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Corporate Services**

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**Evaluation of the Income Security
Reform Initiative
Project 01/20
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Acronyms appearing in this report	
AHRDA	Aboriginal Human Resources Development Agreement
AHRDS	Aboriginal Human Resources Development Strategy
AFN	Assembly of First Nations
AFNQL	Assembly of First Nations of Quebec and Labrador
APC	Atlantic Policy Congress
CAP	Canada Assistance Plan
CFNFA	Canada First Nations Funding Agreement
CHST	Canada Health and Social Transfer
DAEB	Departmental Audit and Evaluation Branch
DIAND	Department of Indian Affairs and Northern Development
FSIN	Federation of Saskatchewan Indian Nations
FTA	Financial Transfer Agreement
FNGA	First Nations Governance Act
HRDC	Human Resources Development Canada
ISR	Income Security Reform
INAC	Indian and Northern Affairs Canada
NCB	National Child Benefit
NGOs	Non-government organizations
OECD	Organization for Economic Cooperation and Development
PCG	Policy Coordinating Group
PRA	Prairie Research Associates Inc.
RCG	Regional Coordinating Group
RCAP	Royal Commission on Aboriginal Peoples
SA	Social Assistance
SAR	Social Assistance Recipient
SDWG	Social Development Working Group
SEPP	Socio-Economic Policy and Programs
SITAG	Saskatchewan Indian Training Assessment Group

Executive Summary

Background

The Income Security Reform (ISR) Initiative of Indian and Northern Affairs Canada (INAC) funded over 270 demonstration projects in First Nation communities with two goals:

- ▶ to identify effective interventions to increase the self-reliance of both individuals and First Nation communities; and
- ▶ to create and increase the capacity of community leaders and administrators to design and manage effective income security reform programs.

The ISR Initiative consists of two main components: the implementation and evaluation of demonstration projects, and the development of a redesigned national income support policy framework. INAC engaged Prairie Research Associates (PRA) Inc. to conduct an evaluation of the policy development process.

Data Collection Methods

The evaluation involved four methods of data collection:

- ▶ document review;
- ▶ secondary research and literature review;
- ▶ key informant interviews; and
- ▶ First Nation focus groups/consultations with organizations involved in ISR.

Key Findings

Relevance/Rationale

The high and persistent social assistance (SA) caseload in many First Nation communities represents an important social problem that government and First Nation leadership certainly acknowledge. The compelling need to address the income security shortfall within First Nations communities existed when the federal government started the ISR initiative and remains today. Aside from the high caseloads, the widespread adoption of welfare reform by provinces/territories meant that the federal government (INAC) and First Nations leadership needed to change the administration and management of SA. There is no doubt about the validity of a collaborative and consultative approach, which is consistent with the federal government's commitments under *Gathering Strength*. The disproportionate number of First Nation individuals

who are social assistance recipients (SARs) and are living in different socio-economic, political, and cultural contexts than the rest of Canada underlines the need for a continued focus on income security issues for First Nations.

Design and Delivery

Several aspects of the design and delivery of the ISR Initiative contributed to the positive outcomes discussed in the Success section below. Perhaps the most important of these is the active approach to SA and the fact that the design of ISR allowed First Nations to design flexible interventions that are tailored to the community. The consultative approach to the Initiative also supported the creation of internal linkages among the various programs and services available within First Nations communities, as well as external linkages among First Nations, INAC regions, and INAC HQ through the discussion forums.

Impediments to the policy development process stem from the diversity in capacity of First Nations managers and leaders. Some communities have well-developed income security reform processes, such as case management, active labour market measures, and the administrative structures to track SA clients' entry into work. These were (and are) in the minority. Most communities faced serious shortfalls in management capacity, and many were simply unable to participate in the demonstration projects let alone support the more abstract concept of policy development. The result was that many First Nations remained unaware of the objectives of the ISR Initiative or how to support the process.

Other important barriers to the delivery of ISR include:

- ▶ Many First Nations leaders remained focussed on economic and business development and did not make the two-way connection between economic development and SA caseloads.
- ▶ Financial arrangements available for many communities preclude translating savings from lower SA caseloads into support for active labour market measures such as education, job placement, or child care.

Success

The ISR Initiative has clearly enabled a few select communities to increase their capacity and to participate actively in the development of the new policy framework. For most others, however, the Initiative has become little more than a temporary source of additional funding. In general, First Nations groups that are larger, closer to urban areas, and well connected to INAC Regional Offices and the ISR coordinating groups were much more likely to be actively engaged. In an important sense, the main beneficiaries of the ISR reform process were Bands that had already embarked on the capacity building and changes needed to support income security reform. Other notable outcomes include:

- ▶ Several regional-level social policy discussion groups and forums have either emerged as a result of the ISR Initiative or have been adapted from existing bodies to respond to ISR issues.
- ▶ There is evidence that some communities designed projects that had positive effects on the delivery of services to SARs. Typical of these success stories are integrated case management (increasing communication/cooperation among various social service providers in order to create a comprehensive plan for SA clients), single window delivery, increasing the portfolio of interventions to assist a wider spectrum of clients, and, in some cases, a clear understanding of how economic development and social security reform are mutually reinforcing.
- ▶ One unintended consequence of the Initiative has been to raise the expectations of some First Nations beyond what is practically possible in terms of participation in the development of the new policy.

Effectiveness and Alternatives

While the objective of producing a redesigned framework has been partially met with the production of a draft framework, the final version of the policy has not yet been produced. It is clear that the demonstration projects resulted in the production and sharing of a substantial amount of information, and it is clear that a few demonstration projects produced information that was considered during the development of the new policy. Whether or not the demonstration projects in general have contributed in a meaningful way to the content of the policy, however, remains unclear.

While there are alternative approaches to policy development, few of them are suited to the objective of direct participation by First Nations in the policy process. The approach taken by the ISR Initiative was intended to avoid the traditional separation of policy making from program implementation and hopefully create a policy framework that would better support First Nations in meeting the needs of their SA clients. Therefore, the overall consultative approach to policy development taken by the ISR Initiative appears to be the appropriate one. The execution of the Initiative, however, might have benefitted from more fully reflecting the current Organization for Economic Cooperation and Development (OECD) principles for consultative policy development. These include *clarity* with respect to the roles and responsibilities of all those involved, *sufficient time* for consultation, and *accountability* for how government uses the information it receives.

The groups consulted for this evaluation have identified some lessons that can inform future attempts to develop national policy through a consultative process:

- ▶ True partnership in policy development is important.
- ▶ Do not create expectations that cannot be met; clear delineation of what is possible from the outset is vital.
- ▶ The government must be seen to respond to input from partners.
- ▶ The process must be open, transparent, and given sufficient time to develop.
- ▶ It is vital to ensure that the managerial and administrative resources exist to allow communities to participate in the full range of reform processes.

Observations

The ISR Initiative follows in the spirit of *Gathering Strength*, the federal response to the Royal Commission on Aboriginal Peoples (RCAP). The chief goal of the ISR demonstration projects and policy development process was to facilitate community input in the design, implementation, and testing of interventions that would meet distinct local needs as well as contribute to the joint INAC/First Nations policy development process.

The following general observations emerge from this study:

- ▶ The rationale for income security reform in the First Nation context remains clear; it is vital to encourage self-sufficiency and reduce SA caseloads—and poverty—among this disproportionately represented group.
- ▶ In 2001-2002, over 400 First Nation communities and organizations were involved in over 300 projects. Of these, some projects led the way in terms of innovation, tracking, and reporting in a formal manner. These lead projects represent the localized availability of skills, resources, programming (Aboriginal Human Resources Development Agreements AHRDAs), and administrative/budget flexibility to support the ISR process.
- ▶ The understanding of what the policy development process entails tends to be located in larger Bands and/or Band Councils with staff trained in the social, economic, and/or political policy development process. It may be the case that other communities are “out of the loop” on policy development and may not have the resources required to fashion an approach to income security reform that reflects their unique needs. Additionally, smaller and more remote communities face substantial economic development hurdles and may not be able to employ members whom they train. Particular attention must be paid to the capacity of these communities to fully participate in any future initiatives.

- ▶ Based on the literature review, it is apparent that provinces have assumed the lead in welfare reform. With the elimination of the Canada Assistance Plan (CAP), provinces/territories have fewer conditions attached to their design and delivery of SA programs and need not fund programs on a matching basis from the federal government. There are advantages to this new arrangement. Most policy writers appear to share the provincial/territorial governments position that a local labour market orientation is the appropriate approach for designing programming and labour market strategies for SARs. The implication for the ISR process is that many Bands will need to align their programming within a provincial/territorial framework. Current INAC policy is to align SA rates and benefits in each community to the commensurate provincial/territorial service.

- ▶ Finally, it appears that the pre-existence of an AHRDA and alternative funding arrangements in a community offered an important “head start” in ISR. That is, these First Nations had already begun to develop the attitudes and capacities necessary to engage in meaningful reform of their SA programs. Those that did not have access to this financial “infrastructure” seemed to lag, which could explain much of the disappointing results. Those that had developed these essential tools for welfare reform appear to have benefited more from the ISR Initiative than the majority of communities. In some sense, the ISR Initiative may have served to highlight the substantial capacity gaps that exist among First Nations communities in Canada.

Section 1 - Introduction

The ISR Initiative of INAC funded over 300 demonstration projects in First Nation communities with two goals:

- ▶ to identify effective interventions to increase the self-reliance of both individuals and First Nation communities; and
- ▶ to create and increase the capacity of community leaders and administrators to design and manage effective income security reform programs.

The ISR Initiative consists of two main components: the implementation and evaluation of demonstration projects, and the development of a redesigned national income support policy framework. PRA Inc. was hired to conduct an evaluation of the INAC/First Nation policy development process.

Purpose of the Evaluation

The evaluation focuses on the joint Canada/First Nation policy development process. This process is community driven and created in partnership with INAC and other participants in the Initiative. It represents a unique opportunity to understand how to create policy that is driven by First Nation input based on community evidence of what works based on their priorities. This evaluation reviews the ISR Initiative to understand the best practices applicable to future policy development. Unlike the recent review of ISR demonstration projects, which attempted to extract lessons learned from a number of effective interventions within ISR, this evaluation emphasizes lessons learned regarding how to create effective policy in partnership with First Nations. This contributes to departmental responsibilities for results-based accountability and assessing the degree of achievement for the objectives identified in *Gathering Strength - Canada's Aboriginal Action Plan*.

Data Collection Methods

The evaluation involved four tasks or methods of data collection:

- ▶ document review;
- ▶ secondary research and literature review;
- ▶ key informant interviews; and
- ▶ First Nation focus groups/consultations with organizations involved in ISR.

Document Review

The document review examined a range of agreements, policy papers, and program files to provide context for the ISR. Of particular importance is the rationale for how program planners expected communities to derive insight into the design and implementation of effective income security programs. The capacity to design and implement income security programming is a key outcome for this aspect of the ISR Initiative, and the document review offered insight into the extent to which this capacity has been developed at the community level over the course of the Initiative.

Secondary Research and Literature Review

The secondary research and literature review provided a context for government income security policy and the *process* of developing social and income security policy. While the main focus of this evaluation is the assessment of the INAC/Assembly of First Nations (AFN) joint policy development process for income security reform, this review offers an international perspective to that process. The literature review traces the development of income security, starting with the social safety net, in the late 1940s, and proceeding to the National Child Benefit (NCB) in the 1990s. It then explores the policy development process by examining the current international literature regarding consultative and other approaches to developing effective social and economic policy.

Key Informant Interviews

Key informant interviews are the core methodology for this evaluation. Key informants at the national, regional, and local levels are in the best position to offer evidence on the extent to which the capacity to design and implement policy has increased within First Nation communities. PRA conducted interviews with representatives of INAC headquarters, AFN, INAC regions, the Policy Coordinating Group (PCG)¹, Regional Coordinating Group (RCG)², and academics and other experts. All interviewees received a letter from INAC explaining the purpose of the evaluation. The interviews were to be conducted in person where possible (coinciding with regional focus groups), by telephone, and by teleconference where appropriate.

¹ PCG is comprised of representatives from INAC HQ, INAC Regional Offices, HRDC Aboriginal Relations Office, and First Nation representatives from across Canada; co-chaired by senior INAC and AFN officials.

²RCG is composed of INAC representatives from each region.

The number of interviews planned and completed with each category of key informants is listed below (completed/planned):

- ▶ INAC HQ (1/5)
- ▶ RCG (8/10)
- ▶ PCG (1/9)
- ▶ AFN (2/2)
- ▶ academics and experts (2/4).

PRA encountered significant challenges to securing interviews with members of some of these groups, particularly the PCG and INAC HQ personnel. At different times during the evaluation, key informants from these groups were offered several opportunities and methods to respond to the evaluation questions, including:

- ▶ individual telephone interviews;
- ▶ participating in a group discussion via teleconference;
- ▶ responding to an electronic version of the interview guide via e-mail; and
- ▶ completing a paper version delivered by courier (with toll-free fax-back instructions).

Each of these attempts was accompanied by telephone and/or e-mail reminders from PRA, the Departmental Audit and Evaluation Branch (DAEB), and program personnel. However, this thorough approach met with little success.

First Nation Focus Groups

First Nation organizations involved in income security provide another key line of evidence for this evaluation. The main recruiting requirement for the groups was to include those with substantive experience in the ISR process. PRA conducted five focus groups, one each in British Columbia, Saskatchewan, and Atlantic Canada and two in Ontario, to facilitate participation by representatives of both southern and northern areas.

The Program identified four specific organizations to participate in the focus groups:

- ▶ The Social Development Working Group (British Columbia);
- ▶ Atlantic Policy Congress of First Nation Chiefs (Atlantic);
- ▶ The Ontario Native Welfare Administrators Association (Ontario);
- ▶ The ISR Regional Communications Forum (Saskatchewan).

INAC regional representatives facilitated initial contacts with the organizations and assisted in recruiting participants and arranging meeting dates and locations. Groups met in INAC Regional Offices in Toronto, Ontario and Amherst, Nova Scotia; alternate locations were used in West Bank, British Columbia; Thunder Bay, Ontario; and Saskatoon, Saskatchewan.

In consultation with DAEB, PRA prepared question guides to focus the discussions. Participants received copies of the guides prior to the group meetings to increase familiarity with the subject.

Limitations of the Data

Due to limited participation in the key informant interview process (as described above), the primary data consists mostly of information gathered during the First Nation focus groups and through interviews with INAC regional personnel. Thus, while some input from other key informant groups is included in the analysis, certain opinions and perspectives may remain under-represented.

Organization of the Report

Section 2 provides context for the ISR Initiative, notably the rationale behind the joint policy development process. Section 3 synthesizes the research findings, addressing the issues and questions as identified in the Terms of Reference. Section 4 presents conclusions and observations.

Section 2 - ISR Profile

Overview of the ISR Initiative

Impetus for Change

As part of a federal task force, INAC has studied income security reform since 1994. In 1996, the RCAP identified three principles for reforming SA for Aboriginal³ people:

- ▶ an *active* income security development approach;
- ▶ a holistic approach to income security programming;
- ▶ Aboriginal control.

The impetus for income security reform is closely related to changes to SA programs and policies at the provincial/territorial level. As a matter of administrative policy, INAC links SA programs and payments on reserve to the provincial/territorial SA programs by implementing similar eligibility requirements and payment structures. In the latter half of the 1990s, most provincial/territorial governments embarked on a process of restructuring their SA programs, generally referred to as “welfare reform.” In Canada, this process has been based on two principles:

- ▶ all those who are able to work or train for work should do so, and SA should only be used as a last resort;
- ▶ government should offer a range of *active* measures to support the return to work by SA recipients (SARs) as they find training or work.

Table 1 lists the main elements of Canada’s income security system.

Table 1: Income Security Programs in Canada

The major elements in Canada’s income security system (social safety net) include the following:

- ▶ Employment Insurance (EI) (Part 1 benefits and Part 2 labour market programming)
- ▶ Social Assistance
- ▶ Canada Pension Plan (CPP) (regular and disability)
- ▶ Disability pensions (public and private)
- ▶ Workers’ Compensation

³It is important to note that “Aboriginal” people in Canada include Indian, Inuit, and Métis. Programs funded by INAC apply only to status Indians (most commonly referred to as First Nations) as defined by the *Indian Act*.

A key concept within welfare reform is the idea of an active labour market measure. An *active measure* encourages an SAR to become more self-sufficient through work. These measures include motivation, counseling, educational upgrading, job training and job search skills, subsidized employment placement, daycare, etc. Active measures also include changes to the institutional processes. Most common are integration of counseling, education, and employment support programs within a single office (“case management” and “single window” delivery are common approaches). Jurisdictions also train staff to promote work as an option to welfare, a task that can be challenging when the community may offer few employment opportunities. In some jurisdictions, active measures also include diversion strategies to require SA clients to take training or limit the total time that someone may receive SA. Finally, some jurisdictions withhold benefits from employable clients who refuse to take training or employment. As SARs become self-sufficient, a common objective in many jurisdictions is to divert the savings arising from reduced SA use into an expanded set of active measures. In contrast to active measures, *passive measures* simply award SA benefits to those who meet income and family structure eligibility criteria.

As part of welfare reform, some provinces/territories reduced SA rates to realign expenditures, especially to single employable adults and/or childless couples. In keeping with the practice of matching provincial/territorial SA policy, INAC also adjusted payments to SARs on reserve in these jurisdictions. This created an important incentive for INAC and First Nations communities to increase the self-sufficiency of Aboriginal people. It is important to note that rate reductions did not necessarily reduce the welfare of clients in general because funds may have been re-allocated to meet their needs for programs and services.⁴

Provincial/territorial initiatives also emphasized integrated programming and employment and training services for SA clients. A common approach is to redefine SA clients in training programs as students. First Nation SA programs, by contrast, remained separate from federal employment and training programs. HRDC administers First Nation employment and training programs through its AHRDS. Unlike provincial/territorial systems, the AHRDS service delivery network is separate from INAC’s SA program, resulting in lack of coordination between on-and off-reserve services for SA recipients. This separation is an important difference between INAC ISR and the welfare reform process adopted by many provinces/territories.

In response to RCAP, the Canadian government developed Canada's Aboriginal Action Plan, known as *Gathering Strength*, in 1998. This plan starts with the observation that all Canadians exist in mutual interdependence. It describes a future that includes strong, fiscally sound Aboriginal government that reflects/responds to community values, meets community needs, and contributes to an improved quality of life for Aboriginal people. In the spirit of *Gathering Strength*, the AFN and INAC have worked since April 1998 to reform income security for First Nations people through the ISR Initiative. Among other things, the Government of Canada committed to:

⁴Specifically, the British Columbia region has documented the positive effect on communities of rate reduction funds that were redirected to meet local needs for training and employment assistance through the “Training and Employment Support Initiative.”

...reform social assistance programs on reserve, to increase personal independence and to improve employment prospects for First Nation workers. The goal of this initiative will be to support First Nations in their efforts to re-orient their welfare systems away from passive income maintenance toward active measures. A central focus of this initiative will be linking the welfare system with work and training opportunities within the community.⁵

Objectives of ISR

Income security reforms are designed to promote independence and foster labour market involvement and attachment by replacing passive income support systems with active measures to link members of the community to training and employment. Key issues include governance, accountability, capacity building, and program/service integration. Specifically, the objectives of the ISR Initiative are to:

- ▶ strengthen capacity in First Nations for the development and implementation of reformed income security programs;
- ▶ achieve successful transition to an active measures-based approach to the on-reserve SA program; and
- ▶ assist people to achieve individual well-being and financial independence to the greatest extent possible.

INAC, First Nation leadership, and the AFN support income security reform and the move to active measures.

Implementation Strategy

The ISR Initiative consists of two main components:

- ▶ the implementation and evaluation of demonstration projects, and
- ▶ the development of a redesigned national income support policy framework; developed in part, based on the feedback from communities and demonstration projects. The objective is to focus on shifting INAC's funding from providing passive income assistance to linking welfare to greater access to skills development, training and employment opportunities.

These components (demonstration projects and the policy process) do not operate in isolation; they are iterative in that the demonstration projects provide input to the policy development process, while the policy development roundtables and workshops facilitate sharing of information that can contribute to community projects.

⁵*Gathering Strength - Canada's Aboriginal Action Plan*, 1998:27.

The ISR Demonstration Projects

Demonstration projects are community-based tests of innovative activities that support ISR objectives. They are the foundation of community program input into the policy process. A goal of these demonstration projects is to create a body of knowledge that will help First Nation communities to increase the self-sufficiency of their members. Consequently, the SAR's are the direct beneficiaries of the demonstration projects. Additionally, the knowledge and experience emerging from the demonstration projects will inform a new policy framework and guide further research. Ideally, projects will also *evolve into stable programming and delivery systems*.

The ISR Initiative defines community involvement and local consultation as fundamental, and these local, community-driven projects are intended to identify:

- ▶ revisions to income security that support SARs' transition to independence and self-sufficiency, without excluding those who most need financial assistance;
- ▶ methods to coordinate federal and provincial/territorial benefits to best serve communities;
- ▶ activities that reduce the growth of SA expenditures;
- ▶ strategies to reinvest SA savings;
- ▶ changes to federal policy that could contribute to overall improvement in quality of life for First Nation communities; and
- ▶ barriers to independence and self-sufficiency, and how these barriers can be removed.

Projects are expected to reflect local First Nations values, concerns, and needs and build the local community's ability to design, implement, and maintain active income security programs. Accountability, self-evaluation, and communication with existing program personnel are built into demonstration projects. In 2001-2002, over 400 First Nation communities, Tribal Councils, and other First Nation organizations across the country had been engaged in over 300 demonstration projects. This was an increase from 148 in 1998-1999, 176 in 1999-2000, and 250 in 2000-2001. The 2000-2001 budget was \$15 million.

The ISR demonstration projects occur within a broad policy context that includes other major programs, most notably the following:

- ▶ AHRDS—offered by HRDC;
- ▶ National Child Benefit (including NCB reinvestments). The NCB initiative is managed and funded by HRDC, but the First Nation component is managed by INAC;
- ▶ Aboriginal Headstart, funded by Health Canada.

Many other initiatives also interact with the ISR Initiative and its projects. Among the most important are those initiatives that encourage economic development because a robust economy that offers many entry-level positions has been a factor in the recent decline in SA caseloads. This co-mingling of initiatives and programs presents an important challenge to understanding the individual contribution of the ISR Initiative to individual and community self-sufficiency.

The information, knowledge, and experience produced through the demonstration project activities is expected to inform the development of a redesigned SA policy framework for First Nations.

The Policy Development Process

The ISR Initiative was designed to take advantage of important inputs from three main sources (in addition to community demonstration projects) to support the policy development process: regional and national workshops, research, and its management structure.

Workshops: The program provided funding to host two sets of nine facilitated, face-to-face regional policy dialogues of between 50 and 100 community projects coordinators and First Nations experts. The first set focussed on supporting the capacity of communities to design their programming experiments. The second invited project coordinators to discuss, in facilitated workshops structured around 14 themes, the opportunities and challenges they encountered when implementing welfare reforms. Two national workshops of 80 First Nations participants were also held in which these experts validated the community recommendations for policy change.

Research: The joint ISR Initiative uses research to supplement the applied research taking place through the community demonstration projects. This includes reviews of the academic literature, reviews of provincial/territorial practices, comparisons of services on and off reserve, the Report of the RCAP, reports generated by the AFN's Aboriginal Strategic Initiatives project, and an analysis of experiences in other jurisdictions.

Management Structure: The ISR Initiative is implemented as a joint initiative between INAC and the AFN. A PCG oversees and supports the Initiative by providing a forum for active partnership in the development of a redesigned national policy framework. The PCG advises regions on the potential value of project proposals to the policy development process in four areas: governance, capacity development, program linkages, and accountability, and provides guidance on policy issues to INAC and AFN staff. A RCG facilitates communication among the regions to promote awareness of projects, as well as consistency in the approach to demonstration projects and the approval process. INAC's Social Policy and Programs Branch distributes funding to INAC Regional Offices, coordinates workshops and research, and drafts policy papers. Funding is transferred to regions by Socio-Economic Policies and Programs (SEPP) on the basis of approved projects, according to the allocation methodology. INAC Regional Offices manage relations with First Nations, approve and fund projects based on proposals assessed against the guidelines for ISR developed by AFN and INAC. Financial support for projects is proposal driven and is limited by the availability of funding for proposals that fulfill the objectives of ISR. ISR funding is not intended to be available to all communities,

nor will funding necessarily be available to all communities that submit proposals. INAC's SEPP branch, with each of its regional coordinators, holds monthly conference calls and a maximum of four face-to-face meetings per year to discuss the Initiative and management challenges, and to share information.

Consistent with the joint nature of the ISR Initiative, most information gathered is made available to participants as it is compiled. For example, short descriptions of each demonstration project are posted on INAC's web site so that communities can learn from each other. The site also contains more detailed descriptions of notable projects. At a November 2000 workshop, First Nations technicians were introduced to the federal policy process through which their recommendations were to be channeled.

First Nations informed policy by testing new approaches to program design. Based on project descriptions, progress reports, evaluations, and workshop reports, the responsibility for distilling the recommendations of First Nations into policy options rests with INAC and AFN staff, with guidance from the PCG and the RCG. Policy officers organized into policy working groups, draft recommendations based on the programming gaps, policy inconsistencies, and opportunities for program integration identified by First Nations. The result is a draft redesigned national policy framework for SA on reserve.

At a January 2002 National Workshop, INAC and the AFN presented a discussion paper on First Nations feedback and the preliminary *Elements of a Draft Social Assistance Policy Framework* for debate and discussion with over 50 First Nations representatives from across Canada. Based on the feedback obtained from participants, the document was redrafted by a joint team of INAC and AFN policy officers into a draft of a redesigned policy framework. This document represented a culmination of First Nation policy input and research to date.

Section 3 - Findings

The findings presented in this section address the issues related to the joint development of a redesigned SA policy framework, namely:

- ▶ the relevance of the Initiative to the conditions at the time of its inception
- ▶ the design and delivery of the Initiative
- ▶ the success of the Initiative in meeting its objectives
- ▶ the effectiveness of/alternatives to the Initiative

The specific evaluation questions associated with each of the issues are addressed in the Conclusions section of this report.

Relevance

The findings presented in this section address the following evaluation question:

- ▶ *Is there a clearly identified need for income security reform in the First Nations context?*

Issues Facing Government

By 1975, a number of factors, including increasing expenditures and growing government debt, contributed to pressure to decrease the scope of legislation aimed at social welfare and to implement a broad change to the income security system in Canada, more widely known as “welfare reform.” A significant impetus for welfare reform grew in the early 1980s and 1990s and emerged from changes to the CAP and the creation of the Canada Health and Social Transfer (CHST). This represents the culmination of legislative and philosophical changes that have helped redefine provincial/territorial SA programs. At the same time, certain specific recent policy changes have raised the profile of SA reform. The most recent round of welfare reform process can be dated from the point when the federal government limited CAP contributions for welfare expenditures to Alberta, Ontario, and British Columbia (the so-called “have” provinces). This fiscal squeeze encouraged these jurisdictions to consider ways to reduce their spending on SA. Some have suggested that increased benefit levels introduced in Ontario during the 1990 recession prompted the federal government to find ways to limit its liability under CAP or “*place a cap on CAP.*”

It is important to note that, even in areas where the economy was robust, welfare caseloads continued to be high. The rapid growth in key caseload components, specifically young single adults and single parents, was also an important factor in the search for better income security policy. The high SA caseload in many First Nation communities represents an important social problem that the First Nation leadership certainly acknowledge.

The first wave of reform in the 1980s⁶ occurred in response to inefficiency and provincial/territorial frustration that SA was not helping to improve employment figures. The reforms provided recipients with training if they were to join the labour force and reduced barriers to employment. While the programs benefited individuals, caseloads grew. The second wave of reform began in the 1990s, using stricter features such as denying benefits to some, using the language of “workfare,” and a range of diversion strategies. Two principles that guided reform were: first, SA should be a last resort, and all people who are able to work or train for work should do so; and second, the government should offer a range of active measures to support SARs as they find training or work.

Welfare reform is associated with a specific set of policies in legislation, training, and collateral support. At the same time, it also exists within the broader structure of income security programs. Accordingly, welfare reform in Canada connects with many elements of this system. Although we are unable to discuss at length how these systems interact, these linkages are important when considering the impacts, programs, and policies introduced during this most recent phase of welfare reform. The fundamental theme for all North American income security reform is that, where possible, sustainable employment is the best form of income security. Hence the emphasis on reducing disincentives to work, increasing training and education, and changing to active measures for engaging the individual in paid work.

The 1996 RCAP report and, later, the AFN *Sharing Solutions* report both mention that ISR is necessary to regain economic self-sufficiency and solidarity in First Nations communities. RCAP and *Sharing Solutions* both explain, in detail, the history of domination and assimilation that has led to the current need for First Nations-guided income security reform. ISR is following a national trend born in the decade prior to RCAP.⁷

Issues Affecting First Nations

The rationale for the INAC income security reform has come about for several reasons that both mirror and counter the mainstream reforms. Among these reasons, as RCAP notes, is the disproportionate number of First Nations individuals who are SARs living in different

⁶Also see *Building Effective Programs in First Nations Communities: Lessons from Other Jurisdictions* (2002) INAC; *Canada's Income Security Programs* (1998) Canadian Council on Social Development (by Christopher Clark); and *Lessons Learned: Reconnecting Social Assistance Recipients to the Labour Market* (December 2001) HRDC.

⁷*Socio-Economic Impact Assessment of the Income Security Reform Demonstration Projects* (February 2002) INAC; and *Canada's Income Security Programs* (1998) Canadian Council on Social Development (by Christopher Clark).

socio-economic, political, and cultural contexts than the rest of Canada. Furthermore, demographic information indicates that the First Nations population is largely of working age and that there is projected growth in this population over the next six years (see INAC's *Registered Indian Population Projections for Canada and Regions 1998-2008*). The population's median age for 1998 was 26.6 years, and it is expected to decrease to 24.6 years in 2008. The Registered Indian population was forecasted to grow to 798,000 people from 658,000 in 1998. The 1998 median age for non-First Nation Canadians was 35.9 years. Thus, First Nations and INAC have made ISR a priority. The ISR demonstration projects are ideally expected to “*evolve into stable programming and delivery systems*” that will be used in the joint policy development process.

Lessons Learned from “Mainstream” ISR

While INAC ISR was created to address the particular needs of First Nation clients and communities, it is also concerned with building individual and community capacity. Research that followed mainstream ISR is relevant to INAC ISR because it looks at how individuals were affected by the reforms of the 1990s. Specifically, HRDC has isolated ten operational lessons learned from mainstream income security policy reform. These lessons were compiled through extensive research and are — in essence — supported by feedback comments made in reports on INAC ISR demonstration projects. The lessons learned echo comments by INAC SA managers, especially in terms of case management, client training, and employability support services such as child care. It seems that INAC ISR can thus borrow from this research and avoid some duplication of work. The ten lessons learned by HRDC include:⁸

- ▶ *Regulatory changes are necessary to reduce SA caseloads but not sufficient to promote economic independence.*
- ▶ *Defining “employability” is difficult, and traditional measures are ineffective, as factors such as motivation (despite minimal skills) may be more important.*
- ▶ *Rapid-start employment strategies are most effective for job-ready SARs. They appear to have limited long-term impacts, since employability is unpredictable, and the program can overwhelm those who have skill/education deficits or personal issues.*
- ▶ *Work experience programs are more effective when they are temporary, when they focus on marketable skills acquisition, and when they support clients in resolving personal issues. Working too long at a place (more than six months) causes the danger that the individual feels the job is permanent. Additionally, if it is for a prolonged period, the employer might get used to funding that is, in essence, an employment subsidy.*

⁸See (<http://www.financeprojectinfo.org/win/>) (July 2002); *Lessons Learned, Reconnecting SA Recipients to the Labour Market* (December 2001) HRDC.

- ▶ *Earned income programs encourage employment through a cash reward for hours worked. The increase and switch to pay only must comprise an increase in income, or incentive to leave SA is lost.*
- ▶ *Education and/or skills training are important for moving beyond minimum wage jobs.*
- ▶ *Training programs that link with employers can assist the welfare-to-work process. The critical factor influencing success is that employers can choose who they train.*
- ▶ *Child care and collateral support funding is essential to low-wage work associated with welfare reform.*
- ▶ *Integration of SA, employment services, and training programs increases the effectiveness of service delivery. Client service is more effective through a single-window portfolio of interventions, sequenced over a period of time.*
- ▶ *Attitude change must come from within the system, as well as with SARs. In other words, SA managers, staff, and band leadership need to support the ISR process.*

In *Building Effective Programs in First Nations Communities, Lessons from Other Jurisdictions* (February 2002, Social Development Working Group, INAC), it was noted that little is gained from a punitive approach to ISR, as this assumes that SARs are comfortable with the “stigma” and “isolation” of SA. The report cautions that different ISRs are predicated on different philosophies. As mentioned previously, INAC ISR may borrow lessons that help clients and communities in the spirit of RCAP but should be wary of “top-down” policies that may not address the unique needs of First Nation communities. *Building Effective Programs* suggests five lessons and numerous capacity building strategies to this end. This report will only highlight three lessons that were supported by feedback from the demonstration project reports and that are relevant to this evaluation:

- ▶ Clear and realistic goals are important — joint policy development process participants must decide what the goal is for the individual client. For instance, is it preferable to have short-term employment to remove the client from the SA list, or to invest in the individual for long-term employability to keep him/her off the SA list? Similarly, the report suggests, “*welfare reform measures have to be accompanied by efforts to expand the labour market.*”
- ▶ Diversion strategies can be effective — diverting clients to more mainstream support channels can reduce the stigma to the individual, divert him/her to a more appropriate service, and, in so doing, reduce SA caseloads.

- ▶ Reasonable effort must be made to address barriers to employability — balance is needed between SA benefits, employment income, and the financial needs of families with children. For instance, if employment wages are less than what a family needs, the client might find this a barrier to employment. An additional support (i.e., child care allowance) could encourage employability.

Economic, Social, and Policy Issues

The issues affecting First Nations, with respect to SA, that were being discussed when the ISR Initiative was being conceived are by now well known. Focus group participants and key informants identified the same broad issues:

- ▶ very high levels of SARs in First Nations communities
- ▶ long term reliance on SA (“generational”)
- ▶ SA creating dependence rather than independence

These observations were commonly prefaced by statements such as “*the usual issues*” or “*the same issues as always.*” Specific factors identified as contributing to this situation can be divided into three broad categories: economic issues, social issues, and policy issues.

Economic issues tended to focus on the general lack of employment opportunities in, or near, First Nations communities; key informants believe this is particularly true for remote communities that have seen declines in the resource-based industries that had traditionally provided some employment for First Nations. This situation is compounded by both a lack of desire among many SA clients to work off reserve and limited funding support (e.g., transportation, child care) for those who desire to do so. First Nations and INAC regional personnel also identified insufficient funding to attract, train, and retain sufficient qualified SA staff to reduce turnover and overwork, and to support long-range planning and proactive programming.

Social issues tended to reflect the conditions that exist in First Nations communities that can frustrate efforts to create self-sufficiency, such as alcohol and substance abuse, family dysfunction, low education success rates, and illiteracy. First Nations respondents frequently pointed to a history of economic dispossession and to the effects of residential schools as disrupting cultural transmission, thereby contributing to a population lacking self-esteem, confidence, and basic life skills. This social situation, respondents indicated, has contributed to generational dependence and to the perception of SA as a rite of passage at 18 years of age.

Policy issues centred on two main areas: the interaction of federal and provincial jurisdiction/policy and the nature of federal SA policy and related programs. Specific federal-provincial jurisdictional issues include the fact that INAC SA rates are tied to provincial rates, that provincial reforms can tend to push First Nations people back to reserves, and that gaps in service exist between provincial and on-reserve SA. The federal policy and program issues identified by First Nations include the belief that existing policy and programs are not flexible enough to be tailored to the needs of the client and/or the community, or to allow

experimentation with new approaches. Also identified was the fact that services and programs are fragmented and spread over a number of federal departments and, therefore, are not taking “*a holistic approach to the employment continuum.*” Thus, the INAC/HRDC context and the limited ability of INAC to keep pace with federal SA reforms will have implications for the nature and scope of income security reforms that INAC is able to effect.

Summary: Rationale

The issues facing both governments and First Nations in Canada, as well as the lessons learned from “mainstream” ISR, clearly support the rationale for the INAC ISR Initiative. Its relevance to current policy imperatives is also evident, since the ultimate goal of the ISR Initiative is to support the vision of *Gathering Strength* through a collaborative INAC/First Nations policy development process. It is also true that a rationale exists for increasing the capacity of First Nations leadership to design and implement ISR. Aside from the clear relation to self-government/administration, leadership at the community level is in a superior position to understand local needs and constraints. The local leadership is also accountable for ensuring that policies are consistent with the values of the community. Thus, one community might adopt a very supportive approach to encouraging work as an option to welfare, and another may apply sanctions and withhold benefits for those who refuse to participate in training. The diversity of communities requires this flexibility.

Design and Delivery

This section presents the findings related to the implementation of the ISR Initiative, including the conditions necessary to implement effective reforms and the specific barriers and challenges to implementation that were faced. The questions addressed in this section are:

- ▶ *What are the general conditions necessary to develop an effective social and economic policy with First Nations?*
- ▶ *What have been the barriers to policy development? How were these overcome?*

General Conditions Required for ISR

Key informants identified a number of general conditions necessary to develop an effective social and economic policy with First Nations. The main conditions focussed on the importance of “real” mutual consultation clearly defining what the policy will consist of and who will be involved. It was also noted that consultation must occur at all levels, “*from front-line workers to the Minister*” and should be community-based, involving the “grass roots” Band members. One key informant stated that the process requires “*people who will listen to First Nations; they really do know what works in their communities.*” The importance of mutual respect and an equal willingness (by both First Nations and government leaders) to make a long-term commitment to the policy development process was also seen as an important condition for success. Another

condition identified by key informants was the integration of INAC programming (social, education, and economic development) so that they complement each other and increase “*real access to jobs*” following completion of education and/or training programs.

Key informants and focus group participants also identified a number of essential conditions needed for an SA redesign process to be successful at the community level. The main themes that emerged tended to reflect the main challenges to the process identified above: capacity, communication/coordination/planning, stable funding, and having the flexibility to address community needs.

Capacity: Key informants from the regions stressed the importance of supporting First Nations in implementing the Initiative through increasing the capacity of personnel. This ranges from clerical/administrative skills to management/policy development abilities. Funding is required to present the training, experience, and equipment needed to design and deliver programming beyond issuing cheques. Also mentioned was the need to have a clear division between First Nation employees and First Nation politicians: “capacity includes the separation of politics from program management.” This emerged as a consistent theme; ISR requires a technical management support function that allows professionals to do their jobs.

Communication, coordination, and planning: At the community level, participants first noted the importance of conducting a needs assessment to support the development of a community plan for addressing SA dependency: “*there must be a vision to redefine what is needed and how ISR can be used to get it.*” They also said that the various program sectors (SA, education, health, and economic development) must work together within communities: “*it takes a team approach.*” The success of such an approach also depends on having the capacity to track clients electronically so as to identify needs and coordinate services, according to the focus group participants. The other essential community-level condition identified in the groups was the need to keep people in the community (including the leaders) informed to secure “*community buy-in.*” They also noted the importance of communication at the regional and national levels: “*there must be networking among First Nations to ensure that everyone is aware of new approaches and developments.*”

Funding Stability: Focus group participants indicated that funding must be long term to be able to follow through on plans for clients so as not to create expectation and hope and then disappoint people: “*all they have had is disappointment.*” They also observed that deep welfare dependency will not be solved in the short term and that communities need to know that the funding will be sustained if they are to convince SARs that the effort will be worth it. As one participant noted: “*once people are ready to make the leap, the support can’t disappear.*”

Flexibility: Members of the organizations that participated in this evaluation believe that the specific application of any new policy must be up to individual First Nations so that the policy can be adapted to the unique issues in each community. Flexibility will also allow First Nations to design comprehensive plans for clients and have sufficient time to follow through on them. They said that programs must be delivered in the community, by a community member, because “*success rates increase when it is done that way.*” A number of focus group participants pointed

out that, unlike many programs, the flexibility of the ISR Initiative allowed First Nations to design projects to meet their unique community needs. They further noted that ISR also allowed for adaptation to changing needs. However some participants believe that the design of the Initiative is still not sufficiently flexible; their specific observations include:

- ▶ Current [non-ISR] programs often focus too much on individuals; they need to be able to take a collective, community development approach.
- ▶ Communities need the authority to target funding where the most clients and needs are; restrictions should not exist on where funds can be spent. *“Only being able to work within existing authorities does not allow money to go where it is needed.”*
- ▶ Direct funding needs to flow toward building people’s self-esteem and confidence before trying to train them for work. Most programs focus on the more work-ready and leave the others behind; key informants emphasized that programs have to concentrate on *“wellness before job training.”* As many stated, communities must contend with profound dysfunction, which must be addressed before training/education can be attempted.

Barriers to Implementing ISR

The barriers to implementation that focus group participants identified fell into four broad categories: time frame for implementation, funding issues, coordination issues, and overall skepticism about the Initiative. These main themes are discussed in more detail below.

Time frame: Many First Nations representatives and some INAC key informants believe that a five-year initiative does not allow sufficient time to address such a deep-rooted and complex issue as SA dependency in First Nations. According to some, many communities only heard about the Initiative recently and thus were unable to participate. Participants also noted that the demonstration projects were able to assist the more work-ready clients but that the more difficult cases would require time before results would be observable. Some representative comments are listed below.

- ▶ *“It was only effective for those communities that were involved; too many communities still do not know about it or did not find out until recently, and it is ending soon.”*
- ▶ *“It has helped a lot of people, but they were the more work-ready ones. We are down to the hard core now; they need a lot of time.”*
- ▶ *“Too many clients do not currently meet the criteria for education or training funding. They need long-term case management — a lot of upgrading is required before they can qualify.”*

- ▶ “It is only a five-year initiative, so it only touches lightly on the subject.”
- ▶ “You can’t go into something like this with less than ten years to do it.”

A commonly noted feature of welfare reform generally is that the job-ready find work easily. This is partly due to the fact that these individuals needed little preparation and that economic recovery favoured the more skilled and less encumbered (those without young children or disabilities).

Funding issues: Focus group participants and key informants identified the uncertainty over whether funding for active measures would continue as an important challenge to implementing ISR. They stated that uncertainty impeded developing long-range community plans. Another challenge identified, especially for those communities not in multi-year funding agreements, is that SA savings cannot be diverted to ISR programs. That is, when a client leaves SA, Bands are unable to divert these savings to programming. Less incentive exists for Bands to move people from SA to employment since “*only INAC saves money.*” It should be noted that the option to retain SA savings was available to First Nations; however, not all regions implemented it due to the administrative burden of tracking savings. This requires databases and the information skills to manage client data. This is an element of the capacity needed to implement ISR. The third impediment was that the ISR Initiative worked within existing authority structures, in some cases limiting the flexibility to implement alternative solutions. As one participant stated: “*we took action to remove barriers to SA reduction, but they created anomalies — so the barriers were put back up.*” Note, however, that INAC has limited authorities for training and does not have the mandate for active labour market measures; dealing with this issue would therefore require further coordination with HRDC. This issue of separated authority emerged as a major factor in a 1998 HRDC publication.⁹

Coordination issues: Participants in the focus groups said that while the ISR Initiative was intended to be only one part of a broader social development framework, too little information was provided about the other components. They stated that this prevented communities from being able to see the ISR activities within the larger context of social development. An opinion that emerged was that while the Initiative has potential, “*it needs to be coordinated with other sectors and other federal departments to be effective.*” Key informants reported that First Nations are having to approach various federal departments on their own because INAC has not supported coordination of activities and programs at the national level. Focus group participants also noted that the range of provincial SA policies and a lack of federal-provincial coordination was a challenge to implementing the Initiative. “Every province has a different SA policy, which will make it difficult to create a national framework for SA in First Nations.”

Skepticism: Key informants emphasized the high level of skepticism among First Nations about the real motives behind the ISR Initiative. This appears to be an important challenge. Regional staff spoke of the effort needed to overcome the fear that communities would not be allowed to

⁹*Lessons Learned on Employment, Labour Market, and Economic Development Policies, Programs and Services for Aboriginal Peoples* (May 1998) HRDC.

retain SA savings. It appears that this is one of the few impediments that staff were able to overcome, at least partially. Regional workshops and visits by senior INAC HQ staff were useful steps in addressing these doubts about the Initiative. This underscores the importance of clear communication by regional and HQ staff in any national initiative.

Remaining Challenges to the Joint Policy Development Process

Key informants and focus group participants were asked to identify what they believe to be the remaining challenges to the ISR policy development process. The dominant challenge reported was the lack of a long-term commitment by the federal government to income security reform. Many focus group participants pointed out that ISR was in its fifth year, and they believe that funding will not be renewed. Focus group participants and key informants expressed concern that the momentum built to this point will be lost and that any gains made under the Initiative will have been for nothing. Another common concern is that it might never be possible to have a national policy that will be flexible enough to accommodate the range of needs in First Nations across the country. As one respondent stated: “*the big challenge will be to find the balance between a national framework and regional/community issues.*”

Other challenges identified by the respondents to the research include:

- ▶ Withdrawing funding for groups to gather and share information will reverse any gain.
- ▶ The continuing lack of First Nations capacity (human and financial resources, training, infrastructure, access to advisory services) will impede new programs and policy.
- ▶ The belief that the funding is about to end is reportedly creating a lot of cynicism among First Nations.
- ▶ A perception persists among some key informants that the federal government’s current priorities (mainly the *First Nations Governance Act* [FNGA]) diverge from those of First Nations.
- ▶ Key informants are very firm in their belief that INAC, HRDC, and Health Canada policy and programs must be better integrated to ensure consistent and comprehensive community level services.
- ▶ Measuring outcomes will be difficult; success should not only be measured by numbers of people moving off SA. That is, intermediate outcomes will need to be recognized; “*an SA client who learns to read is an important, measurable outcome on the route to getting off SA.*”

- ▶ Many believe that expectations for the outcome far exceed the available resources (financial, human, and time). Some characterized the INAC approach to ISR as “naïve”. “They don’t know enough about social policy; INAC has a huge social program, with very few people running it.”
- ▶ In Ontario, it is thought that the bilateral agreement (dealing with Ontario Works) currently being negotiated will supercede new national policy. Provincial/territorial welfare reform policies can be expected to have an increasing impact on what happens to income security programs on reserve. If employment opportunities exist off reserve, then the SARs who continue to live in the community will pose a growing challenge for Band managers and INAC.

Summary: Design and Delivery

The general condition required for successful delivery of income security reform is the presence of a consultative process that is characterized by mutual respect and a long-term commitment to the process. At the community level, essential conditions are:

- ▶ the human and technical capacity to support the process;
- ▶ effective communication, planning, and coordination of effort;
- ▶ stable funding;
- ▶ the flexibility to implement measures that are tailored to the community.

The main barriers to the implementation of the ISR Initiative were:

- ▶ the limited time frame to address a deep-rooted problem;
- ▶ uncertainty over the stability of funding;
- ▶ inability to track and divert SA savings;
- ▶ a continuing lack of coordination of services at the community and federal levels; and
- ▶ skepticism on the part of First Nations about the intent of the Initiative.

With the exception of the last barrier listed above, which was mitigated to some extent, these obstacles were not overcome during the course of the ISR Initiative.

Success

This section presents the findings related to the extent to which the objectives of the ISR Initiative were achieved. The evaluation questions addressed in this section are:

- ▶ *How has capacity increased as a result of the Initiative to ensure active participation by First Nations in jointly developing a redesigned policy framework?*

- ▶ *How effective has the Initiative been in engaging First Nations in policy development and enabling communities to design and deliver income support programs in accordance with their own needs and priorities?*
- ▶ *What have been the short-term outcomes of the Initiative?*
- ▶ *What unintended consequences (positive or negative) have occurred as a result of the ISR Initiative?*

Understanding of Policy Development

Community-level Understanding of Policy Reform

Opinions are mixed on whether various parties understand the concept of developing a new INAC policy for income security in First Nation communities. While some believe that Chiefs and Councillors understand the concept and are well informed, others said that they either do not have the time to think about it or are more interested in other areas. One of the focus group participants summed it up this way: *“There is a whole range. Some Chiefs and Councils are very in tune; some have no idea of the importance of [the new national] policy.”* Factors affecting the level of understanding of policy development include frequent turnover in First Nation political leadership, a lack of information flow to the political level, and competing priorities.

With respect to SA managers and administrators, the overall perception is that while there is probably an understanding of the concept of policy development, there is also a lack of capacity to pursue it. PRA was told that the workload of SA personnel is so high, and staff turnover so frequent, that staff can only react — no time is available to think about policy development. *“SA people in the communities don’t have the chance to understand — policy development is often the last priority. We have to look at whether they have the capacity to respond to the policy development process.”* Key informants believe that there is widespread understanding among SA personnel of the demonstration project component of the ISR Initiative, *“but many still don’t understand the policy part yet.”*

With respect to the level of understanding of the concept of policy development among INAC personnel, few focus group participants were able to offer an opinion. Some did, however, note that many INAC HQ personnel have little experience with issues at the community level and therefore have insufficient expertise to develop effective social reform policy for First Nations communities.

Macro-level Understanding of Policy Reform

Some key informants noted that many involved in the Initiative have an incomplete understanding of the full government process for establishing new national policy, including establishment of authorities, Cabinet procedures, and the role of Treasury Board Secretariat. The concern is that expectations can be unrealistically raised and the sometimes harsh reality of the

policy development process will lead to disappointment. As one key informant stated: *“it should have been made more clear at the start what the limitations are on INAC in developing policy.”*

A current issue emerges at this point. On the one hand, much of the welfare reform process deals with local level policy changes. Partly this is a “revolution” in the thinking about the role of SA in the income security system. A key conceptual step is to replace SA with employment. For many communities, this policy redesign must entail:

- ▶ joining income security and economic development;
- ▶ developing the systems and personnel to support the case that SA savings need to be diverted into active measures; and
- ▶ creating a full spectrum of services to meet client needs.

At the same time, however, policy development also involves “macro”-level changes. For example, the dual systems of INAC SA and HRDC human resource programming are divided, and this is a global impediment to reform. It is a stretch to expect that increased capacity to design/develop policy at the community level extends to policy development at the national level. If that divide were overcome, many communities would need to increase their management skill to manage a full, active measures ISR program.

Generating Information to Support Policy Development

Key informants and focus group participants reported on the extent to which the ISR Initiative successfully generated information to contribute to effective policy and program redesign. In general, respondents stated that a great deal of information has been generated that could be useful to inform the design of the new national policy framework, including:

- ▶ compliance review data;
- ▶ demonstration project reports;
- ▶ summaries from workshops and meetings held by First Nations organizations;
- ▶ publications, videos, etc. produced as a result of ISR activities.

According to key informants, this information, particularly the notable success stories, is being shared among communities and used to support the redesign of SA at the community level. *“We have bragged about our stories. We hope that stimulates others to learn from us. There is a lot of cross-pollination among regions.”* Some, however, questioned whether new knowledge had been created: *“the Initiative definitely generated information, but I don’t know how much new knowledge was generated. Maybe the demonstration projects verified more objectively things that were already known intuitively.”*

The overriding theme of this part of the discussion in all of the focus groups and interviews, however, was a lack of knowledge regarding how — or whether — the information being produced was used at the national level in the development of the new policy framework. During

each of the groups, participants expressed the concern that while they participate in consultations and submit information, they have no idea what is being done with their feedback. Some representative comments appear below:

- ▶ *“On the regional side, we want to know — where does the feedback go? Reporting from SA workers is passed on to INAC region, so the process is there. But there seems to be a disconnect in the region that is reflected nationally.”*
- ▶ *“Our reports go out, but where they went, I don’t know. We don’t get any response.”*
- ▶ *“Information goes in, but no one knows what happens to it. We feed information to the Regional Office; we don’t know where it goes — or if it goes anywhere.”*
- ▶ *“Information went from our meetings to the Policy Group, but we don’t know what they did with it. We send quarterly reports to INAC, and they are supposed to go to the Policy Group. We don’t hear back or know what’s done with it.”*
- ▶ *“Information is going to the national level; we don’t know if our information is getting into the policy.”*

Engagement of First Nations in Policy Development

Little consensus emerged among those consulted for this evaluation regarding whether First Nations were successfully engaged in the joint policy development process, although over 400 First Nations were involved in the ISR demonstration projects and their feedback informed the redesign of a new policy. Opinions tended to vary by region, location, organization, and even among individual First Nations people. Organizations that had links to the Regional and/or Policy Coordinating Groups were more likely to indicate that they were sufficiently involved in the process. Similarly, First Nations that were well connected to their Regional Office indicated that they had participated sufficiently; *“between AFN and INAC, there were opportunities to participate. Of all the joint processes, ISR went the farthest in courting input.”*

Overall, however, the perception among participants was that First Nations had not really engaged in the ISR policy development process. Respondents reported that some communities are aware of the process but are *“just not interested,”* while others simply *“don’t have a clue”* about it. A common response was that even when First Nations provided input to the process, they did not know whether it had an effect on policy development and so were not engaged.

Many noted that First Nations were now more involved in the process simply because they had been invited to participate in policy development to a more significant extent than prior to the ISR Initiative. The main theme to emerge was that, while the opportunity to participate theoretically existed, First Nations were often unaware of it or lacked the capacity to take advantage of the opportunity. Some representative comments are listed below:

- ▶ *“Many would say ‘no,’ but I don’t think anyone has been denied the chance. Some will say they haven’t heard about all this, but there are lots of information.”*
- ▶ *“No, most don’t think they had a good opportunity to contribute. The opportunity was offered, but some didn’t want to participate or weren’t ready to.”*
- ▶ *“No, there were very short time frames to respond, and a lack of clarity of what is being asked. Northern communities are just hearing about ISR.”*
- ▶ *“Only a few had the opportunity to participate directly at the national level.”*
- ▶ *“There have been too many barriers for a lot of First Nations. It’s frustrating. There have been some opportunities to put in opinions and give feedback — but we don’t know whether or not it has done any good at all.”*
- ▶ Some selected First Nation leaders and professional staff were engaged in the policy development process. It seems, however, that some First Nations who participated in the process were uncertain of the usefulness of the feedback that they provided.

Factors Affecting Involvement in the Policy Process

Key informants and focus group participants identified factors that limited the success of First Nations in participating in the policy development process. The amount and quality of communication and information and a lack of managerial capacity emerged as the main issues. These issues are discussed in more detail below.

Lack of consistent communication: It appears that there was inconsistent feedback on information sent from First Nations to the national level. *“First Nations have been submitting information for four and a half years, but we don’t have a clear picture of what’s being presented.”* It was suggested that INAC’s existing large and *“well-funded”* network could be used to assist in involving First Nations in the process. According to staff, information that does come back from the national level is not reaching the people who need it. Information sent to Chiefs and Councillors often is not passed on to SA managers. *“Too much information stops at the Chief’s desk.”*

Participants also reported that the objectives of the Initiative were unclear at the outset. The draft framework documents suffered from imprecise language and improper terminology. Participants reiterated that many First Nations either are still not or have only recently become aware of the ISR Initiative.

Lack of capacity: As noted above, participants reported that Chiefs, Councillors, and SA personnel are often too busy with other issues to devote time to thinking about *“abstract”* policy development. They also noted that SA personnel lack adequate training to fully appreciate what is meant by the term policy development. A common suggestion was that First Nations need a staff position dedicated to submitting, receiving, and disseminating information regarding the

policy development process. It was thought that this could also solve the confusion over who should be involved in policy development. “Should it be the Chiefs, SA people, just the AFN? We need to consider that. Too often the Councillor with the welfare portfolio goes to the ISR meetings, but he’s so busy he doesn’t know anything about it.”

Other barriers that respondents mentioned include:

- ▶ Location, remoteness. *“The South is more up to date; up here many of us only heard about ISR in the last two or three years. Very little information makes it up here.”*
- ▶ Fragmentation of services within First Nations. *“We need to be connected, whether physically or electronically, so everyone knows what everyone else is doing.”*
- ▶ Small independent First Nations groups can have a hard time getting into the process. *“You need to be knowledgeable about all the policies — they don’t have the resources to do it.”*
- ▶ Lack of interest in social welfare reform by First Nations leadership. *“At the First Nations political level, social is at the bottom of the priority list. Casinos and golf courses are hot right now.”*

In reference to the last point above, a number of key informants spoke of the difficulty of convincing First Nations political leaders of the value of income security reform. Too often, one key informant noted, *“welfare programs are often treated as an embarrassing backwater of the Band office.”* Another pointed out that welfare funding to First Nations communities is a significant block of money; if Chiefs and Councils viewed it as funding available for training and attracting and supporting employment rather than welfare, the substantial potential for development would be better appreciated.

Outcomes and Impacts of the ISR Initiative

Short-term Outcomes

Key informants and focus group participants reported that the most important outcome of the ISR Initiative was the move to an active approach to SA. The adoption of case management by many Bands was thought to have been a particularly important outcome. Several focus group participants noted that the case management approach led to the “creation” of employment opportunities, often simply by locating and matching clients to positions that already existed.

Another key outcome identified by a number of focus group participants was the ability to design interventions to meet community needs and to adapt to changing conditions if necessary. “*ISR allowed First Nations to design and develop the needed programs for SA recipients that are tailored to the individual communities; and if something is not working, we can change it — many programs are not like that.*”

The creation of linkages among the various programs and services available within First Nations communities also emerged as an important outcome of the Initiative. ISR allowed the establishment of these internal linkages that did not exist before; “*one of the best things to come out of ISR is increased communication.*” Respondents said that these new relationships foster a more holistic approach to moving people off SA, since clients are “*able to integrate various tools and resources.*” Building partnerships with business increases the capacity of SA workers to locate opportunities for clients and provide them with work experience.

In addition to the development of community-level linkages and relationships described above, a number of regional-level social policy discussion groups and forums have emerged as a result of the ISR Initiative. While not created as part of the ISR Initiative, these First Nations initiatives are also working to make improvements in national income security policy. Among these initiatives are:

- ▶ Formed in 1992, the role of the Atlantic Policy Congress (APC) is to research, analyse and develop culturally relevant alternatives to federal policies that affect the First Nation communities and peoples in the Atlantic region. In 1996, the Atlantic Chiefs passed a resolution to move toward self-government in social services. The APC was given a mandate to cooperate with the Department of Indian Affairs and Northern Development (DIAND) to develop an agreement for the two parties to work together on self-government initiatives in the area of SA. The Political Accord on Social Services and Programs was signed by 25 Mi’kmaq/Maliseet Chiefs and the Minister of INAC. The goals of the Accord are a shift from passive to more active measures-based programming and to focus programs on young SARs with an emphasis on education. This initiative is supported in part by INAC ISR through demonstration project funding.

- ▶ The AFNQL’s (Assembly of First Nations of Quebec and Labrador) Health and Social Services Commission has been mandated by its member chiefs to find an alternative to the provincial SA system in Quebec. The *Politique cadre de la sécurité du revenu des Premières nations du Québec* proposes to establish an Office of Social Development to provide professional support to welfare administrators and to fund active measures programs through arrangements that allow communities to combine SA resources with funds from related program areas. The AFNQL initiative is supported in part by ISR through demonstration project funding.

- ▶ In British Columbia, members of the former joint DIAND/National Child Benefit (NCB) Re-investment Working Group, in an attempt to broaden its mandate to include a more holistic approach to social reform, disbanded and re-emerged as the Joint DIAND/Social Development Working Group (SDWG)¹⁰ and now deals with all areas of social development.
- ▶ The Saskatchewan Social Reform Communications Forum has existed for approximately three years. It is largely made up of ISR demonstration project coordinators and INAC regional representatives, with a total of approximately 20 members¹¹. The main objective of the Forum is to remain current on the progress of the joint INAC/AFN policy development process in order to keep communities across Saskatchewan informed about developments in the ISR Initiative including important dates, deadlines, and requirements. The Forum is also responsible for managing the capacity building budget. The Forum has sponsored a number of workshops and gatherings in order to share information on ISR demonstration projects, particularly with respect to “*what works and what doesn’t.*” This information assists communities with projects in various stages of development to move forward. The Forum also reviews drafts of the ISR policy framework.

Three of these groups (APC, SDWG, Communications Forum) contributed to this evaluation through their participation in the focus group component of the research.

It is important to stress that the outcomes listed above are not universal. While it is difficult to quantify how many Bands experienced the outcomes discussed above, it is not the majority. Arguably, some of the leading communities were well on the way to producing outcomes like program integration prior to the ISR Initiative.

Community Impacts

The community impact most commonly reported by focus group participants is the development of a new attitude toward SA among community members and SA workers alike. “*We have been able to change the way workers and clients think about SA; there is a whole new attitude about SA and what it is for.*” The fact that communities are able to train their own members to design and deliver the demonstration projects has created “*community ownership.*” According to some, the new community-driven approach has led to greater acceptance of ISR since it is not being imposed from outside. “*The demonstration projects led to the definition of a model people want to see for the approach to SA; it is widely accepted.*”

¹⁰ Members of this working group include representatives from various First Nation communities in BC and staff from the INAC regional office in BC. This group provides recommendations regarding ISR and SA policies.

¹¹ Membership includes representatives from Federation of Saskatchewan Indian Nations’ Health and Social development Commission, Tribal Councils, Independent First Nations, ISR Coordinators, and one representative from each Budget Centre/District Office and INAC Intergovernmental Relations Directorate.

Others stated that early successes with the new approach have fostered a sense of pride and accomplishment in some First Nations communities, creating a kind of momentum that spread both within and among communities. “[ISR] *has changed the attitudes of Chiefs and Councils, employers, and community members; the generational cycle of welfare dependence is gradually being disrupted.*” There is a belief that visible successes convince SA clients and other community members that it is worth the effort to pursue education, training, and employment. “*As people see the successes, more SA clients want to get in on it.*” Several participants also identified the importance of healing to build the self-esteem and confidence of SA clients prior to attempting to make the move to employment. There was a related concern that these less tangible impacts will not appear in the data used to measure success of the Initiative. There is a common belief that INAC only looks at numbers of people leaving the SA rolls as a performance measure and that it is unrealistic to expect significant reductions in the short term. “There is a lot of prep work required before they will get off SA, they have been stripped of a lot of things. They need life skills and self-esteem; that was one of the consequences of ISR — reduced stigma and feelings of self-worth. We measure success in different ways, and people are doing extraordinary things.”

Focus group participants also noted, however, that these impacts are only the beginning of the process and that sustained support is vital. “In the short term, we have seen the fruits of ISR, and we want to build on that.” Several participants observed that while there had been successes in securing placements for clients, providing them with the “*first break*” is important to continued employment success; economic development is vital to creating sustainable employment. “*We paid about 80 percent of the wage costs for some initial placements and paid for child care and transportation. When we are paying the wages, businesses are interested, otherwise not so much.*”

Most key informants were careful to note that there is not sufficient measurable evidence of outcomes and impacts to respond to this issue. A major shortfall identified by one key informant was the lack of methodological rigour in producing data to support policy development. That key informant stated that the process was “*very inclusive and consultative, but not good for producing hard data.*” Some also pointed out that the ultimate outcome — the redesigned national policy framework — is not yet complete, making it impossible to know if the process was a success.

Unintended Consequences

One consequence resulting from the ISR Initiative identified during the evaluation was the possibility that the process has unrealistically raised the expectations of some First Nations. That is, some are disappointed with the fact that the joint consultation process cannot continue past the point of presentation to Cabinet. In addition, a lack of understanding of the limited time frame for ISR demonstration projects has led to disappointment in some First Nations. Some view the conclusion of their demonstration projects simply as a cut to their already limited programming budgets, rather than as the culmination of a contribution to the development of a new national

income support policy. Additionally, the inability of many First Nation communities to track outcomes/savings from SA was not anticipated, which made it difficult to divert these savings to other programs.

Summary: Success

With respect to the capacity of First Nations to participate in developing policy, findings indicated that the understanding of the process remains limited. Additionally, while information has been generated that could be useful in informing future action on ISR, a lack of knowledge of how, or whether, it is being applied pervades the responses of key informants.

A few First Nations have been well engaged in the policy development process. Similarly, the Initiative appears to have assisted some First Nation communities and organizations to design and deliver new programs that are more tailored to their particular needs and priorities. Several factors, however, appear to have limited the success of many First Nations, notably communication and capacity issues.

There is little objective evidence of the outcomes and impacts of the ISR Initiative. There are, however, reports of important effects in certain communities, including:

- ▶ a new recognition of the value of an active approach to SA
- ▶ increasing adoption of a case management approach
- ▶ designing flexible programs to meet specific needs and adapt to new situations
- ▶ a “new attitude” toward SA that is creating momentum for future reform

The only unintended outcome identified was the possibility that the expectations of First Nation communities and organizations were raised beyond what was possible under the ISR Initiative.

It cannot be stressed enough that the focus groups represent the experiences of select communities, many of which are among those at the forefront of ISR. For these communities, the ISR demonstration projects and policy development process has worked. In the previous assessment of the demonstration projects, it was clear that ISR worked as intended in relatively few of the participating communities.

Effectiveness of Approach and Alternatives

The findings presented in this section address the following evaluation question:

- ▶ *Are there alternative approaches to policy development that could achieve the desired result of developing a redesigned policy framework?*

Alternative Approaches to ISR

During the focus groups, respondents identified some alternative approaches to ISR. For example, some Chiefs in Ontario are working on a strategic plan that sounds “*much like the ISR policy development process;*” however, details are unavailable. Another participant listed NCB re-investments, HRDC programs, and the Saskatchewan Indian Training Assessment Group (SITAG)¹² as examples. Participants could not identify any particularly effective approaches, noting that there are many programs and initiatives and that “*the key is knowing where the resources are, and knowing the rules well enough to get them.*”

Other key informants identified alternative and comprehensive funding arrangements as useful tools for communities to pursue reforms. They identified multi-year funding agreements (such as the Canada First Nations Funding Agreement (CFNFA) and the Financial Transfer Agreement [FTA]) as encouraging innovation and providing the flexibility to manage finances across SA and active labour market measures.

The literature review identified another interesting approach to policy development that is, in some ways, quite similar to the ISR Initiative and to the INAC/AFN joint policy development process. In 1999 and 2000, the OECD carried out a survey entitled “Strengthening Government-Citizen Connections,” which resulted in the publication of *Engaging Citizens in Policy-Making: Information, Consultation, and Public Participation*¹³ The OECD, an international organization comprising representatives from over 30 countries, plays a prominent role in fostering good governance in the public service and in corporate activity. It helps governments to ensure the responsiveness of key economic areas with sectoral monitoring. By deciphering emerging issues and identifying policies that work, it helps policy-makers adopt strategic orientation. It is well known for its individual country surveys and reviews. *Engaging Citizens* outlines a number of measures and principles for engaging citizens in the policy-making process. The report defines *information* as a one-way process through which governments deliver information to citizens. In contrast, *consultation* is a two-way relationship involving feedback from citizens on the information provided. *Active participation* describes an actual partnership where citizens can be involved in the policy-making process by “*proposing policy options and shaping the policy dialogue — although the responsibility for the final decision or policy formulation rests with government.*” These are important ideas, but as the report notes, few OECD countries have proceeded far in this direction. As the OECD report shows, even in advanced/industrialized countries that feature active social and economic interventions, the policy development process involving citizens is not easy to promote.

¹²SITAG is a Federation of Saskatchewan Indian Nations (FSIN) institution that organizes and manages the purchase of training for Saskatchewan First Nations.

¹³*Engaging Citizens in Policy-Making* (2001) OECD.

The OECD survey led to the development of ten guiding principles for engaging citizens in policy making:

- ▶ **Commitment:** Governments need to commit to the key ideas — information, consultation, and active participation — at all levels.
- ▶ **Rights:** The right of citizens to participate in the policy-making process should be grounded in law or policy, and government responsibility to respond to citizens should be clearly stated.
- ▶ **Clarity:** As noted above, clear objectives and guidelines for the roles and responsibilities of all involved must be in place from the outset.
- ▶ **Time:** Consultation and participation should not be an afterthought but should be initiated early in the policy process. It is also important to allow adequate time for consultation if the process is to be successful.
- ▶ **Objectivity:** Information provided by government should be objective, and citizens should have equal treatment in the process.
- ▶ **Resources:** It is vital to have sufficient financial, human, and technical resources. Furthermore, the OECD states: “government officials must have access to appropriate skills, guidance and training as well as an organizational culture that supports their efforts.”
- ▶ **Coordination:** Attempts to initiate consultative policy development should be coordinated “across government to enhance knowledge management, ensure policy coherence, avoid duplication and reduce the risk of ‘consultation fatigue’.”
- ▶ **Accountability:** Government needs to account for how they use the information provided by citizens. The process must be open and transparent.
- ▶ **Evaluation:** Ongoing evaluation of performance is needed to allow the process to adapt to changing requirements and environmental conditions.
- ▶ **Active citizenship:** Government should support citizen participation through civic education efforts and facilitating capacity building for non-governmental organizations (NGOs).

While the OECD approach might not actually be an alternative to the process used in the ISR Initiative, given the similarities, perhaps the model developed could be considered in future policy development processes. The principles for engaging citizens in policy making might increase “buy-in” and success in the development of such initiatives.

Summary: Effectiveness and Alternatives

The consultations failed to identify any true alternatives to the policy development approach taken by the ISR Initiative. Other means to reform, such as the use of multi-year funding arrangements to increase flexibility, are seen more as one component of an overall approach to social and economic policy reform. A common perception is that while joint policy development has potential, its application was not effective. The next section discusses the reasons for this.

Lessons Learned

Key informants and focus group participants described best practices and/or lessons learned from the policy development process. Few commented on whether any lessons from the demonstration projects were being incorporated into the design of the new policy framework, since it is still in draft. They did identify the following best practices that had emerged from the ISR Initiative.

- i. Social and economic development must be balanced:* As noted in previous sections, some key informants argued that First Nations political leadership focuses on building sustainable local economies and pursuing business ventures, rather than focussing on national-level social policy reform. Participants appeared well aware that community-level economic development activities (that may or may not be supported by INAC or other government programs) are vital to having jobs available when clients become ready to move toward employment. However, they indicated that leadership also needs to facilitate the reform of social welfare policy. One participant noted that *“economic development will eventually be part of solving our problems, but we still have to look at what we can do for people in the meantime.”* Another observed that *“there are some places where there are lots of jobs, but First Nations people aren’t taking them because of personal issues that need to be addressed. Economic development is only part of the solution.”*
- ii. Do not rush the policy development process:* There is a perception that the recent process of developing the new national policy framework was rushed, not allowing sufficient time for First Nations organizations and communities to review drafts. One key informant noted that the process of drafting the final policy framework was begun with only six months left in the five-year time frame for the ISR Initiative. Many of the focus group participants had not yet seen the latest draft policy framework and stated that the time frame was simply too short for First Nations to review the policy; *“it seems like everything has to be done in a big rush, and at the last minute.”* However, at the 2000 regional workshops, First Nations received the 14 key policy issues, which today are the elements of the policy proposals for ISR. At a January 2001 workshop, First Nations also received a draft policy framework, which is based on a discussion paper developed in December 2000 that builds on the 14 issues. The problem appears to be that consultation with all First Nations in Canada is a complex process. If the goal is to include everyone, more time is clearly needed. As noted earlier, consultative policy development must

include *clarity* with respect to the roles and responsibilities of all those involved, *sufficient time* for consultation, and *accountability* for how government uses the information it receives.

- iii. The policy development process is long term:* Both key informants and focus group participants spoke of early successes in moving SA clients off the welfare rolls. However, the task becomes more difficult in the longer term. As more complex cases with multiple needs come to characterize the caseloads, more time and effort are needed to reach work-readiness. Some will never be able to hold paid employment; this is a key lesson being learned by provincial/territorial SA programs. Significant concern was expressed regarding the fact that they have been told that this is the last year of funding for ISR activities in the communities.

The groups consulted also identified a few lessons that can inform future attempts to develop national policy through a consultative process:

- ▶ True partnership in policy development is important.
- ▶ Do not create expectations that cannot be met; clear delineation of what is possible from the outset is vital.
- ▶ The government must be seen to respond to input from partners.
- ▶ The process must be open, transparent, and given sufficient time to develop.

To this may be added the importance of ensuring that the managerial and administrative resources exist to allow communities to participate in the full range of reform processes and active labour market interventions.

Section 4 - Conclusions

This section offers conclusions and observations that have emerged from the findings set out in Section 3. As a caution, note that certain groups are under-represented and that this may omit some important dimensions of the research. That being said, the conclusions presented below are very consistent across key informants and focus groups, and they align well with previous research on ISR. The conclusions below respond to the evaluation questions identified in the Terms of Reference for this evaluation.

Relevance/Rationale

Is there a clearly identified need for income security reform in the First Nations context?

The compelling need to address the income security shortfall within First Nations communities existed when the federal government started this initiative and remains today. Aside from the high caseloads, the widespread adoption of welfare reform by provinces/territories meant that the federal government (INAC) and First Nations leadership needed to change the administration and management of SA. Furthermore, there is no doubt about the validity of a collaborative and consultative approach, which is consistent with the federal government's commitments under *Gathering Strength*. Finally, the need persists for a continued focus on income security issues for First Nations.

Design and Delivery

What have been the barriers to policy development? How were these overcome?

The impediment to the policy development process stems from the diversity in capacity of First Nations managers and leaders. Some communities have well-developed income security reform processes, such as case management, active labour market measures, and the administrative structures to track SA clients' entry into work. These were (and are) in the minority. Most communities faced serious shortfalls in management capacity, and many were simply unable to participate in the demonstration projects let alone support the more abstract concept of policy development. The result was that many First Nations remained unaware of the objectives of the ISR Initiative or how to support the process.

Another common barrier mentioned by key informants was that many First Nations leaders remain focussed on economic and business development. Many First Nations leaders fail to make the two-way connection between economic development and SA caseloads. Another impediment is that the financial arrangements available for many communities preclude translating savings from lower SA caseloads into support for active labour market measures such as education, job

placement, or child care. If the accountability arrangements prevent such transfers, then a rational response is to treat the ISR funding as simply another source of financing rather than try to implement programs that consume resources and result in a lower SA budget.

Success

How has capacity increased as a result of the Initiative to ensure active participation by First Nations in jointly developing a redesigned policy framework?

The Initiative has clearly enabled a select few communities to increase their capacity and participate actively in the development of the new policy framework. For most others, however, the ISR Initiative has become little more than a temporary source of additional funding. In general, First Nations groups that are larger, closer to urban areas, and well connected to INAC Regional Offices and the ISR coordinating groups were much more likely to be actively engaged. Other factors in success are the existence of an Aboriginal Human Resource Development Agreement (AHRDA) that allowed the Band to integrate SA with a program to offer a portfolio of active labour market measures. Similarly, it appears that the ISR Initiative was least effective in enabling smaller, remote, and unaffiliated First Nations to redesign their income support programs. If “active participation” includes involvement beyond temporary enhancement of income security programming and submitting reports, relatively few First Nations can be said to have actively participated in the redesign of the policy framework. In an important sense, the main beneficiaries of the ISR reform process were Bands that had already embarked on the capacity building and changes needed to support income security reform.

How effective has the ISR Initiative been in actively engaging First Nations in policy development and enabling communities to design and deliver income support programs in accordance with their own needs and priorities?

Several regional-level social policy discussion groups and forums have either emerged as a result of the ISR Initiative or have been adapted from existing bodies to respond to ISR issues. While not created as part of the ISR Initiative, these First Nation-led groups are also working to contribute to reform of national income security policy, and it appears that they will continue to do so after the conclusion of the ISR Initiative.

What have been the short-term outcomes of the Initiative?

Substantial key informant and focus group information, as well as a previous assessment¹⁴ of the demonstration projects, confirm that some communities designed projects that had positive effects on the delivery of services to SARs. Typical of these success stories are integrated case management, single window delivery, increasing the portfolio of interventions to assist a wider spectrum of clients, and, in some cases, a clear understanding of how economic development and

¹⁴*Socio-Economic Impact Assessment of the Income Security Reform Demonstration Projects* (February 2002) INAC.

social security reform are mutually reinforcing. The communities where these outcomes occurred are also clearly poised to move to the next level of reform with more wide-ranging redesign of how they deliver SA.

What unintended consequences have occurred as a result of the ISR Initiative?

One unintended consequence of the Initiative has been to raise the expectations of some First Nations beyond what is practically possible in terms of participation in the development of the new policy. The realities of government policy making and especially the separation of INAC SA and HRDC labour market measure, as well as the limited capacity of most Bands to manage SA savings, mean that few communities can meaningfully participate in the reform process let alone create new policy.

It is also apparent that many Band leaders and administrators were either preoccupied with other priorities or just did not understand the opportunities presented by ISR. The conclusion of this phase of the Initiative and the cessation of funding appear to be widely interpreted as yet another example of government cutting off needed funding, rather than as an opportunity to go to the next stage and create meaningful and long-term changes to SA policy.

Effectiveness and Alternatives

Have the investments made in demonstration projects achieved the desired result of jointly developing a redesigned policy framework?

While the objective of producing a redesigned framework has been partially met with the production of a draft framework, it is difficult to draw a conclusion on this issue in the absence of the final version of the policy. Similarly, a few demonstration projects produced information that was considered during the development of the new policy. Whether or not the demonstration projects in general have contributed in a meaningful way to the content of the policy, however, remains unclear.

Are there alternative approaches to policy development that could achieve the desired result of developing a redesigned policy framework?

While there are alternative approaches to policy development, few of them are suited to the objective of direct participation by First Nations in the policy process. The approach taken by the ISR Initiative was intended to avoid the traditional separation of policy making from program implementation and hopefully create a policy framework that would better support First Nations in meeting the needs of their SA clients. Therefore, the overall consultative approach to policy

development taken by the ISR Initiative appears to be the appropriate one. The execution of the Initiative, however, would have benefited from more fully reflecting the current best practices (reflected in the OECD principles) for consultative policy development.

Observations

The ISR Initiative follows in the spirit of RCAP, as it attempts to meet the obligations of the federal government outlined in *Gathering Strength*. The chief goal of the ISR demonstration projects and policy development process was to facilitate community input in the design, implementation, and testing of interventions that would meet distinct local needs as well as contribute to the joint INAC/First Nations policy development process.

The following general observations emerge from this study:

- ▶ The rationale for income security reform in the First Nation context remains clear; it is vital to encourage self-sufficiency and reduce SA caseloads and poverty among this disproportionately represented group.
- ▶ In 2001-2002, over 400 First Nation communities and organizations were involved in over 300 projects. Of these, some projects led the way in terms of innovation, tracking, and reporting in a formal manner. These lead projects represent the localized availability of skills, resources, programming (AHRDAs), and administrative/budget flexibility to support the ISR process.
- ▶ The understanding of what the policy development process entails tends to be located in larger Bands and/or Band Councils with staff trained in the social, economic, and/or political policy development process. It may be the case that some communities are “out of the loop” on policy development and may not have the resources to fashion an approach to income security reform that reflects their unique needs. Additionally, smaller and more remote communities face substantial economic development hurdles and may not be able to employ members whom they train. Particular attention must be paid to the capacity of these communities to fully participate in any future initiatives.
- ▶ Based on the literature review, it is apparent that provinces have assumed the lead in welfare reform. With the elimination of CAP, provinces/territories have fewer conditions attached to their design and delivery of SA programs and need not fund programs on a matching basis from the federal government. Advantages exist to this new arrangement. Most policy writers support the viewpoint of provincial/territorial governments that a local labour market orientation is the appropriate approach for designing programming and labour market strategies for SARs. The implication for the ISR process is that many Bands will need to align

their programming within a provincial/territorial framework. Current INAC policy is to align SA rates and benefits in each community to the commensurate provincial/territorial service.

- ▶ Finally, it appears that those communities which had an existing AHRDA and alternative funding arrangements benefitted more from an important “head start” in ISR. That is, these First Nations had already begun to develop the attitudes and capacities necessary to engage in meaningful reform of their SA programs. Those that did not have access to this financial “infrastructure” seemed to lag, which could explain much of the disappointing results. Those that had developed these essential tools for welfare reform appear to have benefitted more from the ISR Initiative than the majority of communities. In some sense, the ISR Initiative may have served to highlight the substantial capacity gaps that exist among First Nations communities in Canada.

Annex A

Terms of Reference

Terms of Reference

Evaluation of Income Security Reform Initiative

Background: Fulfilling the objective of *Gathering Strength*, the Income Security Reform (ISR) Initiative is a joint effort of the Assembly of First Nations (AFN) and Indian and Northern Affairs Canada (INAC) that began in 1998. Human Resources Development Canada (HRDC) is also involved in this initiative as a member of the Policy Coordinating Group (PCG). The PCG consists of INAC, the AFN, HRDC, and First Nation representatives. This group oversees the ISR initiative.

The main components of the initiative are community-based demonstration projects and the joint development of a redesigned social assistance policy framework. The latter is to be guided by information coming from First Nation communities through their reporting on demonstration projects, participation at regional and national workshops, as well as INAC/AFN research.

The objectives of ISR are to:

- strengthen capacity in First Nations for the development and implementation of reformed income security programs;
- achieve successful transition to an active measures-based approach to the on-reserve social assistance program; and
- assist people to achieve individual well-being and financial independence to the greatest extent possible.

\$15 million per year is anticipated to be available for the years 2000-2001 through 2002-2003. Each region will have enough funds to implement two major projects (up to \$250,000 each) plus an additional amount based on population and numbers of bands. Since 1998-1999, First Nation communities, tribal councils and other First Nations organizations across the country have been part of more than 270 demonstration projects.

Need: The ISR initiative has never been formally evaluated. To support policy development over the next 15 months, the evaluation will focus on evaluating the INAC/First Nation policy development process. The process has often been referred to as a mode, unique in its approach because it is done in partnership and is community-driven. The evaluation will identify best practices/lessons learned that can be applied to future policy development and to monitor the success of a new policy.

This initiative is part of the evaluation activities defined in the Results-based Management and Accountability Framework (RMAF) for the social development programs. It was also identified in the Departmental Audit and Evaluation Branch's 3 year work plan.

Scope: The intent of this evaluation is to determine if the purpose and objectives identified in *Gathering Strength - Canada's Aboriginal Action Plan* and in the Initiative are being met.

Issues:

- Are there alternative approaches to policy development that could achieve the desired result of developing a redesigned policy framework?
- How effective has the initiative been in actively engaging First Nations in policy development and enabling communities to design and deliver income support programs in accordance with their own needs and priorities?
- What have been the short term outcomes of the Initiative?
- What have been the barriers to policy development? How were these overcome?
- How has capacity increased as a result of the Initiative to ensure active participation by First Nations in jointly developing a redesigned policy framework?
- What unintended consequences (positive or negative) have occurred as a result of the ISR Initiative?

Approach: The evaluation will be conducted in three phases. The first phase will consist of a planning phase to refine the issues, identify concerns, and establish the specific methodology. Phase two of the evaluation includes the analysis and synthesis used to implement the plan. Phase three will involve debriefing and report writing.

Resources: The evaluation will be conducted primarily by consultants and First Nations members under the direction of a Senior Evaluation Manager from the Departmental Audit and Evaluation Branch (DAEB) in close consultation with the Policy Coordinating Group (PCG), which includes representatives from Indian and Northern Affairs Canada, the Assembly of First Nations, Human Resources Development of Canada and First Nation representatives.

The following regions will be included in the evaluation, British Columbia, Saskatchewan, Ontario and Atlantic.

Costs: It is estimated that the evaluation will cost \$100,000. The costs will be shared equally between DAEB and Socio-Economic Policy and Program Sector (SEPP).

Timeframe: It is expected the evaluation will be completed by August 2002.

Approved:

Chantal Bernier
Assistant Deputy Minister
Socio-Economic Policy and Programming Sector

Date