

# CANDO: SUPPORTING INDIGENOUS BUSINESS THROUGH TRADE

Todd Evans

National Lead | Indigenous Exporters

Export Development Canada

February 3, 2021





## **AGENDA**

- **Introduction to EDC and our Commitment to Indigenous Businesses**
- **Exporting and Economic Development**
- **Keys to Success**
- **EDC Solutions**
- **Information and Financial Resources**

## OUR SOLUTIONS

We manage and take on risk to help Canadian businesses grow internationally.

We help Canadian businesses of all sizes go global.

### FINANCING

---

We help Canadian companies get access to capital.

### INSURANCE

---

We offer protection that lowers the risk for Canadian businesses expanding beyond our borders.

### KNOWLEDGE

---

We provide expertise that enables our clients to make informed decisions and learn more about international markets.

### CONNECTIONS

We connect Canadian and international companies to help both parties grow.

# **WE SUPPORT CANADIAN COMPANIES OF ALL SIZES, INDUSTRIES AND SECTORS:**

- traditional exports, service-based exports and companies selling into global supply chains;
- regardless of their knowledge and experience with international trade;
- that want to grow and make their mark in global markets;
- and non-exporting companies selling within Canada until the end of 2021.

# EDC'S INDIGENOUS BUSINESS STRATEGY

More than ever, EDC is committed to engaging Indigenous-owned and Indigenous-led businesses with greater intention. Our goal is to raise awareness and accessibility of EDC's financial and knowledge solutions for Indigenous businesses and to become more relevant to the Indigenous business community. We have a business plan to focus, invest and measure our progress in supporting Indigenous-owned and led businesses.







# INDIGENOUS NATIONS HAVE ALWAYS BEEN TRADERS

Pre-Columbian  
continental  
trade routes  
(c. 1450)

Source: Themaparchive.com



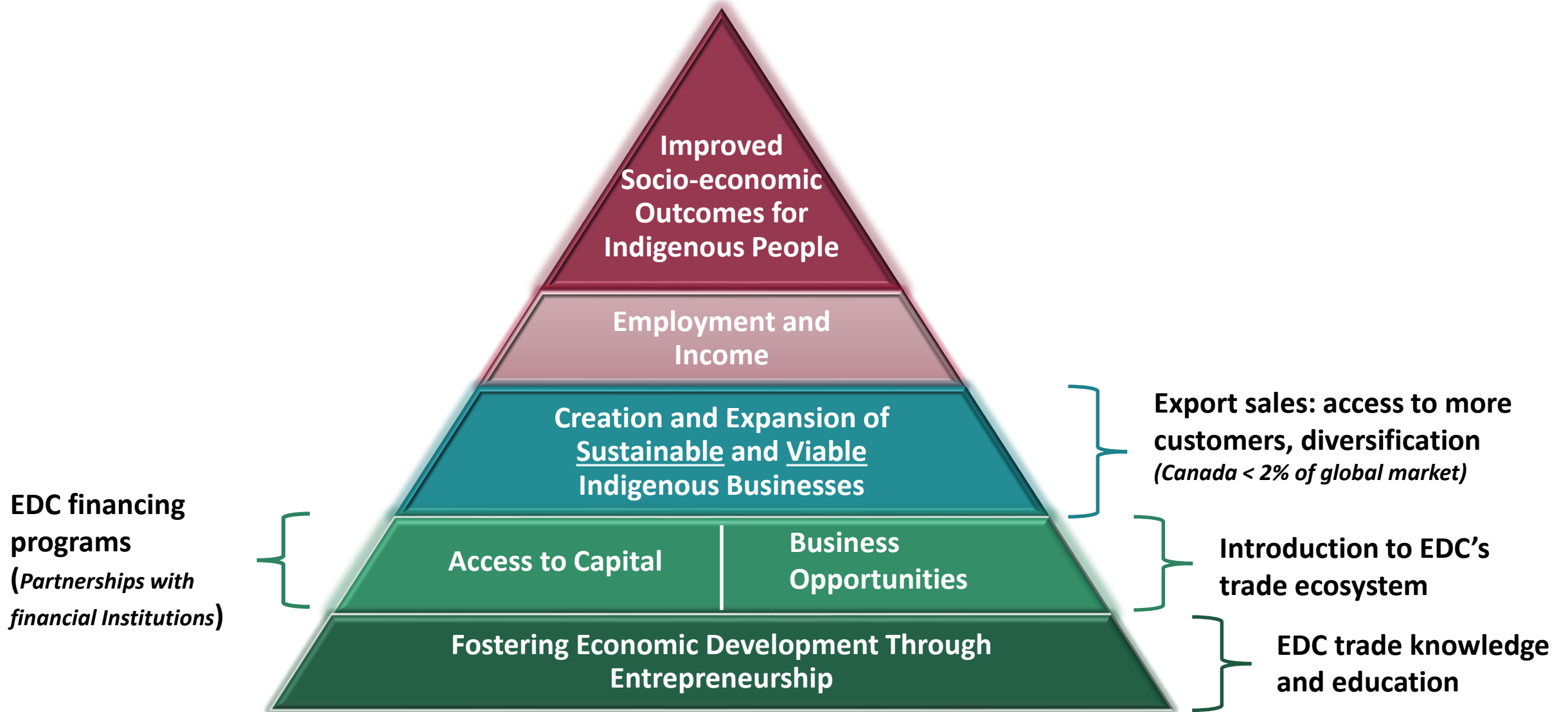
# **EXPORTING CAN SUPPORT ECONOMIC DEVELOPMENT STRATEGIES**

# EXPORTERS DO BETTER

1. Canada represents less than 2% of the global market
2. Increased diversification in sales and customer base
  - Generate more revenue: 121% more, on average
3. More resilient and sustainable business model
  - Reduces risk and impact of economic downturns
4. Pay higher wages and employ more skilled workers
  - Exports of \$1 mn supports 5.5 jobs and \$715,000 in GDP
5. Access to global technologies, best practices



# EXPORTS CAN PLAY A ROLE IN ECONOMIC DEVELOPMENT



Source: BCAFN. Economic Development Toolkit for Indigenous Communities

# WHO IS AN EXPORTER?

- Exporting is **not** only for large companies
- Any company who sells a **product** or **service** outside the borders of Canada
- Many companies are ‘born global’
- MAYBE YOU! Surprisingly many Indigenous entrepreneurs don’t even realize they are an exporter
  - Indirect exporters in the export supply chain
  - Tourism operators with international visitors



# KEYS TO SUCCESSFUL EXPORTING

- Knowledge and preparation – develop an **export strategy**
- **Market research:** find out who the competitors and the customers are in the target market
- Determine your **unique value** propositions – stand out from your competitors
  - not selling just another widget among many others
  - know your product / service
- Understand Canada's Free Trade Agreements and how they could benefit your business to access new customers
  - Some have provisions for Indigenous trade
- Invest time to understand the culture
- Develop a **market entry plan**
- Make sure you have enough **human capital** *and* **working capital**

# BUILDING AN EXPORT PLAN – KEY CONSIDERATIONS

1. Know your potential, and know your product / service
2. Set clear and focused objectives
3. Market / customer research
4. Cultural and language differences
5. Financial plan to manage cash flow and risk
6. Protect your intellectual property (Indigenous branding)
7. Indigenous supplier certification
8. Know your partners (financing, shippers, custom brokers, legal, trade advisors)
9. Get your documentation in order



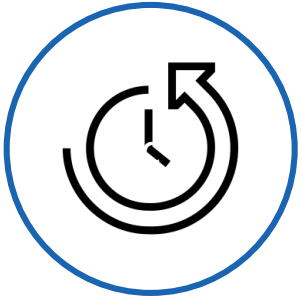
# **EDC FINANCIAL AND RISK MITIGATION SOLUTIONS TO SUPPORT YOUR BUSINESS GROWTH**

Prepare for Business Growth

Accessing capital, cash-flow management and managing risk

# DON'T GET CAUGHT OFF GUARD

Doing business internationally is different



**LONGER PAYMENT  
PERIOD**



**CONTRACT  
STRUCTURE**



**FOREIGN  
EXCHANGE RISKS**



**ACCESS TO  
WORKING CAPITAL**



**RELATIONSHIP  
WITH BUYER**



# BCAP AND EXPORT GUARANTEE PROGRAM

## FINANCING GUARANTEES TO YOUR FINANCIAL INSTITUTION

- Risk-sharing approach
- Flexible structure
- Risk appetite for business conducted outside of Canada

## Benefits

- Increased access to capital
- Facilitated international expansion
- Complement your existing bank relationship

# FUNDING FOR OPERATIONS AND CASH-FLOW REQUIREMENTS

## EDC BCAP Loan Guarantee (COVID-19)

- Up to \$6.25M in funding with 80% guarantee from EDC (no minimum amount)
- Streamlined version of EDC's traditional export loan guarantee
- 5-year term
- COVID-19 related liquidity issues—sustain operations
- Eligibility determined by financial institution
- In place until June 2021
- Mandate expanded to include export and domestic business

## EDC Traditional Export Loan Guarantee

- Guarantee on loans up to \$10M
- One-year term
- Guarantee provides financial institution with comfort in extending credit

**More details at:** <https://www.edc.ca/en/campaign/coronavirus-covid-19.html>



# FINANCING CASE STUDY 1

Jill's apparel company has won their largest contract to date in Australia. This contract would double the company's revenue and provide opportunity to grow a new market.

- **Jill's Challenge**

- 30-day payment terms from delivery will mean working capital constraints.
- Pre-shipment financing

- **Solution**

- Export Guarantee Program: EDC works with Jill's bank to provide them with a risk-sharing guarantee. By partnering with EDC, her bank can advance 100% of pre-shipment costs.





# CREDIT INSURANCE

- 90% coverage against non-payment
- Increased access to cash from financial institution (lend against your insured receivables)
- Cover sales ranging from a few thousand dollars to multi-million dollar contracts
- Offer customers more competitive payment terms

## Special considerations for COVID-19

- Cover losses for goods shipped even if the buyer has not accepted the goods, subject to terms
- Waive the 60-day waiting period for claims
- Does not apply to domestic support/future-state

EDC – available now

# CREDIT INSURANCE OPTIONS

## EDC Select Credit Insurance

**Short-term coverage only when you need it**

Ideal when:

- You offer open payment terms
- You're a new or occasional exporter
- You're exploring new markets and relationships with a few customers
- You need fast and simple coverage exclusively online
- You need to insure transactions under \$500,000

## EDC Portfolio Credit Insurance

**Ongoing coverage for active exporters**

Ideal when:

- You offer open payment terms
- You have consistent export sales
- You want to insure an unlimited number of customers
- You need flexible coverage with more policy options
- You need to cover pre-shipment costs in case of contract cancellation



## CREDIT INSURANCE CASE STUDY

Jen owns a successful Canadian sporting goods company and has started to receive interest from potential customers in the U.S. and abroad. These prospective customers are asking for payment terms.

She knows that to increase her sales and brand, she needs to explore these markets.

- **Jen's concerns**
  - Am I going to get paid?
  - How am I going to finance it?
- **Solution**
  - EDC Portfolio Credit Insurance with coverage at 90%. Her bank will now lend against foreign receivables at 90%.



# BONDING SOLUTIONS

## 100% EDC GUARANTEE TO YOUR FINANCIAL INSTITUTION TO SUPPORT

- Issuing various performance and financial letters of guarantee/standby letters of credit
- Foreign exchange facilities
- *NEW*: Commodity Hedging facilities

## Benefits

- Bonding ties up your working capital and operating loans when cash flow is needed most.
- Many growing companies lack the asset base to secure LC/LGs that come along with international contracts.

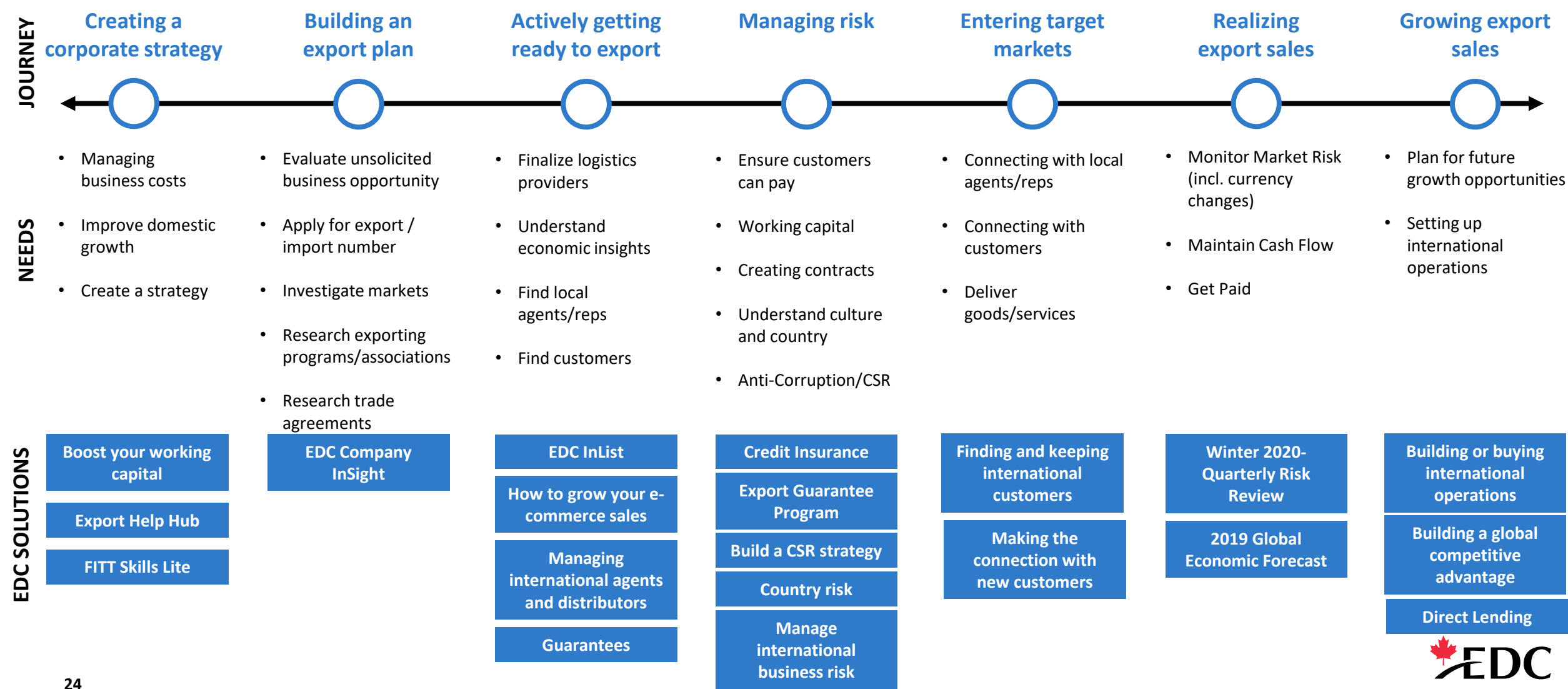
# BONDING SOLUTION CASE STUDY

- Jane has won a \$1M contract in the United States that requires a 10% **performance bond** (letter of guarantee/standby letter of credit).
- Jane speaks to her bank, and they tell her that she'll need to post **cash as collateral** in order to issue the bond.
- **Jane' concerns**
  - \$100K cash tied up for length of contract
  - Working capital constraints could impede new opportunities.
- **Solution**
  - Account Performance Security Guarantee: EDC provides her bank with a 100% guarantee, removing the collateral requirement.

# COAST-TO-COAST PRESENCE



# EXPORTER JOURNEY: EDC CAN WORK WITH YOU ALONG THE WAY





# **INTERNATIONAL TRADE RESOURCES AND INFORMATION**

# FOR MORE INFORMATION

- - [EDC Export Help Hub](#)
  - [MyEDC Account—register](#)
  - [Edc.ca – webinars, blogs, updates](#)
  - Customers--contact your account manager
    - › Insurance products & online portal assistance  
[support@edc.ca](mailto:support@edc.ca) or call 1-866-716-7201
  - New to EDC—[online query](#) or call 1-800-229-0575



# Steel and Aluminum: EDC offering support for the Canadian Steel and Aluminum Sector

Steel and aluminum support plan from EDC. Get EDC's financing and insurance solutions, designed perfectly to secure and expand your organizational sign-up for the latest trade knowledge and market insights.

[READ MORE ▶](#)

## KNOWLEDGE SOLUTIONS

### Webinars & Trade Information

Get the latest tips & advice from international trade experts



White Paper

JULY 10, 2018

#### To Insure or Not to Insure?

Is credit insurance worth the cost? This white paper helps you decide by showing how insurance not only helps you get paid, but can increase cash flow.

[READ MORE ▶](#)

Webinar

JULY 10, 2018

#### Webinar: How to Scale Your Technology Company and Go Global

Scaling up to serve global markets brings unique challenges to companies in Canada's ICT sector. Discover available resources and receive expert insights on the subject.

[READ MORE ▶](#)

Article

JULY 6, 2018

#### Baanto

This technology company took off so quickly, they couldn't keep up with demand but with EDC's financing solutions, they could continue to say yes to global opportunities.

[READ MORE ▶](#)

Video

JULY 5, 2018

#### Mexico's pivot

How will AM...  
Mexican ec...

[READ MORE ▶](#)

# SOURCES FOR KNOWLEDGE ON MARKETS AND EXPORTING



## EDC Knowledge

- Doing business guides ([US](#), [EU](#), [India](#), etc.)
- [Market Entry Advisors](#) series.
- Webinars and other country-specific [TradeInsights \(Blogs, Articles, Guides, eBooks\)](#), are available
- Economic insights resources: [Country Risk Quarterly](#); [Global Economic Outlook](#)



## Other Canadian Government Resources

- Trade Commissioner Service CanExport.  
<https://www.tradecommissioner.gc.ca/funding-financement/canexport/sme-pme/index.aspx?lang=eng>
- [Agriculture and Agri-food Canada](#)
- BDC, FCC
- Canadian Border Services Agency **guide to exporting commercial goods** from Canada <https://www.cbsa-asfc.gc.ca/export/guide-eng.html#s2>
- CBSA **Exporting requirements checklist** for exporting commercial goods from Canada <https://www.cbsa-asfc.gc.ca/export/checklist-controle-eng.html>

### Tip:

Try using Google to search a topic and include “gc” or “gov”.

Example: “beer china gc”

# FINANCIAL RESOURCES AND INFORMATION FOR INDIGENOUS ENTREPRENEURS AND BUSINESSES

1. National Aboriginal Capital Corporation Association (NACCA) and Aboriginal Financial Institutions (AFI). <https://nacca.ca/>
  - Indigenous Business Stimulus Program through AFIs (\$40k interest free loan, \$10k grant up front)
2. Canadian Emergency Business Account (CEBA). \$60k loan through FIs. <https://ceba-cuec.ca/>
3. Business Development Corporation. [www.bdc.ca](http://www.bdc.ca)
  - Working capital loan up to \$2mn
  - Highly Affected Sectors Credit Availability Program (HASCAP) <https://www.bdc.ca/en/special-support/hascap>
  - Indigenous Entrepreneur loan.
4. Trade Commissioner Service **CanExport** Program. Up to \$75,000 grant to support your international marketing. <https://www.tradecommissioner.gc.ca/funding-financement/canexport/sme-pme/index.aspx?lang=eng>
5. Canadian Council for Aboriginal Business (CCAB). COVID-19 resource page. <https://www.ccab.com/covid-19-resources/>
6. Regional Development Agencies (Regional Relief and Recovery Fund)
  - [http://www.ic.gc.ca/eic/site/icgc.nsf/eng/h\\_07682.html](http://www.ic.gc.ca/eic/site/icgc.nsf/eng/h_07682.html)
7. Aboriginal Financial Officers of Canada (AFOA Canada) – education programs to enhance management and financial capacity. [www.afoa.ca](http://www.afoa.ca)

# SPEAKER



## Todd Evans

National Lead | Indigenous Exporters  
Export Development Canada

[tevans@edc.ca](mailto:tevans@edc.ca)

[www.edc.ca](http://www.edc.ca)

# TAKE ON **THE WORLD**

