefs) through the “Reorientation Self-Government” grant (INAC). Reorientation provides resources to assist in capacity development as self-government negotiations continue.

development, capital, funding services, tribal councils, and independent First Nations. Assessment is based primarily on the merit of the proposal but the committee will also factor in past performance and current leadership. Benchmarks are used for code development but funding may be adjusted to account for reserve size and complexity of steps. Prior to the call for proposals, the region may specify priorities based on decisions coming from the higher-level Regional Management Committee (e.g., set aside part of the budget for conversion to custom code). The region used a portion P&ID funding for a pilot program, Comprehensive Community Planning.

#### **Band Employee Benefits (BEB):**

Quebec's management of the BEB is unique because its two defined benefit plans that existed prior to the program's implementation (RBA and Mohawk Council of Kahnawake) were grandfathered into the policy without change. The benefits of these defined benefit pension plans are similar to those of the public service superannuation plan. INAC exempted these plans from specific requirements of the program terms and conditions with respect to the level of contribution of the Department toward the employer's share (i.e., based upon triennial actuarial valuations) and the timing of vesting of benefits and locking-in the employer's share. The BEB program is considered to be the crown jewel of IGS programming in Quebec and is credited with providing pensions and benefits, which contribute to attracting and retaining skilled employees in urban and remote communities.

#### **Tribal Council Funding (TCF):**

For the past four years, the Manitoba region has required tribal councils to submit a one-year work plan before TCF funding flows. Each work plan is specific to the tribal council's band membership. Regional officials meet with the tribal councils each spring to provide guidance and give expectations for the new work plan. Another meeting takes place in the fall to review progress, and tribal councils submit an annual report at the end of the fiscal year. This process was set up after the region spent three years monitoring the ability of tribal councils to deliver advisory services. It enables the region to check the capacity of tribal councils to do what they say they can do as well as monitor the response of member communities. As in other regions, Manitoba tribal councils provide advice in addition to the five advisory services specified in the TCF policy, and the work plans reflect community demands for these services. One tribal council runs the region-wide Circuit Rider Program for sewer maintenance, which is available to communities belonging to other tribal councils.

### **4.2.4 Administrative Requirements**

- *Are the administrative requirements (applications and reporting) proportional to the level of funding provided? Is there room for improvement? (Where and how?)*

The evaluation found that, as a whole, INAC's reporting requirements could be streamlined and reduced. Regional officials noted that the key issues, which relate to reporting burden and governance responsibilities are the same for small communities as for larger ones that are better funded and have more opportunities for own source revenues. Many programs offer very small funding amounts and require quarterly reports. Some communities are faced with submitting as many as 100 reports annually to INAC and other federal departments. Bands will look at the reporting burden and often choose not to apply for such funding. The greatest federal reporting burden on First Nations comes from INAC programs, which ask for reports but do not have sufficient staff to fully assess or analyze them.

IGS program reporting in itself was not seen to be overly onerous. Regional officials indicated that BSF/TCF/BAS applications are straightforward and consistent with funding levels. Many regions pre-populate BSF grant requests and send them to the bands for signing. One regional official questioned the need for including this information on the application since the two criteria for grant funding are eligibility and application, and INAC already knows which bands are eligible. Another region would support results reporting as part of the BSF application process.

There are three reports under BEB: applications, annual lists of eligible employees, and the pension plan annual report. It was thought that some forms could be more user-friendly. BEB applications, in particular, require manual updating and are viewed as being too complicated and not clear with respect to employee eligibility. In some regions, it was noted that the same information was requested several times before application requirements were met. Regions receive monthly reports on non-compliance from OSFI and will stop funding if reporting requirements are not met. Some officials commented that the program is overly micro-managed. The previous evaluation of the BEB program reported that the program's administrative requirements regarding the reporting of eligible employees could make INAC partially liable to band employees if their employers fail to remit their payroll deductions appropriately.

Bands and tribal councils are required to submit an audit under their funding agreements. This requirement is seen as a costly addition, further straining BSF and TCF administrative budgets. Tribal councils and large unaffiliated bands must also submit an annual report on advisory services provided under the TCF and BAS programs. The reports contain information on the allocation of FTEs (Full Time Equivalent) and budget to the five advisory services and results, both overall and for each advisory service. First Nation respondents did not view this reporting as onerous, but questioned the purpose of such reporting since there is no feedback from INAC on the content of these reports. Officials suspected that these reports are routinely shelved; on this point, regional officials lodged a similar complaint to HQ that some reports serve little purpose.

The P&ID program requires the submission of a final report on project activities and expenditures as well as the delivery of tools developed with project funding. Each quarter, regions must send electronic copies of a Project Approval Checklist for projects approved during the quarter to HQ, which in turn provides the Chief Financial Officer with a roll-up of the number and value of projects approved.

Regional officials observed that reporting and application dates are out of sync with the funding agreement process. For example, in order to start a new year of funding on April 1<sup>st</sup>, the BSF application due date is March 31<sup>st</sup>. Funding agreements, however, require input by the middle of February and the BSF grant cannot be included until the application has been made. This triggers the need for amendments to the funding agreements that, as reported in the previous section, means more hands-on work in regional offices. Regional officials suspected that changes were made to the funding agreements process with little regard to the design of programs outside of the funding division.

The evaluation found that the main area of overall improvement lay in the introduction of performance reporting. This is discussed in the next section.

### **4.3 Data Reporting System Summary of Findings**

There is no performance measurement regime to enable the tracking of IGS program objectives globally or within program components. Reporting is limited to program activities and outputs that trigger funding flows rather than program outcomes, which have not been defined in measurable terms. The evaluation found that TCF, BAS and P&ID reports contained information on program results, but this did not feed into an overall performance management regime.

P&ID was found to be the only IGS program in which performance data are used in decision-making. Most regions reported that committees look at past performance of applicants, as well as past funding requests, when assessing project proposals. Nevertheless, the one-year timeframe for P&ID projects limits the opportunity for impact reporting. While HQ's on-line Governance Matrix was identified as a useful tool for tracking funding duplicates within the P&ID program, it does not sufficiently support performance measurement.

INAC's Governance Branch maintains an evergreen reporting template that tracks progress quarterly on the departmental PAA's government pillar strategic outcomes. It shows expected outcomes in the next quarter, results to date, risks/challenges/mitigation strategies, accountabilities, and status. This monitors performance on a higher level than that of the IGS programs.

IGS program performance monitoring and expenditure tracking are challenged by the variety of funding mechanisms in place. Financial tracking systems do not lend themselves to disaggregation at the program level for bands and tribal councils funded under AFAs or Canada First Nations Funding Arrangement (CFNFAs).

#### 4.3.1 Performance Management Regime

- *Is the current performance measurement regime adequate to accurately monitor the achievement of objectives and expected outcomes for each IGS program?*

The evaluation found that the IGS program has no performance measurement regime to enable the monitoring of objectives and outcomes globally or within each program component. Expected outcomes have not been identified in measurable terms. Performance monitoring and program oversight at the HQ and regional levels involve the tracking of expenditures on program activities and outputs.

One example of program tracking is the on-line “Governance Matrix” that HQ maintains on projects funded under the P&ID program. Projects are tracked according to the ten elements of governance. The format does not adequately support performance measurement, however, the matrix is a useful tool for regional committees to determine duplication of funding within the P&ID program as well as with other INAC programs.

TCF/BAS final reports ask recipients to specify the results of activities funded, but the evaluation found no evidence of this information being monitored routinely. Headquarters’ monitoring of the 2006-07 and 2007-08 reports was limited to identifying if reports were received and whether they were received on time. HQ also reviewed 2005-06 TCF/BAS reports for their quality and accuracy of reporting and found expenditure estimates among the various advisory services to be unreliable. In response, the reporting template for the program was revised for 2007-08, but the HQ program area found that this did not improve the quality of the data, which were subsequently collected.

The one-year timeframe for P&ID projects does not support impact reporting, even though this is requested for final project reporting. Impacts are not likely to occur in the year of funding and the books cannot be kept open until impacts materialize. Typically, reporting is confined to the delivery of tools developed or specified activities that took place even though the final report template specifically asks for a statement of outcomes, success indicators, and benefits or impacts. Ontario regional officials noted, for example, that the only loose indicator for effectiveness is the “reduction in administration crises.”

Multi-year funding would improve the opportunity for streamlining and impact reporting. Most regional officials indicated that the quality of project outputs and reports is not routinely assessed. Alberta stood out as an exception in that the region as it was in the process of conducting a quality assessment of the funded P&ID projects. Evaluators were provided with a copy of a template used, which in addition to project tombstone data, the template included categories for activities, outcomes, deliverables, project quality, and deliverable quality.

The evaluation found that there is a higher-level performance measurement reporting structure for INAC’s strategic outcomes. As reported in section 3.0, IGS programs are part of the Governance and Institutions of Government program activity in the departmental PAA’s government pillar. The strategic outcome is “supporting First Nations in implementing strong, effective and sustainable governments at different stages of development by funding projects and institutions which build and support community capacity.” Performance indicators include: the number of federal obligations implemented; general elections conducted under the *Indian Act* and election appeals processed in a fiscal year; by-laws reviewed and disallowed in a fiscal year; election codes reviewed; and projects supporting First Nations capacity development. INAC’s Governance Branch maintains an evergreen reporting template that tracks progress each quarter. This quarterly report was implemented in 2008-2009 and shows expected outcomes in the next quarter, results to date from beginning of fiscal year, risks/challenges/mitigation strategies, accountabilities, and status.

### 4.3.2 Data Reporting

- *Is performance data used in decision-making?*

The evaluation found that P&ID is the only IGS program in which performance data are used in decision-making. Most regions reported that committees look at the past performance of applicants when assessing project proposals. Regional committees will also review past requests for funding and what was accomplished in the context of the current proposal.

Other reports submitted by First Nations to INAC are used to trigger funding flows per contribution agreement and, according to many officials, are not used by INAC for making program decisions. Some officials support less reporting to be balanced by the collection of the “right” data.

- *Are there any gaps in the reporting of data?*

As noted above, the evaluation found that IGS contribution programs report only on activities and outputs, and the main gap lies in the identification and reporting of outcomes. Most INAC officials identified the lack of a results-oriented performance system, which one comment heard was that “it is a systemic problem” in INAC.

Under BSF, the existence of bands is well tracked but not the quality of program administration within band offices. Under TCF and BAS, the number of FTEs funded to deliver program/advisory services is tracked, as well as the volume of program delivery as measured by dollar value. Employee names and program compliance are closely monitored under the BEB program. Within the P&ID program, the number, value and nature of projects funded are tracked, as well as the number of tools generated in various areas (e.g. financial management policies, election codes).

The evaluation team had difficulty in obtaining actual expenditure data for each of the IGS programs on a regional basis. This was likely associated with the challenges in coding program expenditures for bands funded under AFAs or CFNFAs in which financial tracking systems do not lend themselves to disaggregation at the program level. P&ID expenditures were also difficult to track because of the two funding authorities that were used during the evaluation period.

## 4.4 Success and Impacts Summary of Findings

The evaluation found that, in as much as the IGS programs are being delivered in accordance with specific directives and First Nations funding is applied for and delivered in line with individual program requirements, the IGS Program is meeting the overarching goal of providing First Nations with support in the establishment and maintenance of local governance and administrative systems, and the provision of programs and services to their citizens. The evaluation revealed that, overall, the IGS Program’s success is facilitated by factors such as beneficial core funding, flexibility and openness towards modern governance. The effectiveness of the global IGS Program is challenged by factors including lack of results-based performance data, outdated policies and program formulae, insufficient funding, and “stovepipe” programming that limits First Nations’ ability to govern effectively.

Each of the five IGS programs is individually affected by overlapping and/or unique factors that influence effectiveness. For example, BSF is facilitated by factors such as flexibility and streamlined administration while being challenged by underfunding and an outdated formula. TCF is challenged by the imbalances with the BSF program resulting from the freeze in IGS funding and subsequent “catch-up” for the latter program only. Despite a variety of challenges, tribal councils were seen to offer valuable services to their member bands. BEB facilitates the attraction and retention of staff, but only if competitive salaries are being offered as well. P&ID is facilitated by factors including broad guidelines, flexible definitions of governance, and access to tools to improve administrative and governance capacity, while at the same time impeded by challenges such as an inability to move funds quickly.

The evaluation encountered a number of unintended impacts, both positive and negative, associated with the IGS programs (see section 4.4.2).

#### 4.4.1 Achievement of Objectives

- *Are the objectives of each individual IGS program, as well as the overall global program objectives being achieved? What factors have facilitated/hindered the achievement of program objectives?*

The evaluation found that IGS programs are being delivered in all regions in line with clearly specified program directives, that is, First Nation funding is applied for and delivered by the regions in accordance with individual program requirements. In this sense, the program is meeting the overall goal of providing First Nations with assistance for the establishment and maintenance of local governance and administrative systems, and the provision of programs and services to their citizenship.

The extent to which the program has facilitated the establishment of “effective” governance and administrative systems is more difficult to assess. Some indicators of effectiveness might be found in the number of First Nations that have moved from CFAs to the next level of funding or a decrease in the number of communities under intervention. Any such improvement observed, however, would be difficult to attribute to the IGS program specifically.

The evaluation of the IGS Program’s success in effecting desired outcomes is challenged by the lack of result-oriented performance data. As indicated in the previous section, performance monitoring consists largely of tracking program outputs (i.e., evidence of activity) as opposed to outcomes (i.e., change in behaviour). The data collected through interviews and focus groups provide qualitative evidence of respondents’ perceptions of the factors that have supported or challenged program success.

The evaluation found from all lines of evidence that the IGS Program is perceived as having produced positive results in maintaining government structures and providing access to governance tools. Factors facilitating IGS Program success include beneficial core funding, flexibility and openness towards modern governance. The achievement of program objectives is more likely to be observed in communities funded under AFAs or CFNFAs.

Factors hindering the achievement of IGS global objectives were associated with antiquated policies that do not address the reality of First Nations’ needs for governance support, insufficient funding and “stovepipe” programming, which limits the flexibility of First Nations to manage effectively. INAC officials observed that some communities will always be challenged in their capacity to become self-sufficient. Remoteness, lack of a critical mass, endemic social problems, and poverty are all factors that can undermine the achievement of IGS goals. Frequent turnover of Chief and Council is particularly counter-productive to administrative and governance capacity in small communities, especially if there is an associated turnover in band administrations. This has been observed to occur in a number of small remote communities with limited employment prospects beyond band administration.

The following summarizes program success and factors that were identified as having facilitated or hindered the achievement of objectives in each of the IGS component programs.

#### **BSF: Provide a stable funding base to First Nation governments to facilitate effective community governance and the efficient delivery of services.**

BSF is the largest component of the IGS Program, and the achievement of global objectives is dependent upon the success of the BSF program in meeting its objectives. All of the above discussion relating to IGS program success as a whole applies to the BSF program specifically.

As a grant program, the BSF program is noted for its flexibility and streamlined administrative requirements, which were seen as facilitating modern governance and local decision-making. The program has provided a base for band administrations, but funding has not kept pace with the realities of modern governance and administration. INAC and First Nation respondents noted that underfunding BSF penalizes other funding sources that must be used to shore up this account. First Nation respondents believed that the funding formula should be simplified so that it can be better understood. They strongly supported overhauling the formula to reflect more realistically band administrative operating costs. INAC and First Nation respondents noted the formula does not reflect funding needs of the modern office environment, which is no longer paper-based as it was in the 1980s. Offices require much greater investment in such areas as information technology and human resources. As well, band administrations are challenged by legal costs and expenses associated with the audit requirements that were introduced to all funding arrangements to increase accountability for funds received.<sup>6</sup>

The evaluation found that this level of criticism, in itself, is indicative of the progress that communities are making in developing their administrative and governance capacity. Band administrations are challenged by the level of funding available, but at the same are accessing and applying modern management tools. The case studies provided anecdotal evidence of communities developing human resources and housing policies, introducing or updating accounting software to their financial systems and delivering a wide array of federal programs.

**TCF: Provide core funding to First Nations' created and mandated tribal councils for the aggregated delivery of programs and services to member bands.**

According to INAC officials, tribal councils go far beyond local governance at the aggregate level. Almost 80 percent of First Nations representing 70 percent of the population on-reserve are affiliated with tribal councils. These statistics have not changed significantly in the past five years, and it is unlikely that a higher level of aggregation will occur.

TCF and BSF were originally designed to be complementary programs, and there is a relationship between band and tribal council core funding based on which organization is delivering the devolved programs and services. TCF is the only core funding program for tribal councils, and represents less than a tenth of their overall budget. The majority of tribal council funding comes from the transfer of program delivery responsibility from bands. When a band designates responsibility for a program delivery area to a tribal council, its BSF is reduced proportionate to the size of the program and the tribal council's TCF funding is increased.

Funding to the program was frozen in 1997-98, and funding factors have not been adjusted since that time. Unlike the BSF program, no additional flow of funding has been applied to offset inflation. This has led to an imbalance between the two programs in that tribal councils receive less core funding per program dollar than bands, which opt to retain responsibility for program delivery. This goes against INAC's policy of offering neither incentives nor disincentives for aggregation, and deters some bands from pursuing the economies of scale related to aggregation.

As in the case of BSF, the TCF program has provided a base for tribal council administrations, many of which are challenged by funding issues. Tribal council officials as well as band administrators cited the same pressures brought about by the modern realities of governance and administration. They noted that the current formula does not adequately factor in the high costs of HR, IT, accounting and legal services. As noted above, tribal council focus group participants believe that there will be even greater pressures placed on tribal council and band administrations to "buy or build" professional capacity to deal with the fall-out from recent changes to human rights legislation and the McIvor court decision.

The evaluation found that advisory services are being provided, but not necessarily the five specified in the policy. Communities have need for advice in other areas such as HR, IT, legal and accounting. Financial

---

<sup>6</sup> The effectiveness of the funding formula is discussed in section 4.5.2 below.

management was reported as an area in which communities might not want to share information with their tribal council and prefer to obtain advice from independent sources.

The quality of advice has been difficult to assess. An INAC policy analysis concluded that because tribal councils are involved in many other INAC and other federal programs that may be pursuing similar objectives, it is difficult for tribal councils to report separately on the TCF program. Therefore, it is difficult to measure the impact of the program alone on the quality of advisory services being provided to bands.

As noted above, annual reports include the self-reporting of performance and results, however, there was no evidence that this information is monitored or assessed. Respondents vary in their assessment of tribal council capacity, with the majority suggesting that tribal councils provide useful advisory services. For example, a number of band administrators noted that they rely on their tribal councils for technical services such as housing inspections, advice on water treatment projects proposals, and other projects requiring engineering expertise. Communities often consult with their tribal councils to obtain advice in preparing proposals to access funding for community planning projects or updating housing policies. Those respondents who expressed dissenting views were from larger bands that felt that their tribal councils focused on the needs of smaller member communities with lower capacity levels. For some, remoteness can make it difficult to receive adequate and timely services from a tribal council, for example, one respondent reported that his community was located 450 km from the tribal council office. Tribal council officials reported that they travelled less frequently to remote and northern communities due to the high costs associated with such travel. One tribal council official noted the difficulty of attracting finance officers to northern communities. These communities often rely on their tribal council to train band office staff, but the tribal council cannot afford to absorb the travel costs.

Despite the complaints about insufficient funding, tribal council officials were able to identify many services that they were able to provide to their member communities. According to tribal council officials, it is up to the communities to determine the priorities for advisory services. The case studies in the BC region offer a perspective on the relationship between a tribal council and its member bands. According to officials, the role of the tribal council is to facilitate the development of capacity and expertise within the communities as well as leadership capacity. Tribal council officials said that it would not be possible to undertake large-scale projects without a foundation of well-managed communities. The tribal council sees its biggest service as giving band councils governance and management advice, and this would not work without creating an environment of mutual respect, harmony and desire. According to this tribal council's annual reports, band government and community planning were the main advisory services provided to members. The tribal council does not actively provide financial management, economic development or technical advisory services. It facilitates meetings of its network of band managers by providing an environment where the bands can come together to work on solutions and offer mutual support. The network was reported as highly successful in addressing common project needs, exchanging information and sharing best practices.

The Quebec community and tribal council case studies also revealed a positive relationship. Respondents noted benefits to include the achievement of regional economies of scale, help in accessing resources for important projects related to HR and IT, and a sense of solidarity among the five Innu communities.

Tribal councils were seen to play an instrumental role in addressing member communities' common project needs and obtaining funding on their behalf. Many tribal councils have the capability of leveraging revenues from sources other than the IGS Program. As incorporated institutions, tribal councils are engaged in commercial activities and can enter into agreements with provincial and territorial governments to access other funding. For example, a tribal council in Quebec reported that it was able to leverage multi-year provincial funding on the basis of its one-year P&ID project. As well, tribal councils receive funding from other federal departments such as Health Canada, Human Resources and Social Development Canada, (HRSDC), Canada Mortgage and Housing Corporation, Canadian Heritage, and the Department of Justice. Using funding from HRSDC, a tribal council in BC was able to develop and implement a common personnel procedure policy that standardized office hours, annual leave entitlements and hiring procedures for the tribal council and its member

bands. Funding from this source was also used to develop a merit-based salary classification system and grid based on local labour market information, similar jobs in other First Nations and union/non-union rates. Another example that the tribal council cited was its successful bid on a governance assessment pilot project through the National Centre for First Nations Governance.

Tribal councils' administrative capacity is reported to be inconsistent and at times challenging. Ontario respondents noted that tribal council governance capacity has increased, but progress has come in spurts and challenges persist. Officials noted that every tribal council is different, making it extremely difficult to define success.

**BAS: Provide funding to large, unaffiliated Indian bands for the delivery of advisory services to chief and council in support of effective community governance.**

Overall, the evaluation had insufficient evidence to enable an assessment of the BAS Program's success in achieving its objective of supporting effective community governance. Representatives from two independent communities, which serve several member reserves, observed that they are not unlike tribal councils. They reported that their members have diverse needs for advisory services.

With the limited funding that is provided by the Program, it is unlikely that BAS funding alone can cover the costs of advisory services. It may be that just as BAS is used to cover BSF shortfalls, BSF must be used to pay for advisory services. For small independent bands, it is clearly the case that advisory services must be funded out of general band support revenues.

**BEB: Enable eligible First Nation, Inuit or Innu employers to compete effectively in attracting and retaining the qualified staff required to manage and deliver programs and services, particularly those taken over from the federal government.**

BEB is considered an unmitigated success in Quebec, while in other regions it is seen as having helped to provide pensions but fallen short of achieving the ultimate goal of creating a First Nation Public Service. The evaluation found BEB-funded pension plans to be necessary for attracting and retaining staff, but not sufficient without the offer of competitive salaries. As well, location, remoteness or social issues on-reserve factor into a community's ability to attract and retain competent staff.

According to OSFI and RBA officials, large pension plans supported by BEB tend to be well operated, whether in Quebec (which has large plans) or outside of Quebec. Large plans are likely to be associated with a more sophisticated administration.

First Nation administrations are challenged by the eligibility criteria. In a community, all staff members have an expectation for pensions, regardless of their job in the band office. First Nations cannot hire a portion of their work staff on contracts in the same way that large institutions such as the federal government are able to do. In a band office, an employee may have many different roles, and not all of these functions qualify for BEB-funded benefits.

**P&ID: Develop the capacity of First Nations and Inuit communities to perform core functions of governance by funding governance-related projects at the community and institutional levels.**

P&ID has successfully funded many projects aimed at building governance capacity and is seen as a "good news" story by INAC officials at HQ and in most regions. Guidelines are broad for identifying capacity gaps, and the definition of governance provides flexibility. P&ID is considered successful in providing access to tools to improve administrative and governance capacity as well as promoting good practices. According to many officials, P&ID has helped to build capacity while other IGS programs have simply maintained current capacity

levels. The main factor thought to hinder the achievement of P&ID program objectives was an inability to move money quickly.

In 2008-09, regional committees funded 369 projects at an average value of \$33,242. In late August 2008, the original allocation to the regions was supplemented by \$3.4 million from the national budget according to the “Buffalo Point formula.” Nunavut declined additional funding and Quebec declined half of what was offered. Table 12 shows actual P&ID expenditures by region in 2008-09, after funding was supplemented by HQ.

**Table 12: P&ID Expenditures<sup>1</sup> by Region, 2008-09**

Regions	Number of Projects	2008-09	Average Value of Projects
Atlantic	39	\$1,081,881	\$27,740
Quebec	30	\$971,403	\$32,380
Ontario	41	\$2,103,246	\$51,299
Manitoba	41	\$2,090,995	\$51,000
Saskatchewan	50	\$1,488,662	\$29,773
Alberta	33	\$1,348,118	\$40,852
BC	62	\$1,796,462	\$28,975
Yukon	25	\$464,196	\$18,568
NWT	47	\$771,166	\$16,408
Nunavut	1	\$150,000	\$150,000
National		\$1,230,649 <sup>2</sup>	
<b>Total</b>	369	\$13,496,778	\$33,242

<sup>1</sup> Regional allocations: 25% equally distributed; 75% by formula (on-+ off-reserve population); + Inuit population allocation.

<sup>2</sup> Distribution of available P&ID funds: 34% to HQ and 66% to regions. National budget was originally \$4,635,652 before supplemental reallocations to the regions.

[Source: INAC, Governance Branch, Professional and Institutional Development Directorate.]

In most regions, demand outstrips P&ID funding availability. For example, regional officials in Saskatchewan reported receiving \$6 million in proposals for their original \$1.2 million budget allocation. Ontario also noted that the budget was insufficient to fund all good proposals. Ontario staff commented as well that they were not able to provide on-the-ground support for all funded projects.

As discussed above, while P&ID is a national program, delivery structures have been molded to the priorities of each region. Some regions keep the proposal process open, while others hold promising proposals in the event that funding becomes available later in the year (as has been the case each year since 2006-07). Quebec was the only region that was not enthusiastic about the program, indicating that the pot of money was too small to justify the program’s administrative burden and to fund projects that will make a difference to governance capacity. That region favours proposals that are often facilitated by tribal councils on behalf of their member bands and feature a pooling of resources. Despite this approach, other regions such as Ontario and Manitoba fund larger projects on average. This regional diversity in program delivery provides an opportunity for information sharing between regions that could facilitate cross-regional learning and appreciation of other program delivery contexts. P&ID is viewed positively in its funding of projects targeted at building governance capacity, but more work is needed to ensure outcomes can be evaluated. The case studies demonstrated that it is possible to get some measures of success, at least anecdotally. Bands that had used P&ID funding to develop custom election codes and improve community awareness reported that their communities voted almost unanimously to adopt the codes in subsequent elections. These codes involved protocols for four-year terms of office with staggering every two years. This will help lower the turnover rate of Chief and Council that has been associated with lower governance and administrative capacity.

#### 4.4.2 Unintended Impacts

- *Have there been any unintended impacts; positive or negative?*

According to an internal analysis of cost drivers, the funding freeze placed on the IGS programs in 1997-1998 had more than financial impacts for these programs. During the freeze, HQ directed regions to collect only limited program data. This direction, combined with departmental and First Nation staff turnover, resulted in a loss of program knowledge and left the Department with challenges in attempting to quantify funding pressures.

The evaluation found a number of unintended negative impacts associated with the BEB program funding. The latest cap placed on INAC support for the program will force First Nation employers to top up contributions from other sources. Bands without access to own-source revenues (OSR) will be compelled to divert funding from BSF or salaried program budgets to meet their employer obligations.

INAC officials from Quebec believe that this will have a greater impact on communities and tribal councils in that region because the defined benefit program is more costly (26-29% of salaries) than in the rest of Canada (18-20% of salaries). As well, band and RBA respondents commented that the INAC cap on BEB goes against the obligation of the federal government to contribute to the defined-benefit pension plan as originally set out in the policy and poses a potential legal risk to the Department.

An unintended impact identified in the previous BEB evaluation relates to INAC liability and the administrative requirements regarding the reporting of eligible employees. Although INAC is no longer a direct employer in program areas devolved to First Nations, there was concern that INAC could be partially liable to band employees if their employers fail to remit their payroll deductions appropriately. INAC officials now believe that the risk is mitigated by the close communication between INAC program officers and OSFI, which is working on a better way to enforce pension plan legislation and reducing reporting regulations.

First Nations representatives identified unexpected negative impacts that they associate with participating in the BEB program. Increased annual insurance costs were linked to the program. As well, some First Nation respondents believed that the BEB creates an expectation that all employees will receive pensions and benefits, when this is not the case.

On a positive note, participation in BEB-funded pension plans is often the only real savings employees accrue. This has led to employees' pride in being able to manage their own future and retirement rather than being dependent upon social assistance in their retirement years.

A negative unintended impact of the P&ID program is that it may have created expectations for funding. The number and value of project proposals that regions receive is far greater than the available funding.

On the positive side, the program has unexpectedly resulted in the gathering of best practices associated with tools developed specifically with funds allocated from this program. While each tool ultimately belongs to the project recipient, as of the 2008-2009 fiscal year, INAC retains the right to publish the successful instruments on-line in the hope that they may be adopted by other First Nation groups.

Another positive unintended impact of P&ID is a realization among communities that they can learn from each other. First Nations have formed a "Governance Development Network" in the Ontario Region (championed by one community with six First Nations from across the province sitting on the Steering Committee) that brings in speakers and discusses best practices.

## **4.5 Cost-Effectiveness/Alternatives Summary of Findings**

The evaluation revealed strong support for merging the BAS program with the BSF program. BAS funding is insufficient on its own to cover the costs of the advisory services required and as a result, it is often rolled into general administration funds at the community level. Therefore, little justification could be found for maintaining separate program "silos".

Outside of Quebec, the evaluation encountered little opposition to the concept of integrating funding for the BEB with INAC's salaried programs. This approach is seen to be beneficial in rationalizing program costs within business lines, reducing reporting burden and adding flexibility for First Nation administrations.

Many of the areas for improvement identified by participants in this evaluation are consistent with the findings and recommendations made by the Blue Ribbon Panel on Grant and Contribution Programs, which advocated defining objectives in measurable terms, streamlining reporting processes and greater usage of multi-year and block funding agreements.

#### **4.5.1 Cost-Effectiveness**

- *What results were achieved in relation to the costs of each program and IGS globally?*
- *Is the current methodology for allocating resources appropriate and effective? Can more effective allocation mechanisms be identified?*

The evaluation found IGS programs to be cost-effective from two perspectives. First, with the exception of the 20 percent increase in BSF that was allocated as a "catch-up" after the five-year funding freeze, IGS program funding has been static in nominal terms and decreasing in real terms. Despite this, bands and tribal councils have assumed greater governance and administrative responsibility as evidenced by the identification of funding needs for audits, legal expertise, IT and HR. INAC officials suggested that the fact that a lot is being done with small amounts of funding indicates a certain degree of cost-effectiveness. Officials noted that funding in all areas is already stretched thinly, and INAC would be unlikely to accomplish what First Nations are able to do at current funding levels. On the other hand, chronic underfunding may compromise the achievement of overall policy objectives.

The second perspective on cost-effectiveness is that of municipal comparability. First Nation communities are expected to provide services that correspond to those offered by municipalities of similar size. Respondents reported that most of their employees were expected to function in multiple capacities whereas municipalities have separate departments to perform the same functions. The fact that these communities are able to deliver complex services such as public works, road maintenance, fire safety and band administration from a much smaller funding base is an indicator that the programs are cost-effective.

INAC's "stovepipe" programming that limits the flexibility of First Nations to manage effectively may be undermining overall cost-effectiveness. Some officials suggested that a more holistic approach to the community should be taken. There is a need to streamline and recognize that all programs impact on the success of other programs. To this end, officials believed that IGS programs would be more effective in achieving objectives if they were better integrated and delivered as a block of funding, with P&ID being used to monitor progress. This may not be feasible in regions that have a preponderance of bands that do not qualify for block funding agreements.

All lines of inquiry saw simplifying and modernizing program formulae as a means to making IGS programming more effective. Evaluators heard repeatedly that current allocation methodologies do not reflect the core costs of doing business. The lack of clarity about how the funding level is determined has created the expectation among First Nations that BSF should fund 100 percent of administration costs. Making IGS funding mechanisms more transparent and communicating what can be expected from support funding may help to facilitate a common understanding of program goals between INAC and its funding recipients.

A departmental analysis of 2005-06 annual reports noted that tribal councils managed \$478 million of federal contributions, most of which (\$371 million) was for INAC programs. The TCF program provides less than ten percent to support the core as an institute of aggregation and approximately half of TCF is intended to fund advisory services. As noted above, tribal councils are also engaged in commercial activities and have accessed funding from provinces and territories. According to the analysis of annual reports, tribal councils spent 45 percent more on advisory services than what was provided to them through the TCF program.

Officials in most regions believe that the P&ID program is cost-effective. Community benefits from targeted projects are considerable relative to the modest amount of funding involved. The inability to move P&ID money quickly, however, may limit that program's cost-effectiveness. Many communities have taken the initiative of leveraging P&ID funding with other sources as well as working collaboratively with other bands or tribal councils, thus increasing the cost-effectiveness of projects.

The evaluation did not find clear evidence to support a case for greater targeting of P&ID funding. Officials in some regions thought the program would be more effective if it targeted communities with lower governance capacity to counterbalance strong proposals from higher capacity bands. The evaluation found that there is a need for capacity development on many levels and regional committees take a variety of factors into account in assessing project proposals. It is more important to keep the P&ID program sufficiently flexible to support governance objectives of the IGS as a whole. Although funding is limited, individual regions have been able to tailor P&ID program to specific regional priorities.

#### 4.5.2 Alternatives

- *Is the current design of these programs the most effective approach for achieving the program objectives? Are there better alternatives?*
- *Are there alternatives to achieving IGS Program objectives separately and globally?*
- *Should a mandatory condition of support be contingent on the leveraging of funds from other First Nations sources?*

The evaluation found that the BSF and TCF formulae are overly complex and not explainable to funding recipients. When it was first developed, the formula was sophisticated and based on sound logic, it was designed to assess need but not restrict flexibility in spending. Some of this logic was lost during the five-year funding freeze from 1997-98 to 2000-01 and the subsequent 20 percent infusion of funds to account for inflation between 2001 and 2004. With a fixed pot of money available, formula drivers were not updated. Increases in BSF funding during this period were flowed on a percentage increase basis without reassessing whether the cost factors that drive the underlying formula were still relevant or accurate.

The evaluation found no easy solution to the funding issue. As one official noted, "authority" to fund is not the same as "requirement" to fund. The policy states clearly that the purpose of BSF is to "assist band councils to meet the costs of local government and administration of departmentally funded services". Updating the formula to better reflect modern cost factors will not itself address the issue of whether the program is under-funded. It will help, however, to add clarity and transparency to the funding issue. It will allow decision-makers to assess better the funding needs of this program relative to other INAC-funded programs. Ultimately, with no change in the level of funding, updating the drivers will result in "winners" and "losers" among funding recipients.

INAC has already begun to integrate funding for the BEB with its salaried programs, following the Health Canada model. The evaluation found little support for maintaining the BEB as a discrete program outside of Quebec. Most regions saw immediate benefits to having all costs, including pensions and benefits, attributed to the specific program lines. One benefit identified was a reduction in the reporting burden associated with the BEB program, as well as greater flexibility for First Nation administrations. Many officials regarded the BEB program as being micro-managed unnecessarily.

The process of converting this program may take some time as some INAC business lines still have to prepare a Memorandum to Cabinet to build this into their funding base. Some provision may be needed to "grandfather" funding for the defined benefit plan managed by the RBA in Quebec. This evaluation found similar evidence to that encountered in the last evaluation and audit of BEB, both of which pointed to the effectiveness of the approach taken in Quebec in administering the program. Two other defined benefit plans "grandfathered" in the original policy can be expected to involve a straightforward transfer to the Education Program.

The evaluation found strong support for merging the BAS program with the BSF program. This finding corroborates the previous evaluation's recommendation to that effect. Moreover, the evaluation found that because BAS funding is insufficient in itself to pay for all advisory services required, it is often rolled into general administration funds at the community level. It is counter-intuitive for INAC to maintain separate "silos" for this funding. Despite the manner in which BAS funds are managed, respondents from large First Nations emphasized the need for BAS funding because of the greater demands for services placed on their administrations. On the other hand, regional officials pointed to the needs for advisory services of small, unaffiliated communities. Regional offices do not have the capacity to provide these services. Small communities may have strong grounds (e.g., cultural, political, location) for remaining independent and must absorb the cost of advisory services from their BSF or other program accounts.

Many INAC respondents, particularly regional officials, believe that INAC should be very careful if considering other sources of revenue available to First Nations as part of its funding criteria. Regional officials were not in favour of imposing mandatory conditions that would effectively penalize bands for having become self-sufficient. In any case, regional officials considered it to be unfair to fund First Nations that are thriving on OSR on the same basis as bands for which self-sufficiency is unlikely. In BC, for example, officials estimated that about two-thirds of First Nations will never be sustainable in terms of governance and capacity. First Nation and tribal council officials observed that the current system does not reward good financial management as is, and a mandatory condition would only penalize organizations for doing well. To this end, the evaluation found that it would be very difficult to find a threshold for IGS funding that reflects need but does not deter self-sufficiency.

Concurrent with this evaluation, INAC has engaged First Nation and tribal council stakeholders in examining strategies for the redesign of the IGS Program to improve its effectiveness in achieving governance goals. The evaluation has been a separate and distinct process, focusing on the existing suite of IGS programs and the renewal of authorities. The evaluation found that the Department will be challenged by any program delivery alternatives that impact First Nation balance sheets negatively. First Nation respondents were adamant that changes made to the IGS Program should not result in them receiving less funding. Regional INAC officials also emphasized that savings resulting from any efficiencies achieved through redesigning individual program components or IGS as a whole, should be converted into greater program funding.

#### **4.5.3 Best Practices**

- *Are best practices used in managing/delivering IGS programs separately and globally?*

As noted in section 4.2.3, many officials identified the approach taken to P&ID program management and delivery in their region as best practices. As well, regional officials are hopeful that INAC's Centre of Excellence website, an initiative undertaken by HQ, will become a valuable mechanism for the sharing of best practices. The Centre of Excellence will develop and maintain an electronic matrix that will provide a landscape of governance activities, best practices and tools that have been created and financially supported by the Department for the past five to ten years. As well, the Centre will develop and use the website to publish sample codes and policies that support good governance.

It is intended that the website will be easily accessible to First Nation administrations. Regional officials believe that this will be an excellent tool and has the potential to stretch the effectiveness of P&ID funding. By publishing tools developed under the program, it is anticipated that election codes, for example, can be re-tailored more efficiently.

Officials in some regions identified the AFOA as having developed and published a variety of resources, tools and best practices to support capacity among Aboriginal managers and elected officials. It was noted that some chapters of the AFOA have run regional workshops for the sharing of best practices.

A number of First Nation respondents noted that their communities have or are seeking International Standards Organization certification on their management systems. This involves putting policies and processes in place to cover contingencies (e.g., a staff member quits) and to ensure management accountability and transparency. This is not funded by the IGS Program, but may lead to management efficiencies that could further improve the use of funding dollars.

In June 2006, the Treasury Board commissioned an independent blue ribbon panel to recommend measures to make the delivery of grant and contribution programs more efficient while ensuring greater accountability. The panel's December 2006 report found fault with the current management culture at the federal level, stating that it is not conducive to the effective and efficient administration of grants and contributions. The following three recommendations were made in the areas of application processes and funding:

- The objectives established in the funding agreement for a particular recipient under a grant and contribution program should be clearly defined, realistic and measurable in practical terms;
- The grant and contribution application processes should be streamlined to make them more transparent and easily accessible; and
- The Treasury Board of Canada Secretariat should:
  - a) encourage the multi-year funding of projects that are multi-year in nature,
  - b) encourage the reduction in the number of cost categories in funding agreements and allow recipients greater latitude to shift funds among categories,
  - c) identify the circumstances where core funding is a cost-effective supplement to project-specific funding, and
  - d) adopt the principle that funding levels for programs delivered through a third party should reflect the full cost of program delivery.

Many of the areas for improvement identified by participants in this evaluation are consistent with the findings and recommendations made by this blue ribbon panel. In particular, the evaluation found broad support for defining objectives in measurable terms, simplifying application and reporting processes, and providing greater flexibility associated with multi-year and block funding.

## ***5.0 Findings, Conclusions and Recommendations***

---

### **5.1 Findings/Conclusions**

The IGS programs were found to be a valued source of support for First Nation administrations, both at the community and tribal council levels. The evaluation found that IGS program objectives are still relevant and that there is a continued need for the programs in some form. At the same time, the evaluation found that there is a need to modernize the programs to reflect today's more complex governance and administration requirements.

The evaluation found that the IGS programs are highly complementary and have little overlap with other INAC initiatives. Since the last renewal of IGS programs, program overlap in the area of capacity development was addressed by the creation of the P&ID program, which merged the IIMD and GS-PD programs. Although all lines of evidence corroborated the importance of the IGS programs, the evaluation found little justification to define the BAS and BEB in terms of funding "silos."

The evaluation also found that the programs are delivered effectively in accordance with regional organizational management structures, which exhibit some variation. The evaluation did not find a need for greater centralization of IGS programs, as regional offices have a more direct relationship with First Nation communities and tribal councils. There was no overall support to have these programs decentralized to First Nation institutions.

Many officials considered their region's approach to P&ID program delivery to be exemplary. Since all INAC regions adhere to the program's national guidelines, many of these approaches were different only by degree, and the evaluation found that processes that make them unique might have limited applicability in other regions.

Quebec's administration of the BEB is considered by many to be exemplary. It is unlikely, however, that other INAC regions could adopt the Quebec approach. The evaluation found merit in the Manitoba region's approach to requiring annual work plans from its tribal councils. Such an approach may be seen as an increase in reporting burden, however, and it will be important to assess whether this practice has a measurable impact on the quality of services provided.

The evaluation revealed that the IGS Program has no performance measurement regime to enable the monitoring of objectives and outcomes globally or within each program component. IGS grant and contribution programs were found to report only on activities and outputs. The evaluation found that financial tracking systems do not lend themselves to disaggregation at the program level for bands and tribal councils funded under AFAs or CFNFAs. P&ID was found to be the only IGS program in which performance data are used in decision-making. Most regions reported that committees look at the past performance of applicants, as well as past funding requests, when assessing project proposals.

The evaluation found that, in as much as the IGS programs are being delivered in accordance with specific directives and that First Nations funding is applied for and delivered in line with individual program requirements, the IGS Program is meeting the overarching goal of providing First Nations with support in the establishment and maintenance of local governance and administrative systems, and the provision of programs and services to their citizens.

The evaluation revealed that, in general, success of the IGS programs is facilitated by factors such as beneficial core funding, flexibility and openness towards modern governance. On the other hand, the effectiveness of the IGS programs is challenged by factors including lack of results-based performance data, outdated policies and

program formulae, insufficient funding, and “stovepipe” programming. Both positive and negative unintended impacts were encountered during the evaluation.

The cost effectiveness of the IGS Program was revealed in two ways during the evaluation. First, the nature of requests for support has become more sophisticated over the last decade. This would indicate an increased complexity within governance and administration despite static funding levels. Second, within the context of municipal comparability, bands and tribal councils deliver complex services from a smaller funding base.

The evaluation found that program formulae could be simplified and modernized to reflect current and more relevant cost factors, which would add clarity and make the funding process more transparent. The BSF and TCF formulae were found to be overly complex and difficult to explain to funding recipients.

The evaluation found strong support for merging the BAS program with the BSF program. BAS funding is insufficient on its own to cover the costs of the advisory services required and, as a result, it is often rolled into general administration funds at the community level. It was found to be counter-intuitive for INAC to maintain separate “silos” for this funding.

The evaluation also found little support outside of Quebec for maintaining the BEB as a discrete program. The benefits of integrating funding for BEB with INAC’s salaried programs were identified as increased clarity of total program costs, reduced reporting burden and greater flexibility for First Nation administrations.

Many of the areas for improvement identified by participants in this evaluation are consistent with the findings and recommendation made by the Blue Ribbon Panel on Grant and Contribution Programs. Specifically, there was broad support for defining objectives in measurable terms, simplifying application and reporting processes, and providing greater flexibility associated with multi-year and block funding.

## 5.2 Recommendations

**IGS funding should be continued. There is strong evidence that this is the backbone of First Nation government, and that, without this support, many of the administrations would encounter serious difficulty. INAC should seek ways to consolidate its delivery of IGS to create administrative efficiencies both within the Department and for First Nation management.**

1. INAC, in consultation with First Nations and tribal councils, should revisit IGS component program policies to update program objectives, expectations and anticipated outcomes and ensure that these are clearly stated.
2. INAC should simplify and modernize BSF and TCF program formulae so that they are clearly reflective of program policies and are transparent to First Nation and tribal council administrations.
3. BAS funding should be blended with the BSF grant. The program policy should state clearly the rationale for only funding large, independent First Nations.
4. The composition of advisory services under TCF and BAS funding should be updated to reflect modern administration needs. Consideration might be given to align these to the ten functions of government to be consistent with the P&ID program.
5. INAC should continue the process of integrating funding for the BEB with its salaried programs, following the Health Canada model. Sufficient time should be given for the conversion process to allow for policy approval for INAC salaried programs to build this into their funding bases. As well, management will have to consider provisions required to “grandfather” funding for the defined benefit plan managed by the RBA, the Conseil des Mohawks de Kahnawake in Quebec, and the retirement plan for employees of the Fort Alexander Indian Band in Manitoba.

**INAC, in consultation with funding recipients, should seek to streamline reporting requirements with the goal of freeing up administrative resources within First Nation and tribal council administrations and the INAC regions.**

6. If tribal council advisory services are not specified under a renewed IGS Program, consideration should be given to limiting tribal council reporting in annual audits.

**INAC should establish a performance measurement regime for the IGS suite of programs.**

7. In the area of performance monitoring and reporting, INAC should begin to identify sources for outcome-related measurement and establish a system of performance measurement to support regularized collection and assessment of data on impacts and outcomes.

**Future IGS program design and delivery should support efforts to increase First Nation governance capacity.**

8. As the only departmental program targeted specifically to strengthening governance capacity, P&ID should be given a longer-term dimension to enable funding support for more complex multi-year projects.

## 6.0 Bibliography

---

### IGS Program Policies and Related Internal Documents:

INAC. *Band Advisory Services Program Policy*. Retrieved on December 12, 2008, from <http://www.ainc-inac.gc.ca/ap/gov/igsp/bas/basp-eng.pdf>

INAC. *Band Employee Benefits Program Policy*. Retrieved on December 12, 2008, from <http://www.ainc-inac.gc.ca/ap/gov/igsp/beb/bebp-eng.pdf>

INAC. *Band Support Funding Program Policy*. Retrieved on December 12, 2008, from <http://www.ainc-inac.gc.ca/ap/gov/igsp/bsf/bsf-eng.pdf>

INAC. *Briefing Note – Development of the new P&ID Program*. February 24, 2005.

INAC. *Departmental Results-based Management and Accountability Framework (DRMAF) and Departmental Risk-Based Audit Framework (DRBAF)*, Annexes 5:3, 5:4 and 5:11. Retrieved on November 24, 2008, from [http://www.collectionscanada.gc.ca/webarchives/20061209115705/http://www.ainc-inac.gc.ca/pr/pub/rmaf/drm\\_e.html](http://www.collectionscanada.gc.ca/webarchives/20061209115705/http://www.ainc-inac.gc.ca/pr/pub/rmaf/drm_e.html)

INAC. *Tribal Council Funding Program Policy*. Retrieved on December 12, 2008, from <http://www.ainc-inac.gc.ca/ap/gov/igsp/tcf/tcfp-eng.asp>

INAC. *Indian and Inuit Management Development Program Policy*. Retrieved on December 12, 2008, from <http://www.ainc-inac.gc.ca/ap/gov/igsp/pid/pidp-eng.pdf>

INAC. Lands & Trust Services. *Professional and Institutional Development Program – Program Guidelines, 2008-2009*. NCR #1274953, undated.

INAC. *Management Framework: Companion Initiative on Capacity Development for Recipients under Intervention 2006-2007*. NCR #1268547, January 2007.

INAC. *2008-2009 New Funding Pressure* [Internal document describing INAC's Companion Initiative on capacity development for recipients under intervention.]

INAC. *Professional and Institutional Development Program Workout – Summary Report*. 2004.

### IGS Evaluations and Audit:

INAC Corporate Services. *Audit of the Band Employees Benefit Program*. June 29, 2004. [http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/au/index\\_e.htm](http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/au/index_e.htm)

INAC Corporate Services. *Evaluation of the Band Employees Benefit Program*. June 2003. [http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/ev/index\\_e.html](http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/ev/index_e.html)

INAC Corporate Services. *Evaluation of the Band Support Funding Program*. April 2003.  
[http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/ev/index\\_e.html](http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/ev/index_e.html)

INAC Corporate Services. *Evaluation of the Tribal Council Funding and the Band Advisory Program*. June 2004. [http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/ev/index\\_e.html](http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/ev/index_e.html)

INAC Corporate Services. *Evaluation of the Indian and Inuit Management Development Program*. June 2004.  
[http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/ev/index\\_e.html](http://www.collectionscanada.gc.ca/webarchives/20061209043517/http://www.ainc-inac.gc.ca/pr/pub/ae/ev/index_e.html)

INAC. *Decision Briefing Note for the Minister P15651* [Regarding extending the Indian Government Support program terms and conditions for 1 year.] (NCR #1021972/Protected B) July 18, 2007.

INAC. *IGS Audit and Evaluation Recommendations and Program Renewal* (Status Report, NCR#1461269) July 30, 2008.

### **IGS Policy Analyses and Discussion Papers:**

INAC. *Indian Government Support Programs - Cost Driver Analysis*. (Internal Draft) March 6, 2006.

INAC. *Indian Government Support Programs – Summary Papers for Engagement*. (Undated Internal Draft)

INAC. *Policy Options for Supporting Tribal Council Governance Redistribution of Tribal Council Funding* (CIDM: NCR#1423859/ Internal Draft) August 31, 2008.

INAC. *Comprehensive Community Planning within the Context of Governance Programming*. (Draft: For Internal Discussion/ Protected B) November 5, 2008.

INAC. *Discussion Paper: Inuit Accessibility to Indian Government Support Programs*. (Draft: For Internal Discussion /Protected A) October 14, 2008.

INAC. *Impact of IGS Redesign by Funding Recipient: First Nations*. (Undated Internal Draft)

INAC. *Impact of IGS Redesign by Funding Recipient: Tribal Councils*. (Undated Internal Draft)

INAC. *Impact of IGS Redesign by Funding Recipient: Other Stakeholders*. (Undated Internal Draft)

INAC. *Relationship between the BOC program and the proposed new governance program to replace Indian Government Support*. (Undated Internal Draft)

INAC. Institute on Governance. *Evaluation of C&PD and BOC Funding – Presentation of Preliminary Findings*. December 15, 2008.

### **IGS Annual Reports and Program Reporting:**

INAC. *Band Support Funding Summary – National Reports, 2004/05-2008/09.*

INAC. *Governance Matrix – PID-IIMD Projects with First Nations*, data files for projects funded from 1998-99 to 2007-08.

INAC. *Governance Matrix - PID-IIMD Projects with Tribal Councils*, data files for projects funded from 1998-99 to 2007-08.

INAC. *Governance Matrix - PID-IIMD Projects with Other Aboriginal Organizations*, data files for projects funded from 1998-99 to 2007-08.

INAC. Indian Government Support System (IGSS). (2008). *Indian Government Support (IGS) – Regional Summary [Financial] Reports, 07/08 & 08/09.*

INAC. *P&ID Analysis*. Data files with project spending categorized by funding authority. January 2009.

INAC. *Quarterly Reporting Template – The Government Strategic Outcome – Fiscal 2008-09*. April-June 2008 and April-September 2008.

INAC. *Reporting Requirements Receipt Status Report*. Data from the First Nations and Inuit Transfer Payment System for 2006-2007 and 2007-2008.

INAC. *Tribal Council Funding Summary – National Reports, 2003/04-2007/08.*

INAC. *Tribal Council Funding and Band Advisory Services Programs – Analysis of 2005/06 Beneficiaries and Departmental Annual Reports* [Powerpoint].

### **Literature Reviewed:**

Communications Canada. (1996). Report of the Royal Commission on Aboriginal Peoples, Volume 2 – Restructuring the Relationships, Part One. Ottawa, ON.

Cornell, S. & Kalt, J. P. Reloading the Dice: Improving the Chances For Economic Development On American Indian Reservations. In Cornell, S & Kalt, J. P. (Eds.), *What Can Tribes Do? Strategies and Institutions in American Indian Economic Development*. Los Angeles, California: American Indian Studies Center, University of California. Retrieved from [http://www.hks.harvard.edu/hpaied/pubs/pub\\_120.htm](http://www.hks.harvard.edu/hpaied/pubs/pub_120.htm)

Graham, J. (1999). *Building Trust: Capturing the Promise of Accountability in an Aboriginal Context* (Policy Brief No.4–May 1999). Institute on Governance. Retrieved from [http://www.iog.ca/view\\_publication\\_section.asp?area=10&sideNav=28](http://www.iog.ca/view_publication_section.asp?area=10&sideNav=28)

Graham, J. (2007). *Clarifying Roles of Aboriginal Leaders and their Staff: The Perils of a Portfolio System* (Policy Brief No.28–May 2007). Institute on Governance. Retrieved from [http://www.iog.ca/view\\_publication\\_section.asp?area=10&sideNav=28](http://www.iog.ca/view_publication_section.asp?area=10&sideNav=28)

Hunt, J. and Smith, D.E. (2007). *Indigenous Community Governance Project: Year Two Research Findings*. (CAEPR Working Paper No. 36/2007). The Australian National University Centre for Aboriginal Economic Policy Research. Retrieved from <http://www.anu.edu.au/caepr/Publications/WP/CAEPRWP36.pdf>

Hunt, J. (2005). *International development experience of capacity development: Implications for Indigenous Australia?* (ICGP Occasional Paper No. 1). The Australian National University Centre for Aboriginal Economic Policy Research. Retrieved from [http://www.anu.edu.au/caepr/Projects/Capacity\\_development\\_paper\\_JHunt.pdf](http://www.anu.edu.au/caepr/Projects/Capacity_development_paper_JHunt.pdf)

Lopes, C and Theisohn, T. (2003). *Ownership, Leadership and Transformation: Can we do better for capacity development?* Earthscan and UNDP. [figures contained in Hunt, J (2005) above.]

Mendelson, M. (2008). *Improving Education on Reserves: A First Nations Education Authority Act*. Ottawa, ON: The Caledon Institute of Social Policy. Retrieved from [www.caledoninst.org/Publications/PDF/684ENG.pdf](http://www.caledoninst.org/Publications/PDF/684ENG.pdf)

Plumptre, T. and Graham, J. (1999). *Governance and Good Governance: International and Aboriginal Perspectives*. Institute on Governance. Retrieved from [http://www.iog.ca/view\\_publication\\_section.asp?area=1&sideNav=29](http://www.iog.ca/view_publication_section.asp?area=1&sideNav=29)

Richards, J. (2006). *Creating Choices: Rethinking Aboriginal Policy*. C.D. Howe Institute, Toronto. Retrieved from [http://www.cdhowe.org/pdf/policystudy\\_43.pdf](http://www.cdhowe.org/pdf/policystudy_43.pdf)

Smith, D. (2005). *Capacity development for Indigenous governance: Emerging issues and lessons from the Indigenous Community Governance Project (ICGP)*, ICGP Occasional Paper No. 10. The Australian National University Centre for Aboriginal Economic Policy Research. Retrieved from [http://www.anu.edu.au/caepr/Projects/Capacity-Development\\_Paper\\_DSmith.pdf](http://www.anu.edu.au/caepr/Projects/Capacity-Development_Paper_DSmith.pdf)

The Independent Blue Ribbon Panel on Grant and Contribution Programs. (2006). *From Red Tape to Clear Results: The Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs*. Treasury Board of Canada Secretariat: Ottawa, Ontario. Retrieved from <http://www.brp-gde.ca/en/>

United Nations Development Programme. (1997). *Good governance - and sustainable human development. Governance for sustainable human development - A UNDP policy document*. Retrieved from <http://mirror.undp.org/magnet/policy/chapter1.htm>