



Growing STRONG First Nations through MODERN FINANCE

The Usand Group is a capital firm headquartered in Manitoba, Canada that works with First Nation, Inuit and Métis communities and organizations. By creating access to funding for economic development, housing and infrastructure projects, The Usand Group fosters long-term growth and stability. As its company states, "We understand how culture fits into vision, and take pride in weaving them together for a one-of-a-kind solution."





Written by Jessica Ferlaino

First Nations across Canada and Indigenous populations around the world face systemic barriers including racism, chronic underfunding and inequality. Many of these issues are the direct result of historic hardships stemming from colonialism and, in Canada, the legacy of residential schools and legislation such as the Indian Act.

The Indian Act disqualifies First Nations people who live on reservations from owning the land on which they live. Although this means that these assets are not subject to seizure, it further complicates the lending process as it is difficult to satisfy lending conditions.

Sean McCoshen, Chairman and Chief Executive Officer, explained how the Indian Act clashes with lending controls and how The Usand Group can structure successful loans for projects banks traditionally shy away

from. “We’re more people oriented. We work on the deals that Canadian banks aren’t attracted to because Canadian banks require two times the security for every dollar they lend and tend to focus on asset-based lending,” he said.

“The issue with that is, you cannot register a security on any kind of First Nations’ land, so essentially the Indian Act is a method created ▶

Edmundston, Grey Rock



Sean McCoshen
Chairman and CEO of The Usand Group



“We do the deals that Canadian banks can’t do because Canadian banks require two times security for every dollar they lend.”

▶ by the government — the bank watchdog — that stifles lending.”

Recognizing these difficulties, The Usand Group was formed. McCoshen, who was an investment banker for eighteen years specializing in infrastructure and emerging markets, founded the firm after returning to Canada from Dubai, where he spent three years working with a large multinational private equity firm building a billion-dollar grain terminal.

The project was located in Fujairah which is home to several Bedouin tribes. The terminal and its infrastructure would infringe on their traditional lands and burial grounds and required extensive consultation for the project to move forward.

“We were working with all of them— meeting with them. It was two years of getting everybody to agree and then one year of construction and I became very sensitized to the differences of culture

and how to approach a culture that had recently taken back their land,” said McCoshen. People on the project did what it took to rebuild a trust that had been previously shattered.

When McCoshen returned to Canada, he was approached by Ovide Mercredi who wanted him to become involved in First Nations’ financing, where he could translate his previous experience with the Bedouin people. “It was going from bad to worse. Less and less institutions were lending, and there was a stigma against First Nations, and he was desperately trying to get money into the communities to increase their standard of living.”

McCoshen agreed and assembled a team that included Erinn Mah and John Miswagon, the former Chief of Cross Lake First Nation.

Erinn Mah oversees The Usand Group and its joint venture, the Douglas Cardinal Housing Corporation. The corporation is a collaborative effort between The Usand Group and Douglas

Cardinal, a prominent Anishinaabe architect, and works to develop housing solutions that meet the needs of the fastest growing population in Canada.

Contrary to what is often portrayed in the media, it was found that there was limited corruption, minimal scandal and virtually no delinquency rate on loans that have been issued in First Nations communities. What they did encounter was a lot of mistrust.

“They had colonialism trying to impose a different culture on them that they were not used to, so, if you don’t take that into consideration, it’s very difficult to do business,” McCoshen said. “As they say, business doesn’t really have anything to do with numbers. It has to do with people and believing in people and giving them enough cash so they can try.”

The Usand Group is eliminating obstacles to economic independence. The group is dedicated to helping these communities acquire personalized, structured

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financing, and create the right teams of experts to get projects done. Instead of prescribing solutions, the group asks what the client wants to do and the group will then structure the solution to meet the client's values.

Chronic underfunding is a major issue. Though the Canadian government has increased funding commitments to First Nations in the budget, Mah noted that the infrastructure deficit in Canada is \$570 billion, with First Nations representing nearly \$30 billion of that.

The Usand Group works closely with First Nations to address the funding gap. "We provide that skill set that is often missing in these communities," explained Mah. "Due to the isolation, you don't get a lot of exposure, and you have very few people who have a banking background who are able to speak the language of the bankers and negotiate with them.

"It's structuring basically. We structure financing packages and take those to different lenders: banks, alternative lenders, credit unions, and we find different tools that actually fit the community." This stands in contrast with banks that offer traditional products and 'off-the-shelf' financing packages that may not fit the community's vision or needs.

This is demonstrated in projects like Elsipogtog First Nation's River of Fire Grocery Store and Pharmacy and Natashquan First Nation's multi-phase arena project. Both of these projects were completed thanks to bridge loans that kickstarted construction, and have set the stage for

more new projects by invigorating the entrepreneurial spirit in the communities.

For Elsipogtog First Nation, the nearest grocery store was twelve kilometres away, which led to higher transportation costs for the community. In many cases, this stretched resources even thinner just to fulfill basic needs.

For years, the community attempted to get government grants to make this project a reality, to no avail. Thanks to David Sharpe and Bridging Finance Inc., a lender out of Toronto, Elsipogtog obtained the funds to build its own grocery store and pharmacy, improving ►

"The project in Elsipogtog has inspired the youth to take an interest in careers like pharmacy technicians, pharmacists and bankers, as their exposure to these career paths has grown."



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► convenience and keeping revenue in the community.

“They were able to partner with Loblaw’s and Pharmasave, and they had this fabulous business plan, but the deal was essentially going to fall apart unless they got a lender that was willing to go in with a seed and help them capitalize on this opportunity,” said Mah.

Project and funding delays can cause discrepancies in construction quotes, as costs can increase over time,

meaning business plans need to be reformulated. In the time this takes, opportunities can pass.

In Natashquan, the community acquired \$19.3 million for a multi-phase arena and community centre. The community is now focused on securing funding for an industrial park and a new administrative office. This is all part of the community’s five-year plan, of which The Usand Group will be a part.

McCoshen explained this project as, “an amazing community anchor for people to turn to—to build the community for the youth and even for the adults to have a positive place to socialize. So, you see huge changes coming out of that. All of a sudden, people can gather more often and they are very inspired.”

Inspired people and communities, who have the resources necessary to support their goals achieve greater economic self-determination. It helps to improve economic viability which, in turn, reduces reliance on government funding sources that are already strained.

“From what we’re hearing, the communities don’t want any more charity either. They want honest-to-goodness businesses that succeed. They want good paved highways, great housing, clean water and all these things that they could provide for them-

 Natashquan Arena
3D Rendering



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selves if they had the capacity to do so,” said McCoshen.

The Usand Group empowers communities through improved access to capital, resources and support, positively affecting the community on multiple levels. The project in Elsipogtog has inspired the youth to take an interest in careers like pharmacy technicians, pharmacists and bankers, as their exposure to these career paths has grown.

“You’ve got a lot of people who want to be a social worker or a Chief because these are the main jobs they see right in front of them,” said Mah. On the community level, First Nations are also empowered to become partners on projects in ways they have not been able to before.

Mah offered an example, “Traditionally, if a pipeline was being built through their land, the First Nation would be paid a royalty. Now, because First Nations have

experience and because they have revenue, they have the feeling of self-determination, and they want to be a partner instead. They are coming up with their own companies to service that pipeline.”

By building trust and listening to the needs of the First Nations, The Usand Group has introduced an innovative financial framework that can be replicated the world over, wherever Indige-

nous populations are subject to systemic blockades to economic determination.

“It’s an emerging market in our own backyard and we want to work with First Nations and achieve that cascading effect. Again, as you create more projects, as you create more skills on reserve, people will feel more comfortable lending to people who have already proven themselves,” explained Mah, who hopes more firms take The Usand Group’s lead. ■

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