



# Impact Benefit Agreements: A Tool for Healthy Inuit Communities?

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## *Executive Summary*

In March 2008, representatives from the four Inuit regions and Inuit national organizations met to discuss resource development in Inuit regions and its impact on community well-being. Prior to this meeting, the group had attended a roundtable with representatives of First Nations and Métis communities and organizations to discuss community responses to mining and resource development activities in Northern Canada. This roundtable was organized by the National Aboriginal Health Organization (NAHO). While the NAHO roundtable discussions concerned the broad impacts on health and well-being from activities related to resource development, such as mining and drilling for oil and gas, the Inuit-specific meeting focused on community benefits and sustainability. Following the recommendations from that meeting, the authors prepared this paper discussing Impact and Benefit Agreements.

All Arctic exploration and mining activities in Canada require that corporations negotiate some form of agreement with local Indigenous populations. For agreements involving Inuit, the decision making is done by Inuit regional corporations and governments. Inuit have entered into Impact and Benefit Agreements (IBAs) in the past and are presently negotiating agreements with companies that intend to extract resources from grounds included in Inuit land claim settlements. The focus of this paper is on

Impact and Benefit Agreements (IBAs) and their role in community well-being.

This paper provides a general overview of the nature of IBAs currently in place in the Arctic regions of Canada, and provides examples of similar agreements with Indigenous populations in other countries, in particular Australia. Special attention is devoted to learning processes and good practices in negotiating, developing and implementing IBAs, including the success stories and lessons learned.

The paper discusses IBAs from the perspectives of negotiators for Indigenous organizations, industry negotiators and government. In Canada, IBAs began to be negotiated in the mid 1970s, usually as agreements between the federal or provincial government and industry. Since then, land claim settlements enabled Inuit and First Nations to negotiate and influence the content of IBAs directly. Today, the Inuit community's goal is to negotiate the proper use of its land, reduce expected and unexpected damages and ensure the greatest economic benefit to the community.

From the industry perspective, IBAs are seen as mutually beneficial, long-term relationships between companies and Indigenous Peoples. They are often described as a return on invested capital plus interest, a rate of return consistent with the high risk of investment. They are also seen as security of long-term resource development, meaning a company relies on its rights given by the agreement to extract



minerals or gems over a longer time such as one, two or three decades. Today, industry sees that having a successful IBA negotiation is one key to a successful project.

From the government standpoint, the IBAs negotiated between industry and Indigenous organizations serve to complement government policies and programs. This applies mainly to government programs that have the purpose of improving socio-economic status or are targeted at specific economic issues. To view these agreements as complimentary to government responsibilities may carry a risk of having industry provide programs to communities that usually would be delivered by governments.

IBA negotiations can focus on economic benefits or, more broadly, contain socio-economic and environmental sections such as community capacity building, respecting traditions, and reducing the burden put on the environment by the process of, for example, mine development. In the so-called 'social provisions' of an IBA, it is specified what kind of health, cultural and community support the company will provide. IBAs often require industry to provide some kind of social and community assistance and counselling for employees and their families. Under these agreements, industry may fund community projects, and support physical infrastructure (for example by building access roads or handing over buildings to the community after mine closure) and cultural activities in the workplace and in the community. However, it is difficult to assess how Inuit communities are using these provisions

since the agreements themselves are private. Based on interviews we conducted for this report, it seems that social wellness is less often addressed than employment and economic development issues.

According to conversations with individuals from the four Inuit regions, a primary objective of an IBA is to ensure the certainty of Inuit benefiting from resource development. These benefits are understood broadly as economic benefits, such as job opportunities, and as social benefits, such as training and use of Inuit language. To achieve this objective, eight practices have been identified:

**How to ensure Inuit benefit in IBA negotiations:**

- Learn from experience and approaches of others about the exact process of negotiating IBAs.
- Conduct in-depth community consultations prior to negotiations.
- Communicate openly and honestly and involve the entire community.
- Be specific and know what to achieve in negotiations – feel empowered as a land owner.
- Priority goals such as bringing economic development to the region should not overshadow other community well-being issues.
- Ensure that the principles are mutually acceptable to the negotiation parties.
- Monitor the relationships on an ongoing basis.
- Ensure effective co-ordination in implementing the agreement.

The stakeholders we spoke with have selected a number of issues that they

consider outstanding and that demand careful consideration in negotiating IBAs in the future.

**What to consider in future IBA negotiations:**

- Address the need for experienced and committed people to negotiate IBAs.
- Ensure that union agreements do not stand in conflict to IBAs.
- Give bidding preferences to Inuit contractors.
- Build a sharing culture so that the community which benefits most is willing to support more distant communities.
- Partner with government in developing training programs so that Inuit can be trained quickly to meet the mining company's needs.

There is general agreement among those we interviewed that priority should be given to social and health issues when negotiating IBAs. Inuit respondents believe that more social programs will lead to improved well-being of the community; high levels of well-being are considered necessary for developing stronger communities. On the other hand, societal benefits (culture, environment, wildlife) are difficult to negotiate. This is because of how the negotiations are structured – focusing on major economic benefits.

This paper confirms that the overly secretive nature of negotiations in the context of IBAs results in a lack of sharing and learning. Moreover, the narrow focus on direct economic benefits and payouts happens at the cost of neglecting social and health oriented investments.

We argue that IBAs are still the best instrument a community has at its disposal to share in mining, oil and gas profits. But Inuit communities need to be proactive and better foresee what is happening on their lands. In this regard, IBAs need to become tools for awareness building toward, and contribution to the development of healthy communities. In our conversations with Inuit observers we found general agreement that Inuit would benefit from a more open process in negotiating IBAs, to contribute to learning from community to community, and to strengthen the social and health provisions in each new agreement that is negotiated.

Addressing community well-being is a theme that awaits inclusion. An IBA can be an effective tool to support community well-being but it needs flexibility. Perhaps a dual approach composed of two separate but parallel IBAs – one focused on economic issues (negotiated with the mining company) and another on community well-being (negotiated with government) – will offer a better possibility of addressing social and health challenges. Or perhaps the sharing and learning from existing IBAs may lead to a new generation of agreements. In any case, Inuit communities will likely need to explore ways to improve their well-being outside of the standard economic IBAs – and one way of preparing for this is to learn from existing Impact Benefit Agreements.

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Cover Photo: Meadowbank Gold Project, Kivalliq District, Nunavut, located near the Hamlet of Baker Lake. (Photo: Agnico-Eagle Mines Ltd.)

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