Urban Aboriginal Economic Development National Network

Background Brief:

Aboriginal Business and Community Development Centre – Financial Literacy Program

Condensed from source documents by Julia Schwamborn, MA
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About the Urban Aboriginal Economic Development Network: The Urban Aboriginal Economic Development National Network is an open and inclusive multi-stakeholder network of researchers and practitioners working in urban Aboriginal and Métis communities. This includes organizations, universities, federal/provincial/municipal and Aboriginal governments, private industry, community groups, and NGO's. The network's focus is on mobilizing economic development knowledge and strengthening organizational capacity.

This paper can be found on the network website: http://abdc.bc.ca/uaed

The Aboriginal Business and Community Development Centre (ABDC) in Prince George, BC is a results oriented team of professionals, working together in unity to provide a full spectrum of culturally, client sensitive, business and economic development services to assist Aboriginal individuals, organizations and communities to achieve 'their' full potential.

ABDC has determined that, from a holistic perspective, community development is a pivotal factor of business development. In order to find out where they could be most effective, the organization analyzed existing urban Aboriginal service delivery organizations and mechanisms and found that there was a lack of services for those members of the urban Aboriginal population who were situated in difficult economic situations; though not at the bottom of the socioeconomic range. One aspect that was identified as crucial to personal economic development and maintenance of a stable lifestyle was housing and personal budgeting.

Based on this insight, ABDC initiated the three-component *Financial Literacy Program*. The three components are:

- Financial Literacy Program
- Rent Bank Loans
- Saving Circle

Financial Literacy Program

The purpose of the Financial Literacy Program is to improve the community's overall socioeconomic situation, starting with financial literacy education and training. This program is geared towards educating individuals and the community as a whole on how to budget household expenses, to set spending priorities, and to make the right choices from a family health perspective. Clients realize how they can optimize their situation and work within the range of means available to them.

ABDC has been provided with training and training materials by the Social and Enterprise Development Association's (SEDI) Canadian Centre for Financial Literacy. Financial literacy workshops are held by an ABDC employee at local agencies for their respective clients in groups of up to seven individuals. ABDC personnel are also available for individual follow-up work with the clients. The clients receive assistance with processing their financial situation for counselling services from the BC Credit Counselling Society.

Rent Bank Loans

A real life story witnessed by ABDC provided the impetus for the Rent Bank Loans:

> *A young, Aboriginal single mother of three, who lived in a nice condominium in a safe neighbourhood, was evicted from her home for making late rent payments*

too often. Being a single parent put her in a situation with irregular income from different jobs and welfare. The landlords had documented her rent payments and kept a file on her, which even showed that the tenant had prepaid rent numerous times when money was available to her and was truly trying to do the best she could. The landlords followed common bureaucratic procedures but did not consider the human perspective. The mother was forced to move into a bad downtown neighborhood with high crime rates, imminent dangers, and negative influences on her children.

The rent bank is designed to help people, like this young, single mother, who find themselves economically and socially on the edge but, with the right help, can maintain their lifestyle or move upwards instead of hitting bottom. The objective is to enable people to keep or improve their accommodation and necessary utilities. The Rent Bank aims at supporting people in overcoming temporary cash flow problems, for example when they are waiting for their next pay cheque or are in transition between jobs.

Candidates for rent bank loans can be in one of two scenarios. The first scenario is that of a client who is referred to ABDC by another agency, such as Social Services. The client, like the example of the mother of three, is unable to pay rent or utilities on time and is facing eviction and/or significant deterioration of their quality of life. The other scenario is that ABDC is approached by a client who would like to move forward in their life and into better housing but needs a loan to get started, for example for a damage deposit or other initial moving costs. Loans are paid back at rates that are affordable for the clients.

Whether clients are referred to ABDC via an agency or approach the organization on their own, they are invited to fill out applications and introduce themselves in interviews. Their qualification for the program is evaluated based on their understanding that the money provided is a loan, and on their ability and willingness to repay the loan in full. ABDC employees in charge of candidate evaluation and approval have a policy manual. If clients cannot demonstrate their ability to repay a loan and are found to live in unaffordable housing, ABDC works with provincial income personnel and housing organizations to ensure that the client is placed in appropriate housing that is affordable for them. Rent bank approved clients sign an agreement and issue a promissory note. They receive an amortization sheet and payment coupons with due dates for the agreed number of monthly payments. The ABDC stays in contact with clients through email and phone in order to stay informed about their situation and be able to remind them of due payments.

According to the ABDC Report for March 2010 submitted to the Prince George Nechako Aboriginal Employment and Training Association (PGNAETA), the emergency rent loan prevented forty-three individuals from losing their housing between April 2009 and March 2010. Forty-seven loans were given out since February 2009 over a total amount of over $31.000. Funding for emergency rent loans is derived from available government funding, for example homeless funds delivered by the Urban Aboriginal Working Group (UAWG), a sub-group of PGNAETA. Other local groups, such as the College of New Caledonia (CNC) Faculty Association, the Novak Family Foundation; financial institutions, such as VanCity; and various ABDC fundraising activities in the community are contributing to the rent bank. ABDC is also

approved for funding for the fiscal year 2010/2011 from the Vancouver Foundation, an organization which leverages donations and allocates them to non-profit community improvement organizations.

A challenge reported by ABDC employees is when clients cease making payments after the first payment. Employees have to be able to contact clients to remind and encourage them to make their payments on time. The sustainability of funding is endangered by delinquent client behaviour. New clients can only be taken on if loans are paid back.

Saving Circle

Another component of the Financial Literacy Program is an asset matching program. ABDC has researched initiatives across the US and Canada to learn from existing asset matching programs. The ABDC client identifies what they need in order to move forward and succeed in life. The needs can be investments to start a small business, for example a sewing machine for a seamstress. A client could also feel that a certain health aspect is holding them back from personal advancement, and the asset matching program would support health improvements that lead to increased employability for the client.

The concept is to help the client and give an incentive to save money. The client sets up a savings account at Spruce Credit Union with the intention to save a certain amount within an agreed upon period of time. ABDC matches every dollar deposited by the client. Clients have free access to their savings account at any time; however, if money is withdrawn before the saving goal is achieved, ABDC withdraws a matching amount. This allows the client to make real life mistakes and provides a true teaching and learning process. Once the saving goal is reached, ABDC supports the client in their investment and ensures that the savings and the ABDC grant over a matching amount do not lead to a loss of social service cheques or other financial support which the client is receiving at the time.

This last component of the Financial Literacy Program has not been implemented yet, as ABDC is still in the process of leveraging funding for this project. A portion of the funds received from the Vancouver Foundation has been set aside for the Saving Circle. ABDC reports that government funding is not currently provided for the purpose of supporting individuals, and that it is challenging to find funding sources for an initiative like this form of Saving Circle. Their research has shown that similar existing programs in Canada and the United States obtain funding from financial institutions, and ABDC will look into this option.

Urban Aboriginal Economic Development (UAED) Context

ABDC demonstrates that the first step of establishing new services is to identify the area of need. In this case, there were already services for individuals at the lowest socioeconomic level, such as shelters for different population groups. Therefore, ABDC decided to focus on those community members who are on the edge but, with some help, can maintain a fair standard of living or even improve their quality of life.

ABDC has, furthermore, identified housing as a crucial element in urban Aboriginal community members' personal development and advancement. Inadequate or no housing is a lack of incentive, means, and opportunities and exposes individuals and families to negative, unhealthy, or criminal influences. Hence, the housing situation and housing services are important elements to consider for UAED organizations and service providers.

Another important aspect of UAED is a community's financial literacy and the provision of training for individuals and groups in order to provide support and enable people to work with what they have and make good choices. The ability to budget income and household expenses and knowing how to spend money in a way that supports healthy, strong families will benefit an entire community and enable individuals and groups to achieve personal economic advancement. ABDC shows how training material can be obtained and prepared, and how community members can be reached through other urban organizations.

A lesson to be learned from ABDC's Financial Literacy Program is the importance of being informed, researching existing programs, and exploring as many different funding options as possible. Operations need to be accountable and sustainable in order to qualify for funding and to maximize the benefits of available finances.

UAED needs a sound base to build on in urban Aboriginal communities. UAED organizations cannot focus only on economic development if there is no social and financial stability in the community. The basis has to be created and supported before economic development can take place. Educating people and providing sustainable support and learning experiences for individuals and families in need are important contributions to creating a positive and fertile climate for economic development.

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List of Helpful Websites

Aboriginal Business Development Centre. Accessed May 5, 2010. http://abdc.bc.ca/
Canadian Centre for Financial Literacy. Accessed May 7, 2010.
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