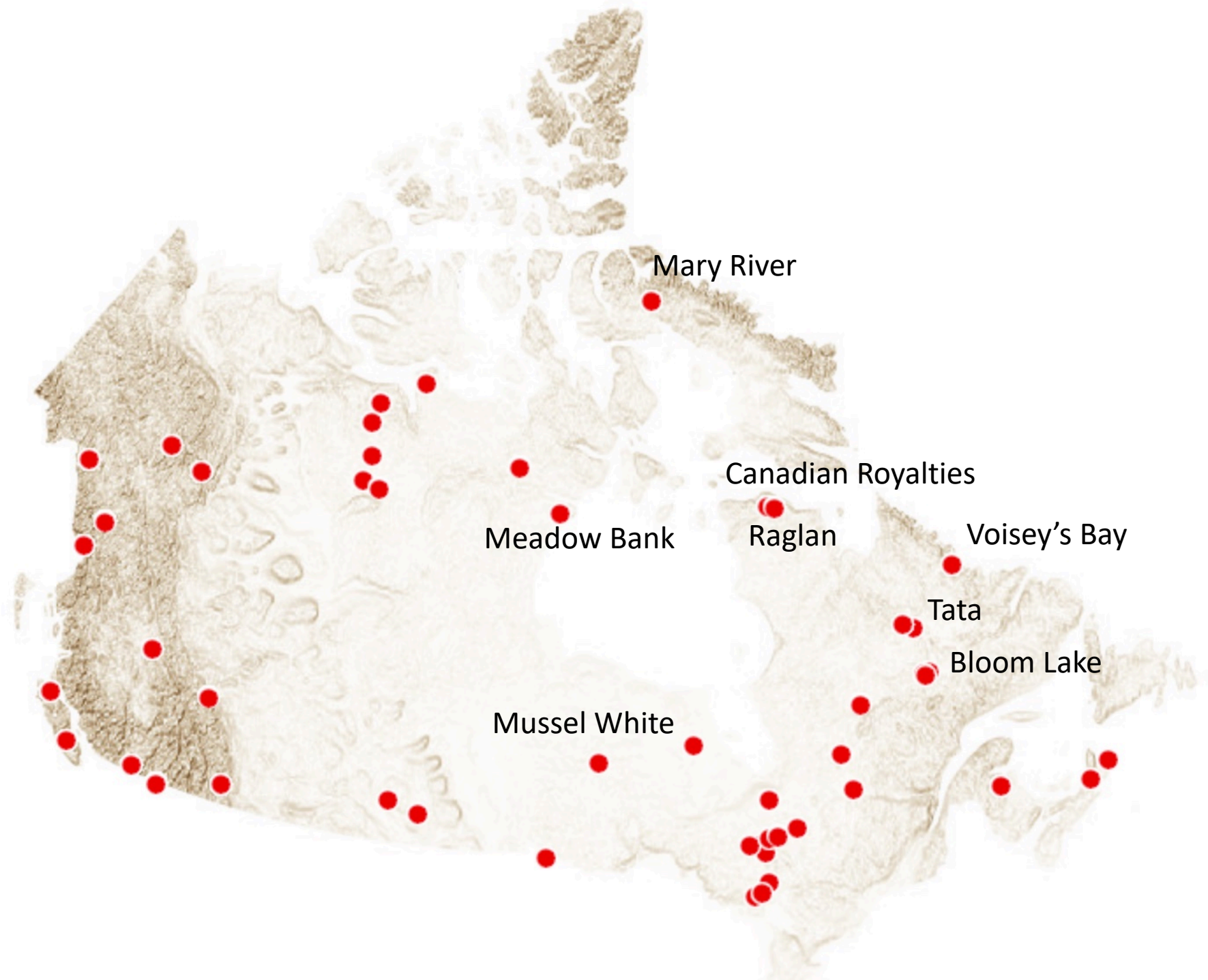


Context

- In Canada, Indigenous people are increasingly able to obtain a share of the revenue of resource development. The Supreme court cases have made it clear that indigenous peoples need to be consulted and that sometimes their consent is necessary
- In 2016 over 100 agreements, including IBAs and socio-economic agreements have been signed between a mining company and an indigenous community
- Most of those agreements have been signed with remote Indigenous communities

Indigenous Mining Agreements



Impact and Benefit Agreements in Canada

Questions

- What are the social and economic impacts of the various modes of distribution?
- Are there modes that can better mitigate the impacts of a non-renewable development on remote Indigenous communities?
- Which models provide the most intragenerational and intergenerational equity and sustainability?

Methods

- Phone survey and follow up interviews
- Case studies: **Raglan (Nunavik, Québec)**, Red Dog (Alaska) and Mussel White (Ontario)

Objectives

- Categorize various methods used by indigenous communities and organisations to distribute royalties and profit shares paid by resource companies,
- Identify the characteristics of each mode of distribution and its positive and negative outcomes
- Assess the level of sustainability of the different modes.
- Moreover, we hope that this research will help communities to make more informed and enlightened decisions when deciding on a distribution strategy.

Sustainability and mining

- Non-renewable resources are a depletable asset. Any exploitation diminishes its availability to future generations unless the returns or rents from its extraction are reinvested in other forms of assets that benefit future generations.
- Sustainability principles, therefore, should at least be based on the Hartwick rule (Hartwick 1977, 1978) which states that at every point in time the total rent arising in the resource extraction industry must be saved and invested in reproducible capital.
- Gibson (2006) has developed a framework to assess sustainability in the context of resource development, but in the case of resource revenue distribution the main criteria are intragenerational and intergenerational equity

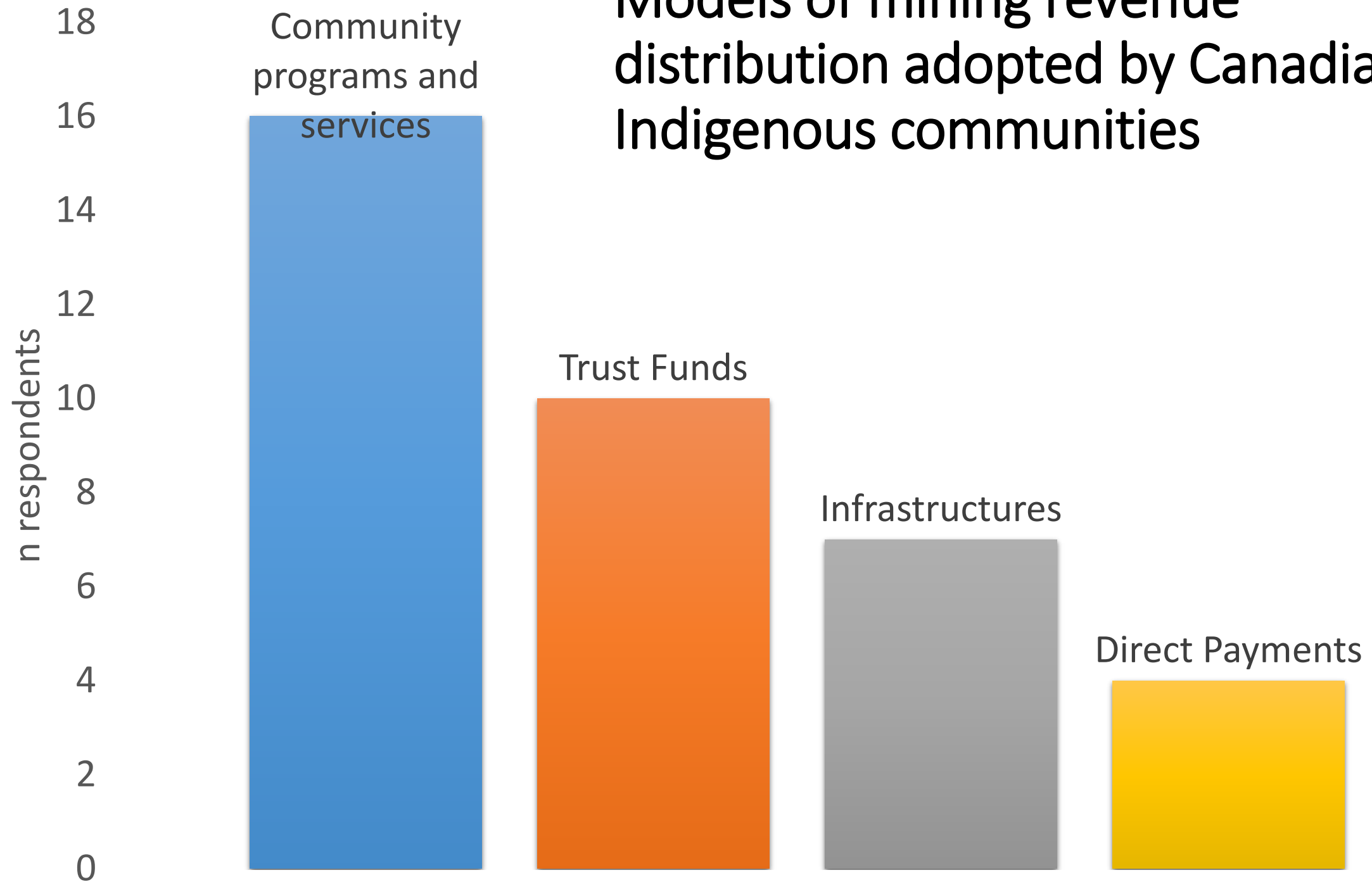
Modes of distribution (Literature Review)

	Individual Payments	Programs and Services	Infrastructure	Trust funds
Advantages	<ul style="list-style-type: none"> • Individual Choices • Intragenerational Equity • Contribute to income and food security 		<ul style="list-style-type: none"> • Address Collective needs 	<ul style="list-style-type: none"> • Local control on program and services
Disadvantages	<ul style="list-style-type: none"> • Negative effects (disincentive to work, substance abuse, etc.) • No interregional equity • Doesn't contribute to long-term improvement 	<ul style="list-style-type: none"> • Other level of Governments tends to lower their transfer 	<ul style="list-style-type: none"> • High cost • Maintenance cost can be prohibitive 	<ul style="list-style-type: none"> • Doesn't address urgent needs
Sustainability	Low	Low	Low to High	High

Survey

- All of the 42 communities and/or regional organizations that have signed an IBA were contacted during the survey.
- IBA coordinators or negotiators were mostly approached to fill out the survey, but other community members such as social and health program coordinators were also contacted.
- Out of these 42 communities, a total a 25 responses were collected, from 21 different communities, thus representing 50% of the communities that have signed an IBA.
- Most of the surveys were conducted in Northern Ontario and Quebec with a few from NWT and Yukon

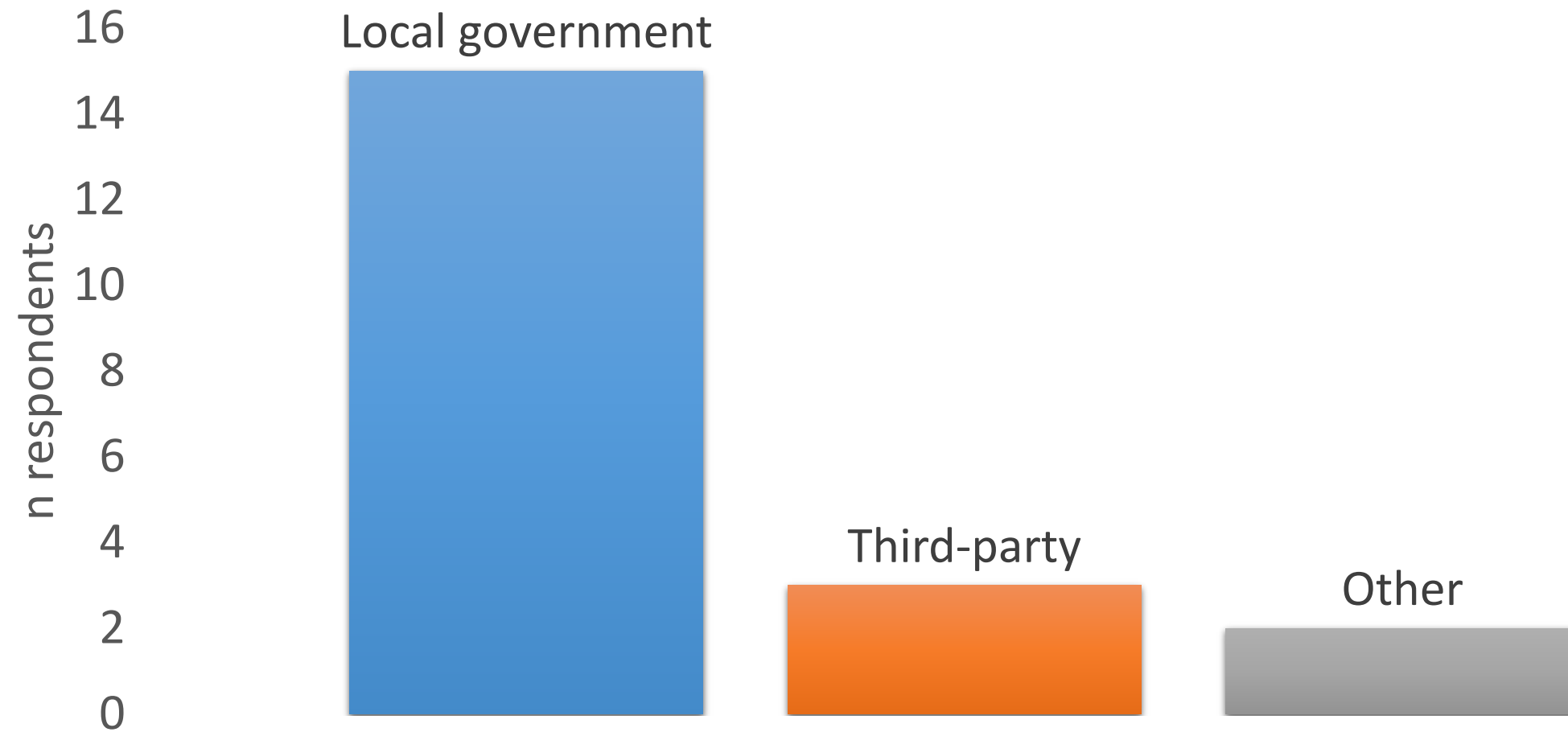
Models of mining revenue distribution adopted by Canadian Indigenous communities



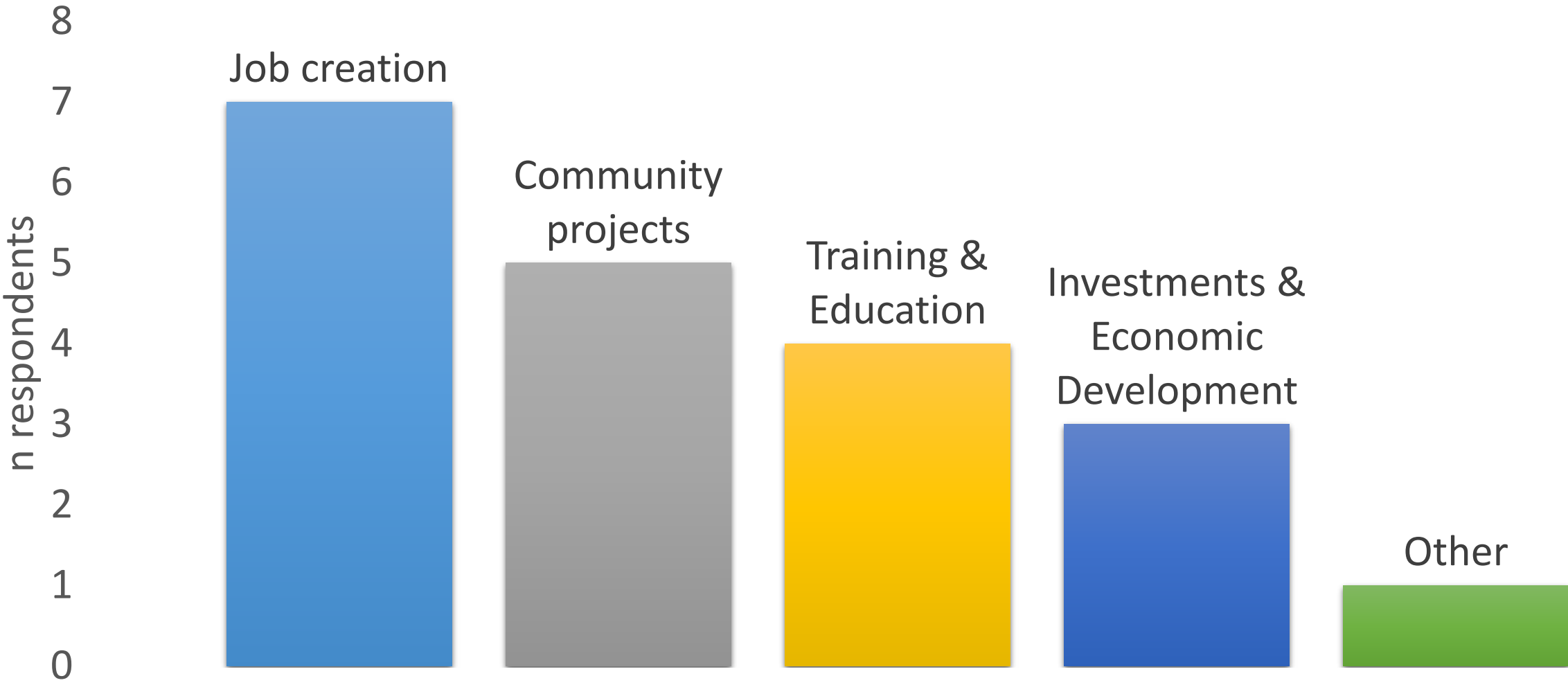
Main categories of community services and projects funded through mining revenues



Resource revenue management

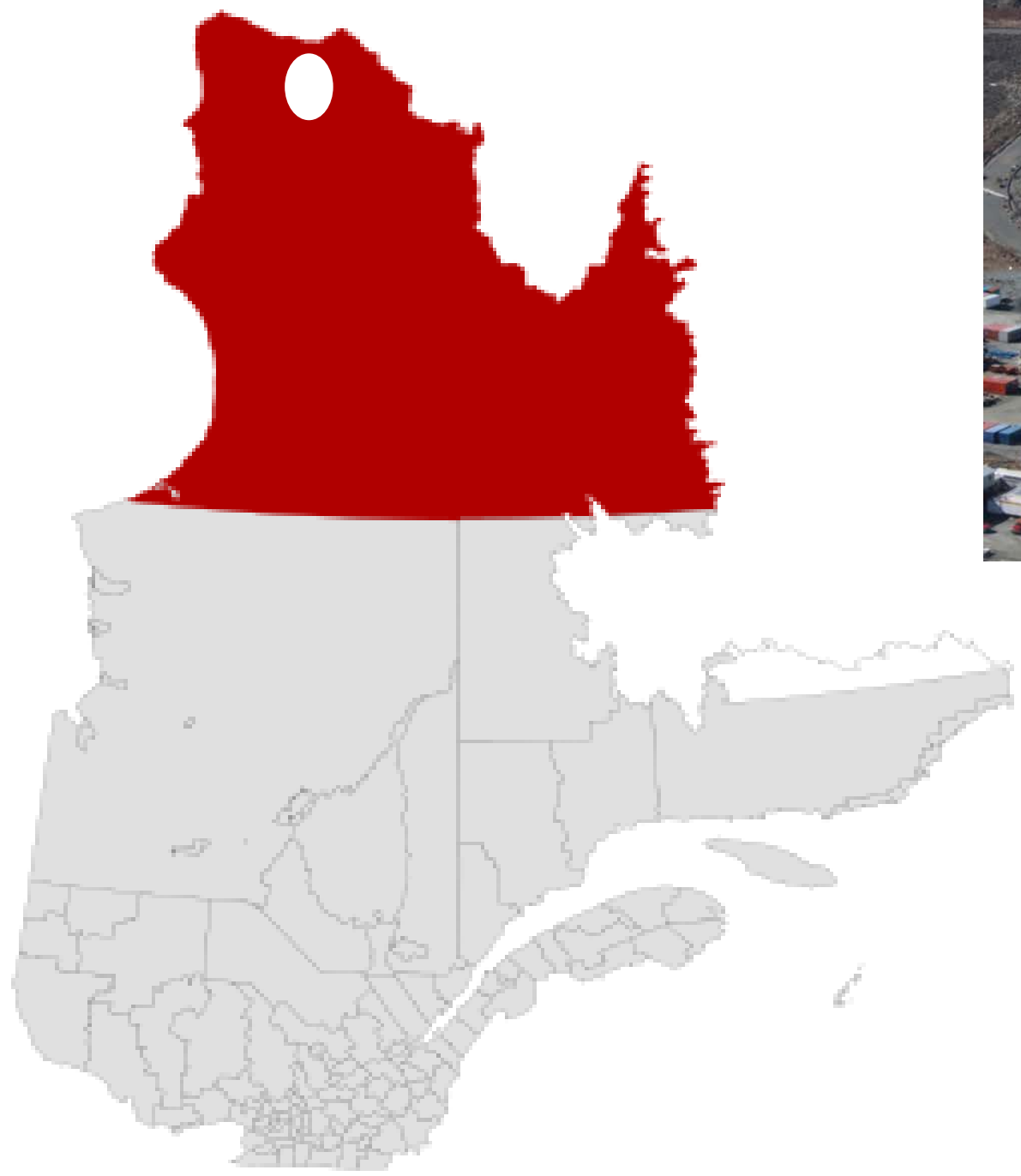


Positive impacts of revenue distribution on economic development



Case study

Case study: Raglan



In Nunavik, the Makivik Corporation along with Salluit and Kangiqsujuaq, signed the first modern IBA in 1995, **the Raglan Agreement.**

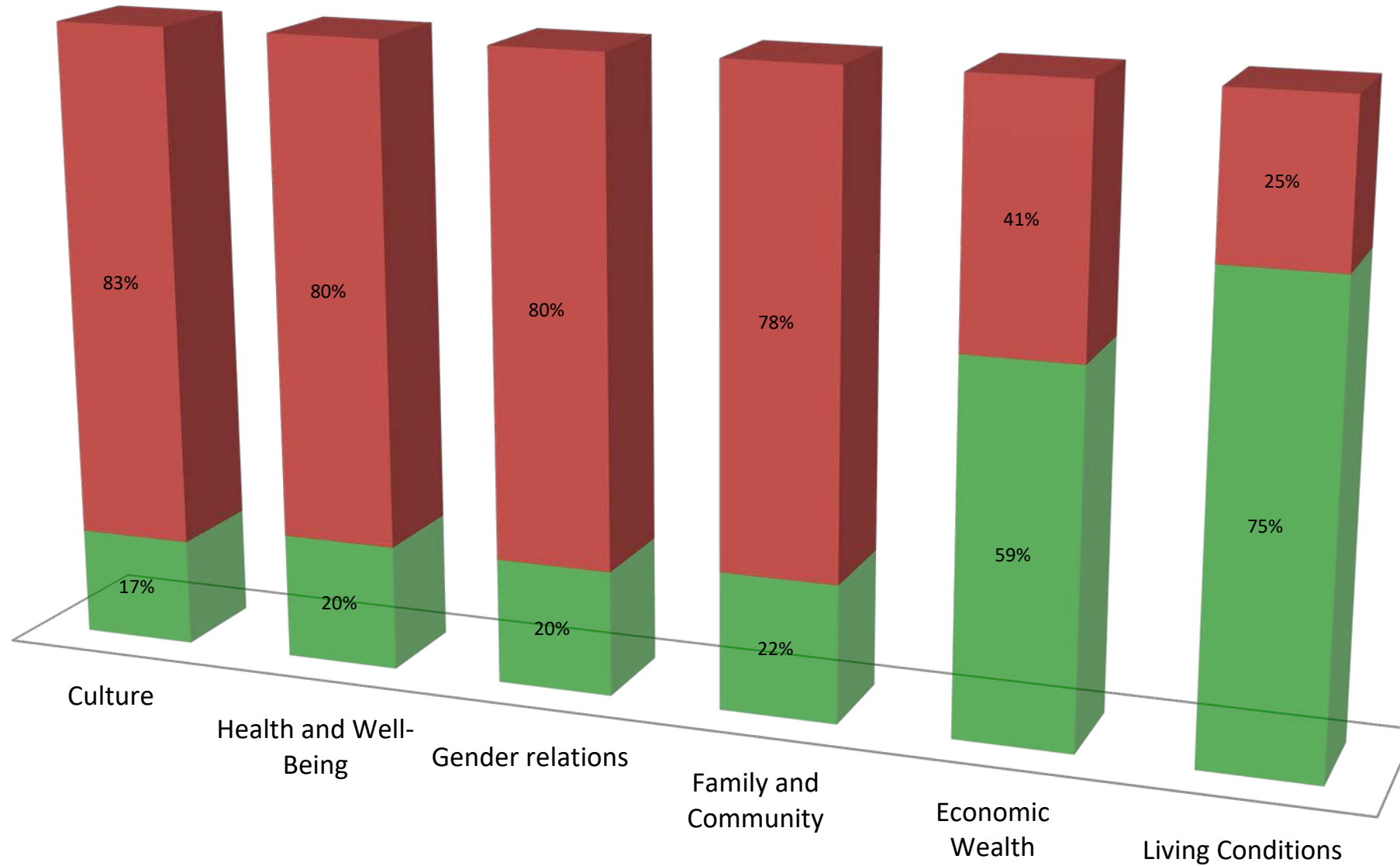
Revenue distribution strategies and their impacts

In the **Raglan case**, **large direct payments** were said **to improve living conditions** by allowing the buying of material (household appliances, vehicles) that people could not afford otherwise. However, **direct payments have also caused negative behaviours**, such as absenteeism from work, substance abuse and domestic violence and foster a culture of dependency.

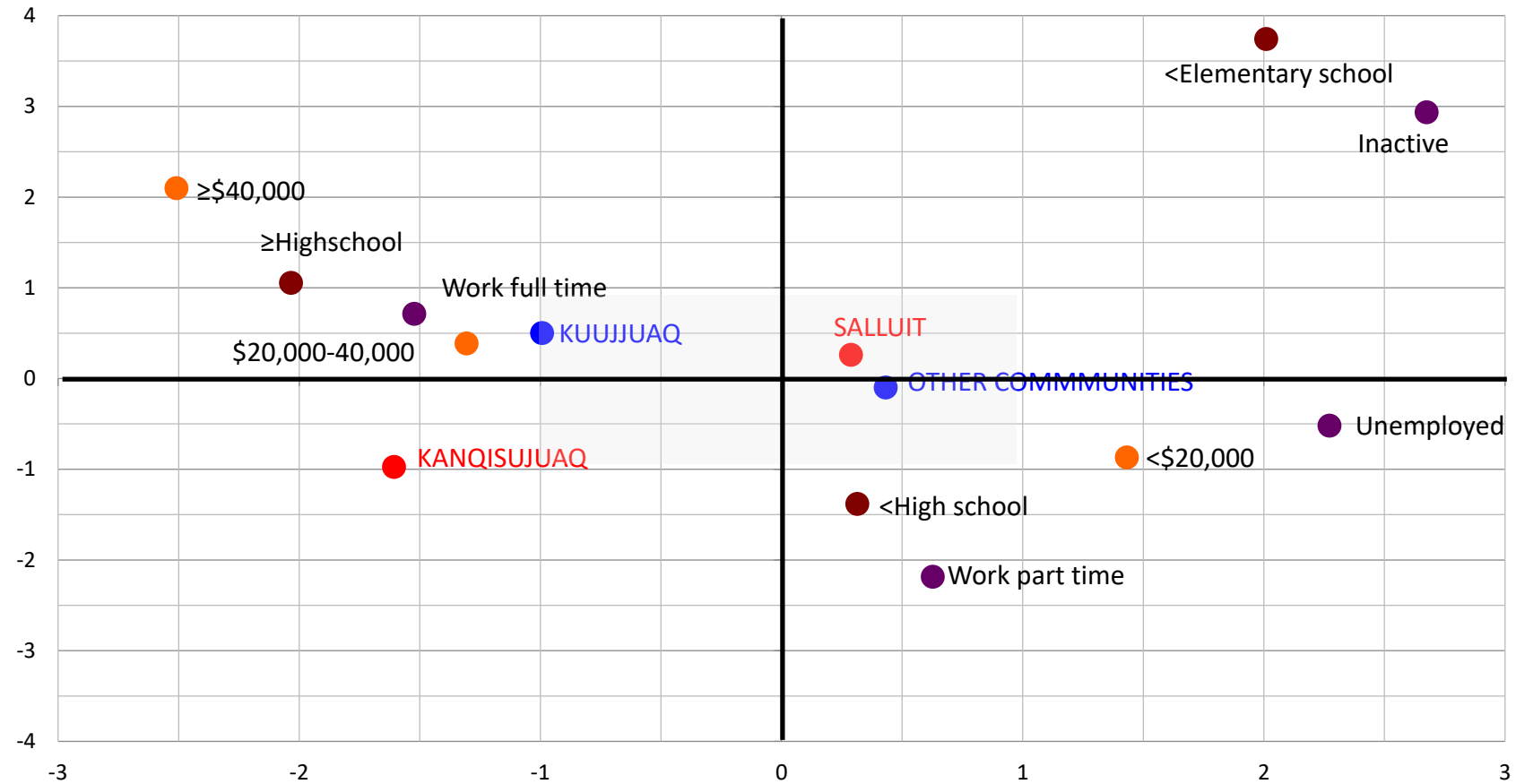
Salluit has generally opted for individual revenue distribution and Kangiqsujuaq has mostly invested these revenues in **community infrastructures and projects**, and has shown **higher community well-being indicators**.

Raglan Impacts Perception in Salluit and Kangiqsulujuaq (1895 occurrences)

■ POSITIVE ■ NEGATIVE



Socioeconomic characteristics



Job Status

- Works full time
- Part time
- Unemployed
- Inactive (incl. retired or on pension; student; keeping house)

Education

- Elementary school not completed
- Elementary school completed but not high school
- Secondary school completed and post-secondary education

Annual Personal Income

- Below \$20,000
- Between \$20,000 and \$40,000
- Above \$40,000

Conclusions

- Communities need to determine what proportion has to be invested in trust funds, what proportion should be directly distributed (if any) and what proportion should be used for education, training, business development, public goods and infrastructure.
- However as long as many Canadian indigenous communities, especially in the North, **are faced with poverty, difficult social circumstances and poor of access to public services with for example the issues of overcrowding, lack of clean drinking water, we cannot expect them to develop a vision when there are so many urgent needs to address**
- Furthermore, in most surveyed communities the trust funds are directly managed by the political authority, thus providing **no insulation from political influence**
- The survey also shows that some Indigenous communities are investing in infrastructure, environmental and social programs including medical care and social housing. **it attests again to the chronic lack of investment in Indigenous communities in Canada**
- In order to ensure sustainable development, you need to ensure that the lost natural capital (both nonrenewable resources depletion and the environmental damage created by the operations) will be replaced for future generations.