

Updated by Membership | March 2021

FNMPC GUIDANCE DOCUMENT:

Project Identification & Support

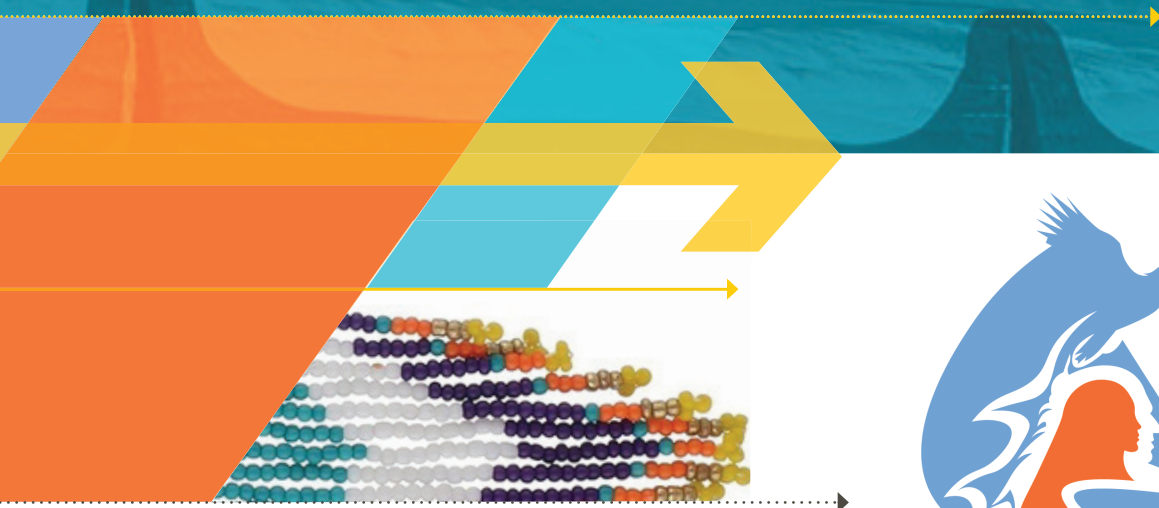


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1. PURPOSE

This paper is an update to the previous version of the Project Identification & Support Discussion Paper that was approved by the FNMPC Members on March 27, 2017. This version of the discussion paper includes revisions to the major project criteria and the project capacity support process.

2. BACKGROUND

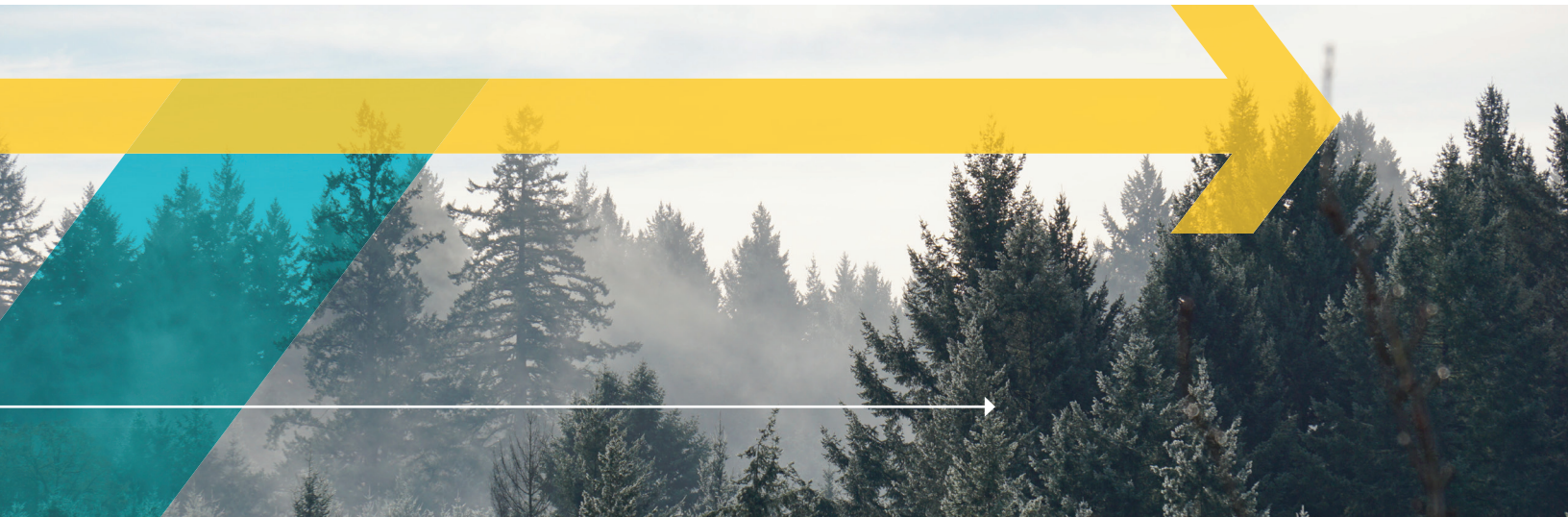
Over sixty (60) First Nations across Canada have come together to form the First Nations Major Projects Coalition (“FNMPC” or “Coalition”) for the purposes of examining: i) how ownership of major resource projects on their lands could be facilitated, and ii) how environmental practices can be improved to meet their needs. The work of the FNMPC is directed by the Member First Nations of the Coalition.

In March 2016, members of the FNMPC signalled that the process needed to advance from agreeing to work together to project selection. From April 2016 to March 2017, the technical team worked with members to design a Project Identification and Capacity Support process that was unique to the FNMPC’s values. In March 2017, members adopted the FNMPC Discussion Paper: Project Identification & Support as a “living document” to guide project capacity support.

The FNMPC has evolved considerably since March 2017. It has received feedback from FNMPC Members on the major project criteria and the capacity support process and has experienced some challenges in the implementation of these processes. Further, FNMPC tools have advanced beyond what is contemplated by the current major project criteria. For these reasons, the FNMPC Board of Directors decided it was time to conduct a review of the criteria and the capacity support process to determine whether there was interest among FNMPC Members to update these foundational pieces of FNMPC’s service offering.

At the October 22, 2020 FNMPC Members’ Virtual Caucus Meeting, the FNMPC technical team delivered a presentation to Members and carried out a survey exercise to seek views regarding the major project criteria and the project support process. The results of the survey exercise are included as Appendix A to this paper.

Following analysis of the survey results, the technical team and FNMPC staff then presented a number of proposed changes to the FNMPC Board of Directors. The board then directed the technical team to present the proposed changes at the January 21, 2021 FNMPC Members’ Virtual Caucus Meeting for feedback from Members. A poll taken during the presentation showed that 78% of respondents were in support of the proposed changes and there were no respondents were in disagreement.



2. SUMMARY OF CRITERIA UPDATES

Based on the survey results and experiences of the FNMPC board and staff, the following changes are made in this paper:

Table 1 - Changes to major project criteria and support process

UPDATE	RATIONALE
<p>1. Revise the major project criteria to provide for more flexibility & simplicity:</p> <p>i. Make the criteria more of a guideline by removing the percentages and scoring system.</p>	<ul style="list-style-type: none"> • FNMPC is more established and experienced than it was in 2017 when the criteria were set • There are challenges with applying the criteria due to its complex and detailed nature • They were always intended to be a guideline
<p>ii. Update the environmental stewardship criteria to the current FNMPC tools</p>	<ul style="list-style-type: none"> • FNMPC has the Environmental Stewardship Standard that should be the reference
<p>iii. Remove the requirement to have more than one First Nation request support in relation to a major project, so long as the project meets the other criteria.</p>	<ul style="list-style-type: none"> • FNMPC has received numerous requests for projects being advanced by one First Nation • There is potential for other First Nations to join as the project advances
<p>iv. Expand the \$100m capital cost requirement to include the range of economic benefits to the participating First Nations over the life of a project.</p>	<ul style="list-style-type: none"> • FNMPC has received numerous requests for projects with a capital cost under \$100m, but the benefits to the First Nation(s) exceed the \$100m threshold
<p>v. Remove the requirement to meets Canada's or BC's definition of a major project.</p>	<ul style="list-style-type: none"> • This is no longer a useful reference for the FNMPC
<p>2. Permit First Nations who are not FNMPC Members to access capacity support if they commit to becoming a FNMPC Member.</p>	<ul style="list-style-type: none"> • Allows FNMPC to demonstrate value and move at the speed of business in supporting First Nations
<p>3. Develop terms and conditions under which the FNMPC would recover FNMPC costs from the proceeds of successful projects for which the FNMPC had provided capacity support.</p>	<ul style="list-style-type: none"> • FNMPC has limited resources. FNMPC Members have supported this idea as a way for the FNMPC can recover costs so that it can provide greater support to First Nations
<p>4. Enable the FNMPC to provide ad-hoc advice to First Nations on a short-term basis without requiring the entire project review process - but such requests must be in relation to projects that meet the criteria.</p>	<ul style="list-style-type: none"> • Allows FNMPC to move at the speed of business in supporting First Nations in a more discreet and time-sensitive manner.

2. CONSIDERING MAJOR PROJECTS

A. CRITERIA

To determine what is (and what is not) a major project in its view, and which projects could be eligible for support from the FNMPC (and which cannot), the Coalition has established some criteria that it could use to apply to projects that are brought forward to the FNMPC. The table below describes the updated major project criteria:

Table 2 - Updated major project criteria

CRITERIA	EVALUATION
Environmental Stewardship	<ul style="list-style-type: none">• There is potential for the project to apply the FNMPC Major Projects Assessment Standard
Economic Participation.	<ul style="list-style-type: none">• There is potential for meaningful economic participation of First Nations in the project (equity, revenue sharing, etc.)
Commercial viability	<ul style="list-style-type: none">• The project is economically feasible
Capital cost and benefits of the project	<ul style="list-style-type: none">• The capital cost of the project and the range of economic benefits to the participating First Nations exceed \$100m

Applying the criteria:

The criteria are meant to be a guideline – they are not meant to be the only deciding factor. That said, projects being brought forward for capacity support by First Nation should be able to meet each of the above evaluation thresholds at a minimum. Some subjective liberties will likely have to be taken for some of the criteria. For example, how the FNMPC will decide what would constitute “meaningful” economic participation or how to determine whether a project is economically feasible.

B. REQUEST, REVIEW AND APPROVAL PROCESS

Along with criteria, the FNMPC has also established the process by which it will receive and review requests for support from Coalition members regarding major projects. In initially setting up the process in 2016/17, a number of questions were considered:

- How do Coalition members bring forward projects for consideration?
- What information or approvals are required with the request?
- Who receives the requests for consideration?
- Who reviews the request?
- What is the outcome of the review?
- Who makes the decision, and how?

After four years of experience in receiving and reviewing major project requests, feedback from FNMPC members has informed the following approach:

1. One or more First Nations submit letters to the FNMPC Board of Directors requesting major project support from the Coalition. First Nations who are not FNMPC Members are eligible for capacity support if they commit to becoming a FNMPC Member.
2. The FNMPC staff and technical team would then work with the First Nations to gather the necessary information to perform an assessment on each project brought forward. The established project criteria would be used as a guide to provide a recommendation for each project brought forward.
3. The FNMPC staff would make a recommendation to the Board of Directors based on their assessment of each project.
4. For each project brought forward, the Board of Directors would decide whether or not to approve a project or project(s) for support from the Coalition.

The diagram below illustrates the steps that the Coalition will take in reviewing a request for support brought forward by First Nations:

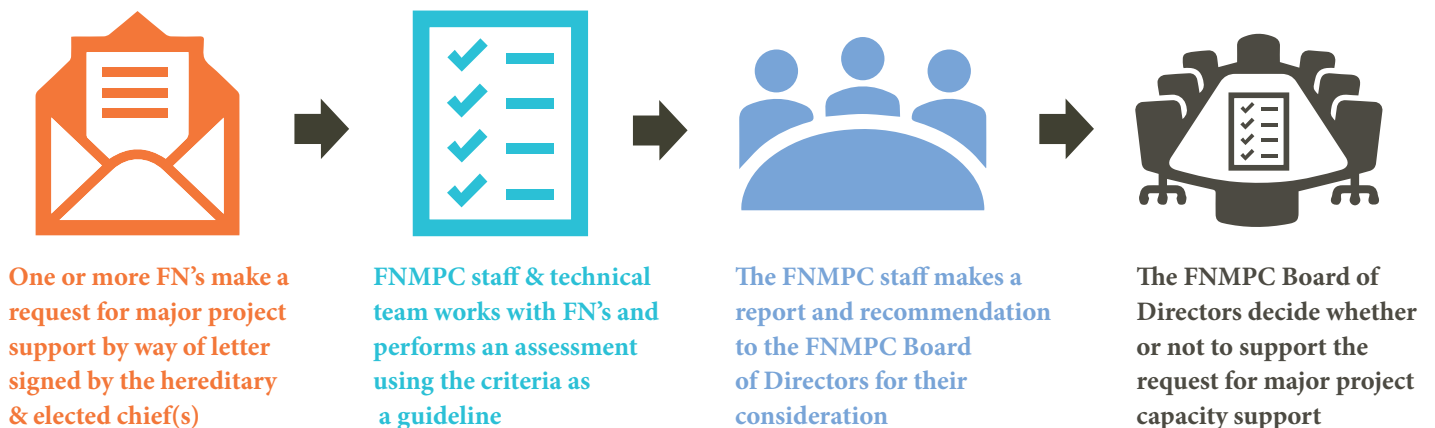


Figure 1 - Project request, review and approval process

Ad Hoc Advice

The FNMPC Chair, upon the recommendation of the Executive Director, may approve the provision of ad-hoc advice to First Nations upon request on a short-term basis without requiring the entire project review process. However, such requests be in relation to projects that meet the major project criteria.

3. SUPPORTING MAJOR PROJECTS

This section will describe how the Coalition will service First Nations participation in major projects. If a major project is brought forward that meets the eligibility criteria and it has been accepted for support by the FNMPC, the Coalition will:

- Perform assessments on the readiness of communities to respond to, and participate in the major project for which they are requesting support from the FNMPC.
- Work with the First Nations communities to develop a terms of reference (TOR) that will outline the support that the Coalition will be providing the First Nations in relation to the project.
 - » **the FNMPC may include terms and conditions under which the FNMPC would recover its costs from the proceeds of successful projects for which the FNMPC had provided capacity support.**
- In accordance with the agreed-upon terms of reference, the Coalition will act as a “toolbox” to provide coordination and capacity support to the communities involved in the project including:
 - » Coordination and assistance in resourcing of project feasibility and engineering studies to determine commercial viability of a project.
 - » Assistance with sourcing credible project partners (industry experts).
 - » Assistance with bringing different levels of government to the table.
 - » Guidance with the application of project ownership tools including: corporate structures, wealth management and benefit sharing models, taxation implications, innovative financing models (loan guarantees).
 - » Application of First Nation led environmental standards and processes.
 - » Community capacity readiness, gap analysis, and support.
 - » Facilitate effective and timely communication between all project partners / communities.
- The FNMPC will have a team of advisors and specialists available.
- The FNMPC will help the First Nations participating in the project develop project specific term sheets for their negotiations and provide general negotiation support to First Nations when requested.

The FNMPC will not directly negotiate with industry or government on behalf of the group of First Nations. Nor will the FNMPC be funding all of the capacity support the First Nations receive in relation to the major project. Rather, it is expected that the First Nations impacted by and participating in the major project will negotiate with the project proponent(s) and other levels of government for capacity support funding.

For greater clarity, the Coalition will not undertake, use resources, or participate in any activity outside of its mandate established by its members including:

- Negotiate or make decisions on behalf of an individual or group of First Nations.
- Act as project managers.
- Take an interest in profits generated by a project.
- Speak on behalf of an individual or group of First Nations.
- Get involved in matters that are deemed or known to be political in nature.

Ultimately, the Coalition is a technical support tool that responds to the requests made by member First Nations. The Coalition does not lead an interest in the project, the communities are the leaders.

4. NEXT STEPS



This section puts forth a number of next steps for consideration of the FNMPC Board of Directors:

1. Seek approval of the updated major project criteria and the capacity support process by the Members at the FNMPC AGM, with the understanding that the criteria and review and approval processes will be revisited and evolve over time.
2. Begin operating under the new criteria and process and continue delivering support services to First Nations in relation to major projects, as outlined in this paper.
3. Monitor and evaluate the effectiveness and suitability of the criteria, the review and approval processes, and project support.

APPENDIX A

SURVEY FROM OCTOBER 22, 2020 VIRTUAL FNMPC MEMBERS' MEETING

To: FNMPC Board of Directors
 From: Dillon Johnson, Temixw Planning
 Date: November 30, 2020
 Re: Survey Results

Purpose

- To update the Board on the results of the survey exercise held with FNMPC Members at the October 22, 2020 regarding the project capacity support review process.
- To present some ideas for changes to the review process for discussion and direction.

Summary of results

The table below summarizes the results from the survey exercise:

QUESTION	FNMPC MEMBERS SAID...	HOW MANY
Does the major project criteria still reflect the priorities of FNMPC membership?	Yes	80%
If only one FNMPC Member is seeking FNMPC support for a major project, should the project be eligible?	Yes	76%
How would you change the review process?	Split across 3 options	Even
Should First Nations who are not FNMPC Members be able to access support?	Only if they commit to become FNMPC Members	71%
Are there areas of support that FNMPC should offer that the FNMPC is not currently offering?	Yes	69%
Are there areas of support that FNMPC should not offer that the FNMPC is currently offering?	No	94%
Should the FNMPC be able to provide advice on an ad hoc basis?	Yes	100%
Should the FNMPC be able to recover costs from the proceeds of successful projects?	Yes	94%

Discussion

Based on the results above and discussions with Executive Director Niilo Edwards, the following changes are proposed for the Board's consideration:

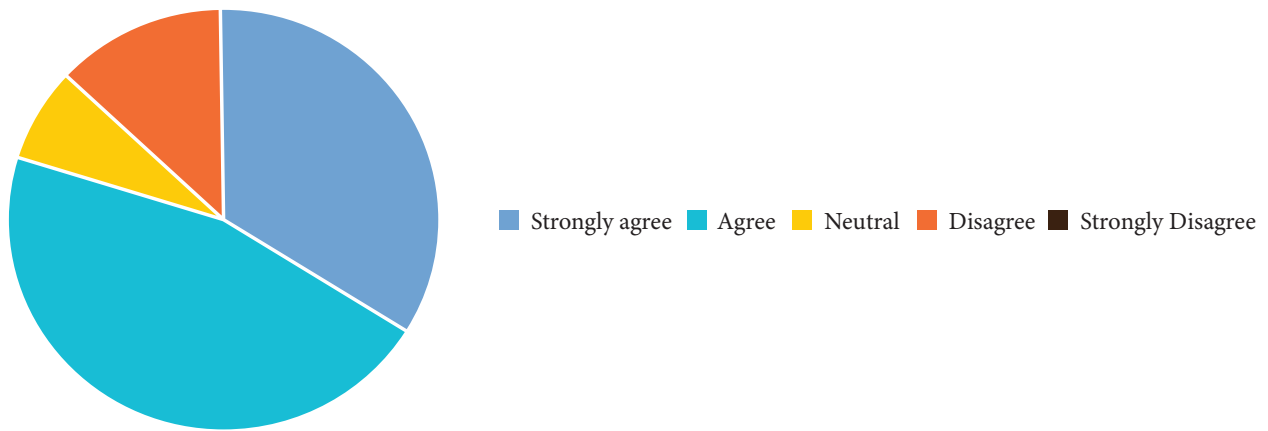
1. Revise the criteria to allow for one First Nation to be eligible to request capacity support for a major project.
2. First Nations who are not FNMPC Members are eligible to receive capacity support if they commit to becoming a FNMPC Member.
3. Eliminate the requirement for the FNMPC Members to approve projects for capacity support, making the final decision-maker the FNMPC Board of Directors.
4. Allow for the provision of advice to First Nations on a short-term basis without having followed the entire project review process (i.e. ad hoc), but require requests of this nature be in relation to projects that substantially meet the major project criteria.
5. Pursue the development of terms and conditions whereby the FNMPC would require the recovery of FNMPC costs from the proceeds of successful projects for which the FNMPC had provided capacity support.

Next Steps

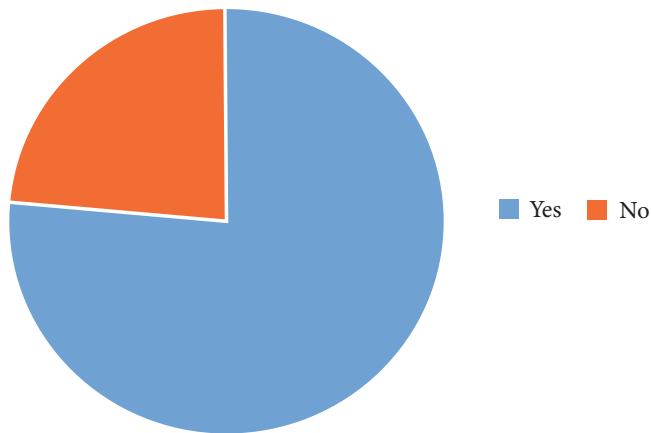
- Gather feedback and direction from the Board on the above proposals.
- Present the survey results and proposed changes to the January 21, 2020 Virtual FNMPC Members' Meeting.
- Discuss feedback from the FNMPC Members with the Board and finalize draft changes for presentation at the March 25, 2020 Virtual FNMPC Members' Meeting.

QUESTIONS FOR PROJECT CAPACITY SUPPORT REVIEW:

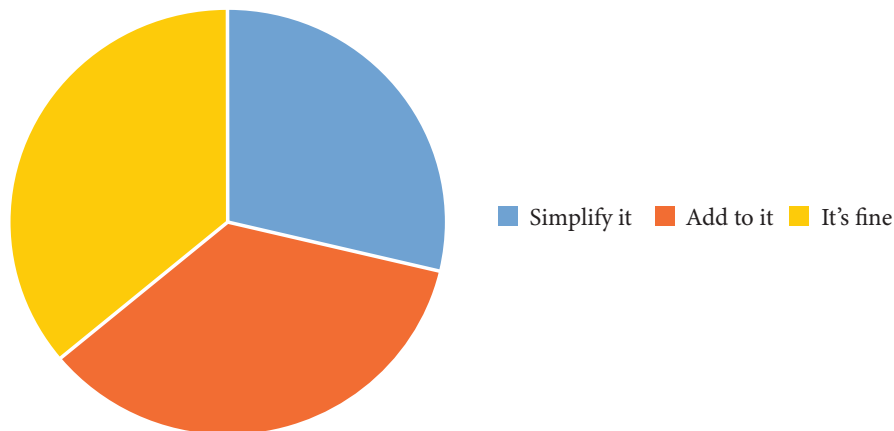
1. The criteria still reflect the priorities of FNMPC membership:



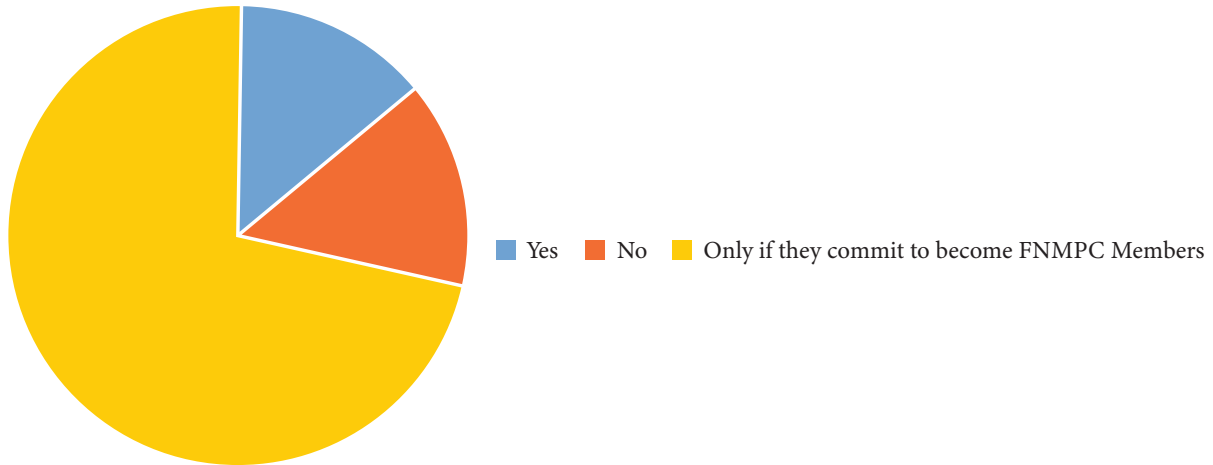
2. If only one FNMPC Member is seeking FNMPC support for a major project, should the project be eligible?



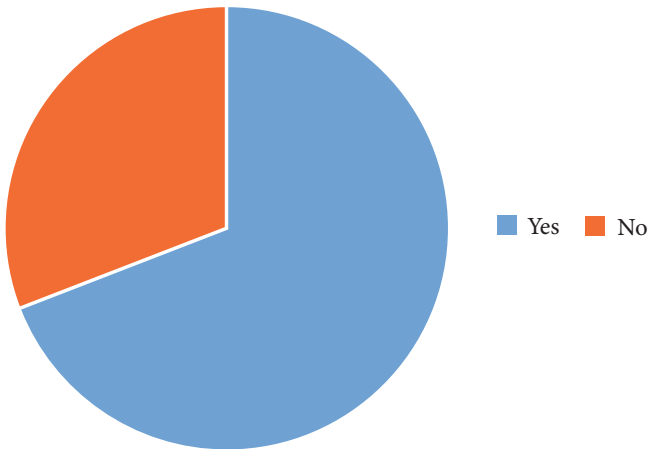
3. Q3: How would you change the review process?



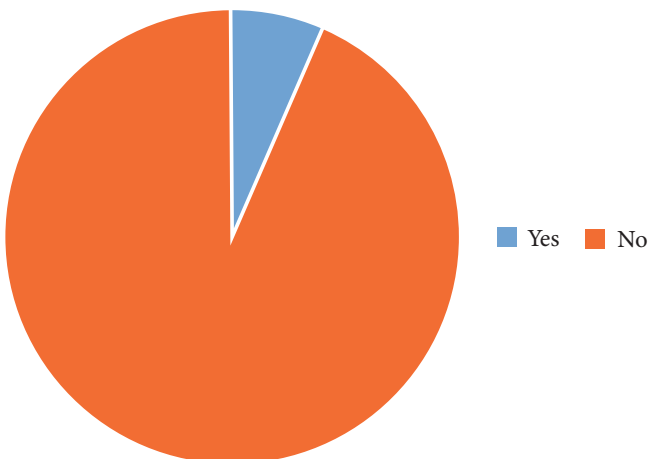
4. Should First Nations who are not FNMPC Members be able to access support?



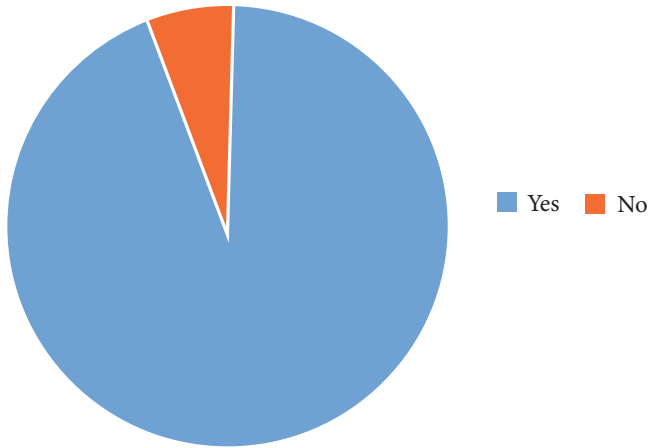
5. Are there areas of support that FNMPC should offer that the FNMPC is not currently offering?



6. Are there areas of support that FNMPC should not offer that the FNMPC is currently offering?



7. Should the FNMPC be able to provide advice on an ad hoc basis?



8. When FNMPC takes on new projects, should the terms of reference include a commitment to reimburse FNMPC for its costs put into supporting its members on a project if the project is successful and generates revenue?

