



Indigenous and
Northern Affairs Canada

Affaires autochtones
et du Nord Canada

Final Report

Evaluation of 4.1.1 – Political Development and Intergovernmental Relations – The North

Project Number: 1570-7/14093

September 2016

Evaluation, Performance Measurement
And Review Branch
Audit and Evaluation Sector



Canada 

Table of Contents

List of Acronyms	ii
Executive Summary	iii
Management Response and Action Plan	vi
1. Introduction	1
1.1 Overview.....	1
1.2 Program Profile	1
2. Evaluation Methodology	7
2.1 Evaluation Scope.....	7
2.2 Evaluation Issues and Questions.....	7
2.3 Evaluation Methodology	7
2.4 Roles, Responsibilities, and Quality Assurance.....	9
3. Evaluation Findings - Relevance.....	10
3.1 Circumpolar Affairs	10
3.2 Devolution and Territorial Relations.....	13
4. Evaluation Findings - Effectiveness.....	15
4.1 Achievement of Expected Outcomes – Circumpolar Affairs.....	15
4.2 Achievement of Expected Outcomes – Devolution and Territorial Relations.....	21
5. Evaluation Finding – Efficiency and Economy	32
5.1 Efficiency and Economy – Circumpolar Affairs	32
5.2 Efficiency and Economy – Devolution and Territorial Relations.....	33
6. Conclusions and Recommendations	35
6.1 Conclusions for Circumpolar Affairs.....	35
6.2 Conclusions for Devolution and Territorial Relations.....	35
Appendix A – Logic Model Sub-Program 4.1.1.....	37
Appendix B – Reference List – Literature Review	38
Appendix C – Evaluation Issues and Questions.....	41

List of Acronyms

EPMRB	Evaluation, Performance Measurement and Review Branch
EPMRC	Evaluation, Performance Measurement and Review Committee
INAC	Indigenous and Northern Affairs Canada
NAO	Northern Affairs Organization

Executive Summary

The Evaluation, Performance Measurement and Review Branch (EPMRB), in compliance with the Treasury Board *Policy on Evaluation*, has conducted an evaluation of sub-program 4.1.1 – *Political Development and Intergovernmental Relations – The North*, along with its related activities, including Indigenous and Northern Affairs Canada’s (INAC) participation on the Arctic Council. The purpose of the evaluation is to provide a neutral evidence-based assessment of program relevance and performance to inform decision making on resource allocation and reallocation, and to support policy and program improvement where required.

This sub-program is administered by the Northern Affairs Organization which is made up of four distinct areas: (1) Circumpolar Affairs; (2) Devolution; (3) Territorial Relations; and (4) the Grants to the Government of the Northwest Territories and the government of Nunavut for Health Care of Indians and Inuit. This evaluation focusses on the first three areas and covers the period from 2011-12 to 2015-16.

With respect to Canada’s participation in circumpolar activities, relevance is positively demonstrated. INAC’s participation on the Arctic Council through the Circumpolar Affairs Directorate is crucial to Canada’s stated objectives in the *Northern Strategy* and the Departments’ *Northern Affairs Organization Strategic Plan*. In addition, Canada’s support of Indigenous issues on the Arctic Council is a key part of the Department’s mandate to help build healthy, safe, self-sufficient, and prosperous northern communities.

The Circumpolar Affairs Directorate was found to be effective in three main roles. First, the Department provides assistance in the management of relationships involving territorial governments, member states and the Arctic Council’s Indigenous Permanent Participants. Second, INAC plays a key role as an international leader by encouraging greater focus on the “human dimension” of northern issues and through the use of other types of data, such as Traditional Knowledge, to inform Arctic Council thinking and decision making. Finally, INAC provides expertise and support to the working groups and sub-committees of the Arctic Council, such as the Sustainable Development Working Group.

It is of interest to note the importance of bilateral relationships in achieving progress towards Canadian circumpolar priorities. In some cases, these relationships were able to accomplish objectives that the larger forum of the Arctic Council itself could not.

In the final part of this evaluation, it was noted that while the Circumpolar Affairs Directorate is effective in utilizing its limited resources; its position and funding within the Northern Affairs Organization are not commensurate with the rising global focus on climate change and the North, nor with federal and departmental objectives for improving the lives of Northerners. Under resourcing also has an effect on the Indigenous Permanent Participants whose participation depends on funding from the Circumpolar Affairs Directorate.

The other program areas covered in this evaluation are Devolution and Territorial Relations. These two areas are in line with departmental objectives for territorial governments having greater control over their economic and political affairs. The continuing need for the program is in the fact that Nunavut is currently in the process of defining parameters for the transfer of authorities, and additionally in that implementation has not been fully achieved in the Yukon and Northwest Territories. There are some land and resource management authorities that have yet to be transferred.

The evaluation determined that the transfer on April 1st, 2014, was seamless, with no break in the delivery of services. It was also determined that the Joint Project Management Framework was an effective and efficient way to manage the transfer of authorities, especially given the short timelines for implementation. However, regarding effectiveness there are four key areas for improvement.

First, it was observed in the Devolution of the Northwest Territories that records management, archiving, and the strategy for transferring files were not addressed early enough in the implementation process. This issue was compounded when the transfer date was shortened by one year, creating additional time constraints.

Second, the federal human resources strategy and communications plan for the transfer of employees was not well communicated and left regional staff with uncertainties regarding levels of pay, job security, and pension and benefits. Evaluators heard from a number of sources that employees did not receive adequate communication from the federal employer. In addition, regional employees who remained after the transfer date were confused about their post-Devolution responsibilities and were confronted by a disorganized reporting structure in the regional office.

Third, discussions on the transfer of lands and resources created conflicting perceptions on the process and objectives of Devolution. The Government of Northwest Territories saw Devolution as a negotiation regarding which assets, liabilities, and management responsibilities would transfer, along with the funds necessary to keep programs and services operating smoothly. The federal government approached Devolution with a firm idea of the assets and responsibilities to be transferred, with the only unresolved question being the amount of funding necessary to maintain operations. The difference in approach led to acrimony and resulted in some responsibilities not being transferred as intended. Other differences arose as well; discussions regarding the transfer of contaminated sites were complicated by different risk analysis approaches for categorizing known sites. Today, there are ongoing concerns about the administration of the *Mackenzie Valley Resource Management Act*, including appointments to water and land management boards.

The final finding is with respect to the development of a resource revenue sharing plan in Nunavut. This will be critical to support sustainable territorial programs and services. The territory has unique issues that differ from the Northwest Territories and Yukon. Central among these is the ability to deliver both current and anticipated programs and services with less capacity than the other two territories possessed prior to Devolution.

In light of these findings, effectiveness recommendations for the Circumpolar Affairs program are:

1. The Northern Affairs Organization considers the position of the Circumpolar Affairs Directorate within its organization so that INAC's circumpolar responsibilities are more prominent, balanced, appropriately supported, and represented.
2. The Circumpolar Affairs Directorate continue to support an ongoing process for the Sustainable Development Working Group to better define the concept, mandate, and parameters of "sustainable development", which will further clarify the objectives of the working group.

Effectiveness recommendations for the Devolution and Territorial Relations programs are:

3. The Northern Affairs Organization work closely with the Government of Nunavut to develop a detailed Information Management strategy for the transfer of records.
4. The Northern Affairs Organization work closely with Human Resources and Workplace Services, the Nunavut Regional Office and the Government of Nunavut to develop a detailed Human Resources Strategy and communications plan with regard to the transfer of federal employees. This Strategy should draw on lessons learned from the Northwest Territories Devolution process and should include a comprehensive post-Devolution plan addressing the roles and responsibilities of the residual regional office and the remaining employees.
5. The Northern Affairs Organization work closely with the Government of Nunavut to develop a mutual understanding of the Devolution process in order to support an agreed upon approach regarding the transfer of authorities.

Efficiency and economy recommendations for the Circumpolar Affairs Program include:

6. The Northern Affairs Organization examine, in the context of other sectoral priorities, the planned funding in order to facilitate improved organizational effectiveness of the Circumpolar Affairs Program and more predictable participation from Indigenous Permanent Participants.

Finally, with respect to efficiency and economy for the Devolution and Territorial Relations programs, it is recommended that:

7. The Northern Affairs Organization work closely with the Government of Nunavut in considering an incremental and lengthened Devolution implementation process.

Management Response and Action Plan

Project Title: Evaluation of 4.1.1 – Political Development and Intergovernmental Relations – The North

Project #: 1570-7/14093

1. Management Response

The Northern Affairs Organization (NAO) welcomes the findings and recommendations of this evaluation. Having been directly engaged in Arctic Council and Sustainable Development Working Group activities since their inception (1996 and 1998, respectively), the Circumpolar Affairs Directorate has established strong working relationships with all eight Arctic states, the six Indigenous Permanent Participants, and the broad circumpolar community. To support Canada's multi-lateral and bi-lateral circumpolar relationships, Circumpolar Affairs Directorate works closely and collaboratively with Canadian Indigenous partners and the three territorial governments to build healthy, self-sufficient, and prosperous northern communities. We are pleased to have the evaluation validate the program's achievements and its important role in Canadian circumpolar engagement. Most importantly, we appreciate the recommendations aimed at bolstering the Directorate's effectiveness into the future.

The evaluation accurately determined that secure and well-planned funding is key to the organizational effectiveness of the Circumpolar Affairs program, particularly when it comes to supporting Indigenous and northern project partners. It also found that the Circumpolar Affairs Directorate has a complex workload and is delivering it with limited capacity. NAO supports the recommendation to examine, in the context of other sectoral priorities, planned funding to facilitate the effectiveness of the program. In the months ahead, NAO will work to implement this recommendation to better facilitate multi-lateral and bi-lateral responsibilities, and sustained engagement from our Indigenous partners. We appreciate that Indigenous and Northern Affairs Canada is mindful of these challenges.

The recommended objective to have Canada's circumpolar responsibilities become more prominent, balanced, and appropriately supported is also sound and appreciated. Colleagues in the Integrated Planning and Management Directorate are aware of this recommendation, and NAO is committed to ensuring that its circumpolar affairs program is more appropriately positioned and described in sector planning and reporting documents.

The evaluation also points out that the Sustainable Development Working Group is the Arctic Council's primary means for supporting Indigenous and community capacity building. In this regard, it is important to note that the Sustainable Development Working Group's mandate aligns very well with INAC's own mandate. Work is currently underway to develop a Sustainable Development Working Group Strategic Framework and Implementation Plan. On Canada's behalf, Circumpolar Affairs Directorate is integrally involved in drafting and influencing the Strategic Plan and its supporting Implementation Framework. These efforts can be expected to further strengthen Canada's standing and its interests within the working group.

In conclusion, the findings and recommendations of this evaluation are an accurate reflection of Northern Affairs Organization's observations and experiences. NAO is committed to working closely with our Indigenous and northern partners to address each of the recommendations as set out in the Action Plan below.

2. Action Plan

Recommendations	Actions	Responsible Manager (Title/Sector)	Planned Implementation and Completion Date
<p>1. The Northern Affairs Organization considers the position of the Circumpolar Affairs Directorate within its organization so that INAC's circumpolar responsibilities are more prominent, balanced, appropriately supported, and represented.</p>	<p>At an operational level, the Circumpolar Affairs Directorate is well situated within the Northern Strategic Policy Branch. At issue is that organizational planning and reporting takes place under 4.1.1 of the Program Alignment Architecture. Circumpolar Affairs is currently located alongside Devolution and Hospital and Physician Services, neither of which have direct linkages or thematic similarities to the Directorate. As follow-up, the Northern Strategic Policy Branch will work with the Business Management Unit's Integrated Planning and Management Directorate to position the Circumpolar Affairs Directorate's responsibilities more prominently and appropriately in sector planning and reporting documents. This will include the option of grouping all Northern Affairs Organization Arctic Council activities together in a distinct collective.</p>	<p>Director, Circumpolar Affairs / Northern Affairs Organization September 2016</p>	<p>Start Date September, 2016</p> <p>Completion: 2017-18 Reporting Cycle</p>
<p>2. The Circumpolar Affairs Directorate continues to support an ongoing process for the Sustainable Development Working Group to better define the concept, mandate, and parameters of "sustainable development", which will further clarify the objectives of the working group.</p>	<p>Strategic planning is a standing agenda item within the Sustainable Development Working Group and one in which the Circumpolar Affairs Directorate leads on Canada's behalf. In addition to having led on the previous two strategic exercises, our officials are currently members of the Sustainable Development Working Group Strategy Group, tasked with developing a multi-year Sustainable Development Working Group Strategic Framework and Implementation Plan. This work will clarify the guiding principles, thematic areas, priorities and administrative processes of the working group. Though the process is evergreen, this particular product will be delivered by May of 2017.</p>	<p>Director, Circumpolar Affairs / Northern Affairs Organization</p>	<p>Start Date: September, 2016</p> <p>Completion: First Draft by May 2017</p>
<p>3. The Northern Affairs Organization works closely with the Government of Nunavut to develop a detailed Information Management</p>	<p>Through both the Main Table and Property, Assets, Records and Contracts Inter-governmental Working Group, INAC will work closely with Nunavut to develop a detailed strategy</p>	<p>Director General, Northern Governance; Director, Northern Governance</p>	<p>Planned Implementation: Commenced in February 2016-ongoing</p>

Recommendations	Actions	Responsible Manager (Title/Sector)	Planned Implementation and Completion Date
<p>strategy for the transfer of records, well in advance of the implementation date.</p>	<p>for the transfer of all records, with a clear delineation of roles and responsibilities, well in advance of the implementation date, which will only be known when an agreement-in-principle or final agreement is reached. This work will also be supported by the INAC Property, Assets, Records and Contracts working group, which will manage the INAC responsibilities in this area and interact with the Government of Nunavut. In carrying out this action, INAC will look to work with the Government of Nunavut to apply the lessons learned and documents in the Institute on Governance's "lessons learned" report on Northwest Territories Devolution, which was commissioned by the Department with a view to ongoing improvement for future processes.</p> <p>If there is agreement, INAC would look to apply Joint Project Management Framework to track progress and manage deadlines with a view to ensuring a smooth implementation.</p> <p>Internally, INAC's Northern Governance Development Directorate has already opened communications with the Corporate Information Management Directorate to begin planning.</p>	<p>Development Directorate in collaboration with Director, Corporate Information Management Directorate.</p>	<p><u>Completion Date:</u> 2021</p>
<p>4. The Northern Affairs Organization works closely with the Human Resources sector and the Government of Nunavut to develop a detailed Human Resources strategy and communications plan respecting the transfer of employees, drawing on the Government of Northwest Territories lessons learned, well in advance of the implementation date.</p>	<p>Through both the Main Table and Human Resources Core and Human Resources Development Inter-governmental Working Group, INAC will work closely with Nunavut to develop a detailed strategy and communications plan respecting the transfer of employees, drawing on lessons learned, well in advance of the implementation date. It is essential those not devolved understand their continued role and responsibilities.</p>	<p>Director General, Northern Governance; Director, Northern Governance Development Directorate in collaboration with Director General of Human Resources.</p>	<p><u>Planned Implementation:</u> August 2016-ongoing</p> <p><u>Completion Date:</u> 2023</p>
<p>5. The Northern Affairs Organization work closely with the Government of Nunavut to develop a mutual understanding of the Devolution process in order to support an agreed upon approach regarding the transfer of authorities.</p>	<p>The 2008 Lands and Resources Devolution Negotiation Protocol has set out the provisions of the negotiation process, which includes the Agreement-in-Principle and Final Agreement, as well as ongoing dialogue during implementation. INAC will work closely with Nunavut to ensure that there is clarity on the mandate for the devolution</p>	<p>Director General, Northern Governance; Director, Northern Governance Development Directorate in collaboration with the Government of</p>	<p><u>Planned Implementation:</u> 2008-ongoing</p> <p><u>Completion Date:</u> 2023</p>

Recommendations	Actions	Responsible Manager (Title/Sector)	Planned Implementation and Completion Date
	process in Nunavut. Tools such as Joint Management Approach will be considered as tools to ensure clarity of purpose, expectations management, roles and responsibilities and a clear understanding of the approach regarding the transfer of authorities.	Nunavut.	
6. The Northern Affairs Organization examine, in the context of other sectoral priorities, the planned funding in order to facilitate improved organizational effectiveness of the Circumpolar Affairs program and more predictable participation from Indigenous Permanent Participants.	The Circumpolar Affairs Directorate will continue support the organization in this regard by proactively pursuing additional resources, and aligning budgetary requests with emerging strategic planning priorities. In doing so, the Directorate will work closely with Canadian Indigenous Permanent Participants and key circumpolar partners.	Director, Circumpolar Affairs / Northern Affairs Organization	<u>Start Date:</u> Fall 2016 <u>Completion:</u> March 2017 and
7. The Northern Affairs Organization work closely with the Government of Nunavut in considering an incremental and lengthened Devolution implementation process.	With a view to ensuring the successful implementation of Nunavut devolution through adaptation of an approach that respects the Territory's needs and circumstances, efforts will be made through negotiations to ensure an incremental and lengthened Devolution implementation process.	Director General, Northern Governance; Director, Northern Governance Development Directorate in collaboration with Government of Nunavut	<u>Planned Implementation:</u> 2008 –ongoing <u>Completion Date:</u> 2023

I recommend this Management Response and Action Plan for approval by the Evaluation, Performance Measurement and Review Committee

Original signed by:

**Michel Burrowes
Senior Director, Evaluation, Performance Measurement and Review Branch**

I approve the above Management Response and Action Plan

Original signed by:

**Stephen Van Dine
Assistant Deputy Minister, Northern Affairs Organization**

1. Introduction

1.1 Overview

The Evaluation, Performance Measurement and Review Branch (EPMRB) of Indigenous and Northern Affairs Canada (INAC) undertook an evaluation of sub-program 4.1.1 – *Political Development and Intergovernmental Relations – The North*. The evaluation includes Circumpolar Affairs, Devolution, and Territorial Relations.

The purpose of this evaluation is to assess the extent to which expected outcomes of Northern Governance are being achieved. It provides reliable evidence to support policy and program improvement and, where required, expenditure management, decision making, and public reporting related to the Strategic Outcome for The North.¹

The *Terms of Reference* for this evaluation were approved in June 2015. Due to project resourcing and other delays, principal field work largely took place between April and July 2016. The evaluation covers the fiscal years between 2011-12 and 2015-16.

1.2 Program Profile

1.2.1 Background and Description

Sub-program 4.1.1 is broken into four distinct areas: (1) Circumpolar Affairs; (2) Devolution; (3) Territorial Relations; and (4) the Grants to the Government of the Northwest Territories and the Government of Nunavut for Health Care of Indians and Inuit. This evaluation will focus on the activities of the Circumpolar Affairs Directorate, including the contributions of INAC to the Arctic Council, and will focus in a second part on Devolution and Territorial Relations in the Northwest Territories and Nunavut. The evaluation will not include part (4) of the sub-program, which relates to Health Care Grants for Indians and Inuit. This will be assessed in a separate evaluation.

Circumpolar Affairs:

The sections of this report that deal with the Circumpolar Affairs Directorate will examine INAC's success at fulfilling the objectives of the *Northern Strategy*² and its role in the promotion of circumpolar cooperation among the eight Arctic countries. While Global Affairs Canada is the lead federal department for Canada on the Arctic Council, the Circumpolar Affairs Directorate plays an important role as a key informant and liaison with Indigenous organizations and territorial governments. The Arctic Council consists of eight Arctic nations and six Indigenous Permanent Participants. The Permanent Participants, however, often include Indigenous peoples who represent groups spread across the arctic nations. Three of these groups have their Headquarters in Canada. Also present, although not seated at the table, are Canada's three territorial governments,

¹ *Terms of Reference for Evaluation of 4.1.1 - Northern Governance*, Project Number 1570-7/14093, Approved by Evaluation, Performance Measurement and Review Committee on June 25, 2015.

² Government of Canada. (2015). *Canada's Northern Strategy*. Found at: <http://www.northernstrategy.gc.ca/index-eng.asp>.

represented as sub-national participants, as well as observer nations who have an interest in the work of the Arctic Council but do not hold Arctic territory themselves.³

The Arctic Council chairmanship operates on a rotating, two-year cycle among the eight Arctic states, with Canada having held its second chairmanship from 2013 to 2015. The chair assumes the responsibility for setting the agenda and managing projects on a working group level. In addition to providing strategic advice and support to the Senior Arctic Official, and to being a link between Global Affairs Canada and the Indigenous Permanent Participants, the Circumpolar Affairs Directorate also plays a principal role coordinating and implementing Canadian initiatives led by the Sustainable Development Working Group, which works to promote, among other thematic areas, socio-economic development in the Arctic.

Although Global Affairs Canada is the federal lead on foreign policy, Circumpolar Affairs' involvement on the Arctic Council allows INAC to further its mandate in supporting Canada's northern interests internationally. Circumpolar Affairs participates both in the multilateral fora of the Council as well as a number of bilateral relationships (for example, with the Russian Federation, Norway, United States). In addition, the Directorate leads Canada's engagement on the Arctic Council's Sustainable Development Working Group. Circumpolar Affairs is guided by the *Northern Strategy*, which outlines a vision of:

1. Self-reliant individuals living in healthy communities, who manage their own affairs and shape their own destinies;
2. A northern tradition of respect for the land and the environment, in which the principles of responsible and sustainable development anchor all decision making and actions;
3. Strong, responsible, accountable governments who work together for a vibrant, prosperous future for all; and
4. The protection of our territory through enhanced presence on the land, in the sea and over the skies of the Arctic.⁴

Devolution:

Although under the same sub-program Circumpolar Affairs, Devolution operates with a separate set of priorities and objectives. The Government of Canada has made the Devolution of northern governance a key pillar of the *Northern Strategy* with the goal of providing Northerners with more control over their own economic and political destiny.

On April 1, 2014, the Northwest Territories became the second territory, (after the Yukon) to take responsibility over governance of its lands and resources. Through a unique revenue sharing plan, Devolution ensures that Northwest Territories residents and Indigenous groups directly benefit from the responsible development of the region's resource potential.⁵

³ Twelve non-arctic countries have been approved as Observers to the Arctic Council. Found at: <http://www.arctic-council.org/index.php/en/about-us/arctic-council/observers>

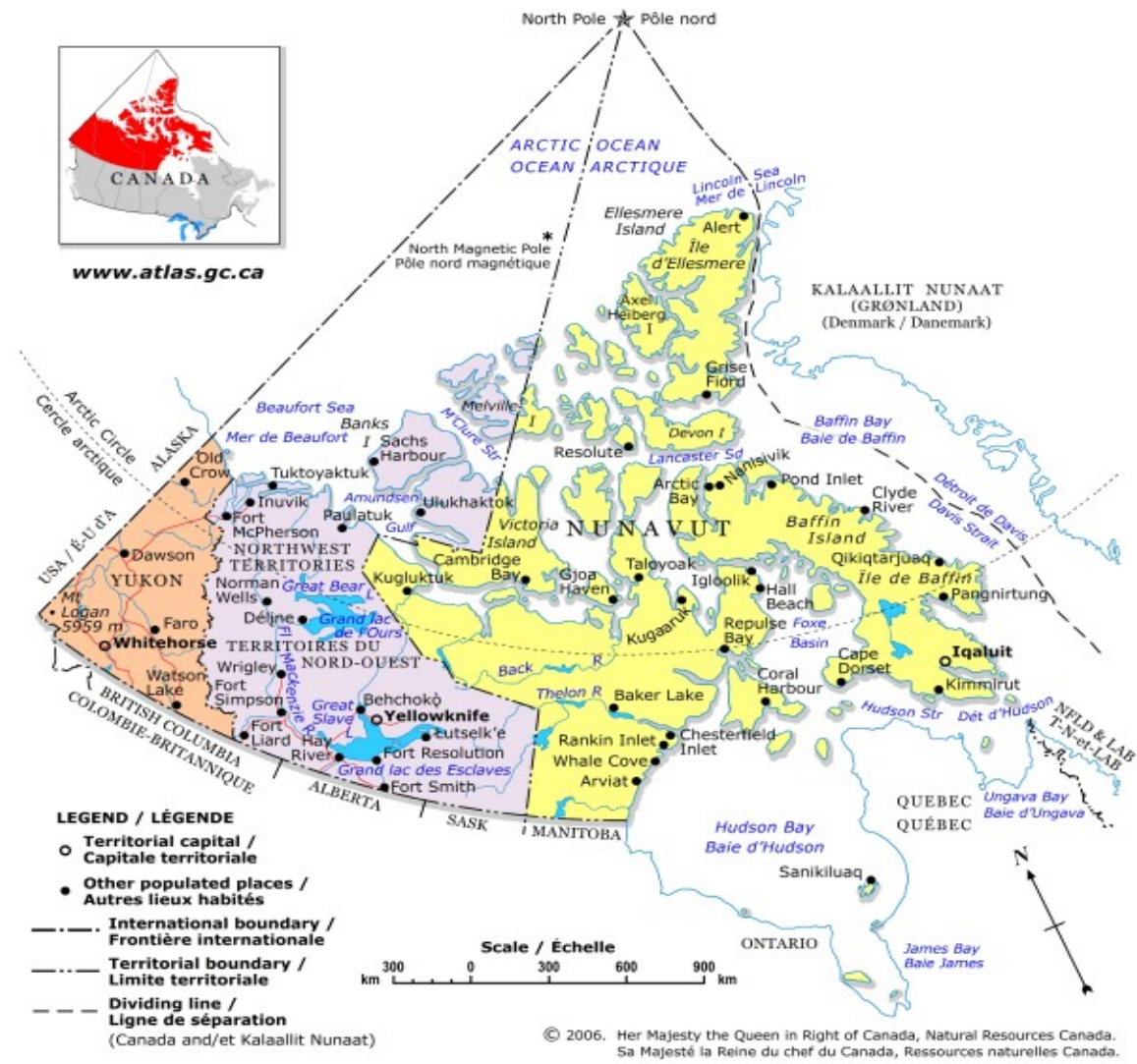
⁴ Government of Canada. (2015). *Canada's Northern Strategy*. Found at: <http://www.northernstrategy.gc.ca/index-eng.asp>.

⁵ Government of the Northwest Territories. Devolution of Lands and Resources in the Northwest Territories. Found at: <http://devolution.gov.nt.ca/about-devolution>.

Canada and the government of Nunavut are currently in the process of negotiating Devolution, and, although the topics and approach are unique, the progression of Devolution phases will be similar to Northwest Territories. There will be a multilateral discussion to negotiate an Agreement-in-Principle before reaching a Final Agreement and beginning the implementation and transition process.

Figure 1 illustrates the political territories of Canada's North and the areas that were, and will be, subject to Devolution in Yukon, the Northwest Territories, and Nunavut. It also highlights the vast area north of 60° that is subject to the Arctic Council's activities and the work of the Circumpolar Affairs Directorate.

Figure 1: Area Subject to Territorial Devolution



Source: Natural Resources Canada. 2006.⁶

⁶ A political map of the northern territories.

1.2.2 Objectives and Expected Outcomes

Sub-program 4.1.1 - Political Development and Intergovernmental Relations operates under INAC's Strategic Outcome for the North as found in the *2015-16 Performance Measurement Framework*. There are two expected results for 4.1.1: (1) for Northerners to have greater control over their economic and political affairs; and (2) that community health and safety in the North is strengthened.⁷

The **long-term results** from the *Performance Management Framework* include:

- Canadian Priorities, as articulated in the Northern Strategy, are reflected in National Circumpolar cooperation activities
- Devolution of land and resource management to the Government of the Northwest Territories
- Devolution of land and resource management to the Government of Nunavut

The **immediate results** for the program area include:

- The coordination for the engagement of Canadian partners to influence circumpolar affairs in a manner that supports Canada's circumpolar agenda
- Effective contributions to circumpolar projects and initiatives undertaken by Canada's partners which complement Canada's agenda
- The seamless and smooth transfer of responsibilities to Government of Northwest Territories
- The advancement of Canada's agenda through effective meetings with well-defined objectives and a strong understanding of issues, and successful visits in the territories by the Minister and Prime Minister
- An INAC emergency management plan in place in each northern region, and territorial commissioners being supported in their core functions
- The advancement of Sustainable Development Working Group projects and representation on Arctic Council initiatives
- The creation of effective linkages to multilateral initiatives such as the Arctic Economic Council as per the INAC-Russia collaboration under the Memorandum of Understanding

See *Appendix A* for the logic model, which further details the expected outcomes of Northern Governance.

1.2.3 Program Management, Key Stakeholders, and Beneficiaries

Part of INAC's role for both Circumpolar Affairs activities and for Devolution and Territorial Relations is to build and maintain effective relationships with territorial governments and other partners in each of the three territories. This is accomplished by participating in bilateral and multilateral settings to help address the unique challenges and opportunities facing the North.

⁷ *Performance Measurement Strategy for 4.1.1 Political Development and intergovernmental Relations - The North*, Approved March 20, 2014.

Circumpolar Affairs

Arctic Council responsibilities within INAC fall under the Circumpolar Affairs Directorate, which supports Canada's international objectives as led by Global Affairs Canada. As mentioned, the Council includes Canada's three sub-national (territorial) participants as well as the six Permanent Participants, three of whom are headquartered in Canada, (but have populations in other nations as well): the Inuit Circumpolar Council, the Arctic Athabaskan Council, and the Gwich'in Council International.

From a project management perspective, the Circumpolar Affairs Directorate manages the international dimension of INAC's Northern mandate to strengthen governance and improve quality of life in Canada's North. This is done through active participation in multilateral fora, (the Arctic Council) and bilateral fora, (the Russian Federation, Norway, United States). The Directorate also provides policy and organizational support to Canada's Senior Arctic Official and Alternate Senior Arctic Official and implements Canadian initiatives under the Arctic Council's Sustainable Development Working Group. The Circumpolar Affairs Directorate also provides continuous financial support to the Executive Secretary position for the Sustainable Development Working Group, as well as managing the procurement process for the position.⁸

The Circumpolar Affairs Directorate also coordinates the development and implementation of work plans associated with the 2007 *Memorandum of Understanding on Northern Development and Aboriginal Issues with the Russian Federation*. The Circumpolar Affairs Directorate serves as a focal point for the Northern Affairs Organization's (NAO) contribution to INAC's International Engagement Strategy and Action Plan, and promotes the engagement of Indigenous organizations in Arctic cooperation.

Devolution

Northerners are the main stakeholders of the Northern Governance Branch within the Department. Two of the main responsibilities include Territorial Relations and Devolution. One of the goals of Devolution is to put decision making and accountability in the hands of those who best understand the territory's unique opportunities and challenges. Specifically, these stakeholders consist of the governments of Yukon, the Northwest Territories, and Nunavut, as well as Indigenous groups in the North.

The Northern Governance Branch's objectives related to Territorial Relations include maintaining effective relationships by leading and/or contributing to briefings on emerging issues within each territory for senior officials/ministerial/prime ministerial meetings and trips regarding the North. The Northern Governance Branch provides input on legislation, manages grants and contribution agreements that address specific objectives, and coordinates policy issues related to the Department's emergency management responsibilities in the North.

INAC is the lead federal department for two-fifths of Canada's land mass and has a direct role in the political and economic development of the territories, including significant responsibilities for resources, lands, and environmental management. Negotiations regarding the transfer of provincial-type responsibility for land and resource management are conducted according to a five-phase

⁸ The Circumpolar Affairs Directorate. (2016). *NAO's Window to Arctic International Engagement*. Government of Canada.

process; (i) framework agreement or negotiation protocol; (ii) agreement-in-principle; (iii) final agreement; (iv) legislation, and transition; and (v) implementation. Negotiations involve the territorial governments who receive devolved responsibilities as well as Indigenous groups with an interest in the outcome.

1.2.4 Program Resources

The table included below captures expenditures for the years between 2011-12 and 2015-16 (the years covered in this evaluation). The figures are organized so that they represent the organizational structure of the Northern Affairs Organization at INAC. To accurately capture the entire program, Actual Expenditures for Hospital and Physician Services are included, although that program, as mentioned, is being evaluated separately.

It is important to note that the line item for Devolution and Intergovernmental Relationships includes within the figure the amount for Commissioners. For Circumpolar Affairs, the table below demonstrates the program area's expenditures as well as expenses for supporting the Canada/Russia International Relationship. Finally, it must also be noted that some expenditures are administered by other subprogram areas (such as Treaties and Aboriginal Government), but their budget allocation is found in subprogram 4.1.1. These items are included under the row for Other Expenditures.

Table 1: Subprogram 4.1.1 - Actual expenditures by Fiscal Year (\$ dollars), 2011-12 to 2015-16

Program Area	2011-12	2012-13	2013-14	2014-15	2015-16
Devolution and Intergovernmental Relationships	\$14,571,780	\$15,350,783	\$43,572,033	\$19,238,825	\$16,913,778
Circumpolar Affairs	\$1,589,993	\$1,237,181	\$1,966,674	\$1,831,475	\$1,480,989
Hospital and Physician Services	\$49,241,000	\$50,226,000	\$51,231,000	\$52,256,000	\$53,301,000
Other expenditures*	n/a	n/a -	\$2,328,848	\$784,190	\$577,819
Total	\$65,402,782	\$66,813,964	\$99,098,555	\$74,110,490	\$72,273,586

Not Applicable = n/a

*Includes expenditures administered by other subprogram areas. ⁹

⁹ The office of the Chief Financial Officer, INAC. (2016). *Actuals by Region, 2010-11 to 2015-16*.

2. Evaluation Methodology

2.1 Evaluation Scope

This evaluation examines Circumpolar Affairs activities, including INAC's participation towards Arctic Council initiatives, bilateral agreements with other Arctic states, relationships and support provided to the Permanent Participants, and INAC's contribution towards the six working groups of the Arctic Council, specifically the Sustainable Development Working Group.

The scope also includes the activities related to the Devolution of the various responsibilities of the federal government to the territorial governments in Northwest Territories and Nunavut. Specifically, this evaluation focusses on the transfer of federal employees, records and archives, and lands and resources. It should be noted that the extensive evaluation research previously undertaken on Devolution in the Yukon allows this evaluation to focus primarily on the experience in the Northwest Territories and recent progress on Devolution in Nunavut.

The evaluation was conducted by the Evaluation, Performance Measurement and Review Branch at Indigenous and Northern Affairs Canada in accordance with Treasury Board Secretariat requirements. The evaluation provides credible and neutral information on the relevance and performance of sub-program 4.1.1 – *Political Development and Intergovernmental Relations – The North*.

2.2 Evaluation Issues and Questions

The key questions are detailed in Appendix C. These questions served as a tool to guide the assessment of relevance (including need and the alignment of roles and responsibilities) and performance (including the effectiveness of INAC's activities to date and assessments of efficiency and economy).¹⁰

2.3 Evaluation Methodology

2.3.1 Data Sources

The evaluation findings and conclusions are based on the analysis and triangulation of the multiple lines of evidence described below.

¹⁰ *Methodology for Evaluation of 4.1.1 - Northern Governance*, Project Number 1570-7/14093.

Literature Review and Document Review

Appendix B lists the key documents that informed the evaluation and which were used as both background information and for deeper analysis. Additionally, the evaluation team examined internal documents such as:

- Performance measurement work and existing data tracking systems
- Quarterly reports
- Business plans
- Strategic documents
- Research reports (ie: best practices documents)
- Memoranda to Cabinet and Treasury Board Submissions
- Proposals, work plans and final reports submitted by recipient northern organizations
- Operational documents/guidelines
- Public communications
- Briefing notes to senior officials
- Financial files, including grants and contribution expenditures, operation and maintenance, and salaries

Key Informant Interviews

Between May and July 2016, **48** key informants were interviewed. For the Circumpolar Affairs section of the report, there were 24 key informants, and for Devolution and Territorial Relations, there were 31, (seven of whom overlapped both areas). The key informants are comprised of the following groups and organizations:

Table 2:

Organization	Devolution	Circumpolar
INAC Headquarters	15	10
INAC Regional Office – Iqaluit	3	0
INAC Regional Office – Yellowknife	1	1
Other government departments (Finance and Global Affairs Canada)	1	3
Government of the Northwest Territories	6	3
Government of the Nunavut	3	2
Indigenous groups (including modern treaty signatory groups and Arctic Council Permanent Participants)	1	3
Other key informants (consultants)	1	2
TOTAL:	31	24

Best Practice / Lessons Learned Case Studies

Data was obtained through a combination of discussions with key informants and case study literature, which highlighted best practices. The two completed examples of Lessons Learned documents for Devolution in Yukon and Northwest Territories serve as case studies for this evaluation: the Institute on Governance's *Lessons Learned* report from March 2015¹¹ and the Joint Project management *Technical Review* conducted by BBMD Consulting in October 2014.¹²

Canada's *Northern Strategy* also served as a fundamental source during research on the circumpolar process. This information, combined with information from key informants, served as the principle sources for the case studies.

2.3.2 Considerations, Strengths, and Limitations

The following considerations were kept in mind when conducting the evaluation:

- There had been no previous evaluation work conducted in this sub-program area.
- The Performance Measurement Strategy for 4.1.1 was developed in March 2014. The data indicators as found in the *Annual Reports* do not fully correspond to stated objectives in the strategy.
- The program area encompasses territorial, federal, and international relationships which add to the complexity of the evaluation.
- INAC provides strategic advice and support to the Senior Arctic Official, and a link between Global Affairs Canada and Permanent Participants.
- INAC's contribution to desired outcomes is impacted by Devolution negotiations; therefore direct impacts on northern and Indigenous peoples are difficult to measure or attribute to any specific initiatives.

2.4 Roles, Responsibilities, and Quality Assurance

The evaluation was directed and managed by EPMRB in line with the EPMRB's *Engagement Policy and Quality Control Process*. Quality assurance was provided through the activities of the working group comprised of representatives from the Northern Affairs Organization, including the Northern Governance Branch, the Northern Strategic Policy Branch, and the Circumpolar Affairs Directorate.

¹¹ Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned*. Ottawa, Canada.

¹² Johnson, Warren and Jonathan Browne. (2014). *A Technical Review of the Joint Project Management Approach to the Implementation of Devolution in the Northwest Territories*. New Road Strategies and BBMD Consulting.

3. Evaluation Findings - Relevance

3.1 Circumpolar Affairs

Key Finding #1:

INAC's participation on the Arctic Council through the Circumpolar Affairs Directorate is critical to Canada's stated objectives in the Arctic. In addition, Canada's support of Indigenous issues on the Arctic Council is a key part of the Department's mandate to help build healthy, safe, self-sufficient, and prosperous northern communities.

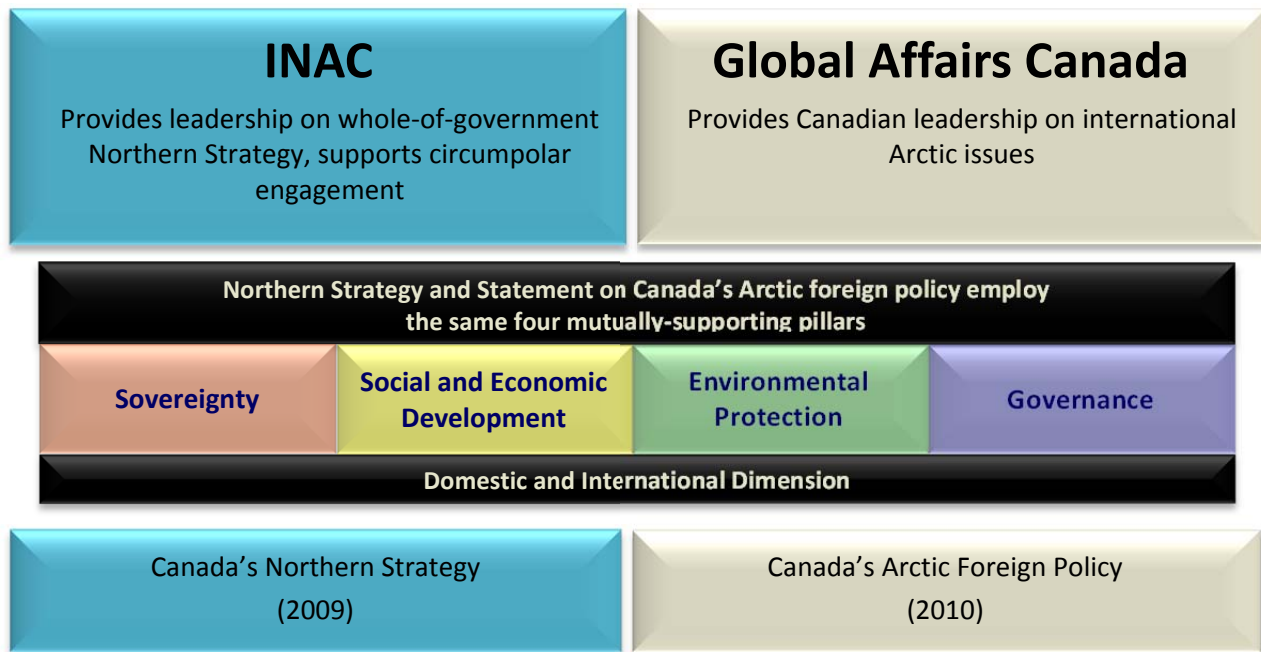
Collaboration with circumpolar nations and the inclusion of Indigenous organizations is important in planning for economic growth. INAC's role in support of sustainable and responsible economic development across the Arctic is both appropriate and in alignment with stated government priorities in the *Northern Strategy*.

INAC is the lead federal department for northern affairs in Canada with responsibilities that encompass governance and policy development, science and research, lands and environmental management, resources and sustainable development, and strengthening communities and people.

The work of INAC on the Arctic Council is both relevant to the mandate and key to responding to Canadian responsibilities in the North. The Council has evolved from a forum to discuss scientific and environmental issues to one which addresses local, national, and global questions. While Global Affairs Canada plays the lead federal role for Arctic foreign policy¹³ and international engagement, the Circumpolar Affairs Directorate advances Canada's northern interests by drawing on the expertise, presence, experience, and relationships of Canadian residents in the North. This puts the Circumpolar Affairs Directorate in a critical position within INAC for advancing Canada's northern agenda.

¹³ Global Affairs Canada. (2013). *Statement on Canada's Arctic Foreign Policy: Exercising : Sovereignty and Promoting Canada's Northern Strategy Abroad*. Government of Canada.

Figure 2: Federal Policy Framework for Arctic Engagement ¹⁴



When Canada first announced the *Northern Strategy* in 2007 and then reaffirmed it in 2009, it made clear Canada’s commitment to sovereignty in the North. The *Strategy* sets out Canada’s vision for the north through four priorities: ¹⁵

Firstly, the *Strategy* commits Canada to solidifying Arctic sovereignty by strengthening its presence in the North. Sovereignty can be enhanced by improving capacity and capability to protect and patrol the land, sea, and sky. The *Strategy* foresees such initiatives as partnerships with Indigenous and northern peoples, new facilities for military training, the modernization of ships and icebreakers, better support of forces for northern operations, amendments to acts and regulations, which govern northern issues, support for search and rescue capacity, and collaborative scientific research.

Secondly, the *Strategy* focuses on the promotion of social and economic development. This will ensure that the vast potential of the Arctic region is realized in a sustainable way and that Northerners participate in, and benefit from, its development. These commitments include regulatory systems, which protect the environment, increased funding for tourism and cultural institutions, new infrastructure for broadband, recreation, and green initiatives, infrastructure investments for hospitals, schools, housing, healthcare, skills development, and other services, access to nutritious food at affordable prices, support for research and innovation, and research on Arctic human health issues.

¹⁴ The Circumpolar Affairs Directorate. (2016). *NAO’s Window to Arctic International Engagement*. Government of Canada.

¹⁵ Government of Canada. (2015). *Canada’s Northern Strategy*. Found at: <http://www.northernstrategy.gc.ca/index-eng.asp>.

The third part of the *Strategy* emphasizes the protection of the North's environmental heritage. Tourism is an important sector of the territorial economies. However, the Arctic also has numerous fragile and unique ecosystems which are negatively affected by climate change. The *Strategy* commits Canada to safeguard these ecosystems for future generations through research and collaboration with international organizations, establishing the Canadian High Arctic Research Station, expanding conservation initiatives such as National Parks, Wildlife Areas and the marine environment, and finally, by establishing standards for the remediation of contaminated sites.

Finally, Canada sets out in the *Strategy* that it will devolve northern governance to the territories. This has been a cumulative process over several decades as northern governments have taken on greater responsibility for many aspects of their region's affairs. Control over lands and resource management has been the most recent aspect of Devolution. Yukon assumed this control in 2003, Northwest Territories in 2014, and Nunavut is in the process of negotiating the same responsibilities. Canada provides financial resources through Territorial Formula Financing, works with partners on efficient governance models to advance priorities in the Arctic, works bilaterally and multilaterally to advance an understanding of the Arctic, and develops a common agenda among Arctic states and Indigenous peoples.

The Circumpolar Affairs Directorate provides expertise, coordination among partners, and leadership to support and promote Canada's northern interests on the Arctic Council. This includes working directly with the territorial governments, Indigenous partners, and Northerners to advance shared interests to improve human, economic, and social conditions in the North. INAC is Global Affairs Canada's main domestic partner on the Arctic Council and the Assistant Deputy Minister of the Northern Affairs Organization serves as Alternate Senior Arctic Official. In this role, the Alternate is responsible for guiding and monitoring Canada's Arctic Council activities in accordance with decisions and instructions of the Arctic Council Foreign Ministers. This work requires strong and active dialogue and collaboration with other federal departments, territorial governments, and Indigenous and northern stakeholders.

The Circumpolar Affairs Directorate also leads Canada's engagement and supports the Secretariat for the Arctic Council's Sustainable Development Working Group. The Directorate has highlighted certain projects that reflect current Canadian priorities, such as; the *Rising Sun* project, which focuses on mental wellness, and the Arctic Remote Energy Network Academy, which works to expand the level of renewable energy among Northern community members, as well as various other projects geared towards climate change adaptation measures. These projects reflect Canada's priorities and garner international involvement from other Arctic members and Permanent Participants. Canada's focus on suicide prevention, for example, led to a United States-run project that produced a best practices report and led to an internationally attended Iqaluit symposium in 2015.¹⁶

¹⁶ Arctic Council webpage. Found at: <http://www.arctic-council.org/index.php/en/about-us/working-groups/sdwg>.

3.2 Devolution and Territorial Relations

Key Finding #2:

Devolution aligns with departmental objectives for territorial governments to have greater control over their economic and political affairs and it strengthens northern communities.

Although the implementation of Devolution has been achieved in the Yukon and Northwest Territories, there are outstanding authorities still to be transferred.

Devolution is the allocation of province-like authorities to the territorial governments. The objective of Devolution is “to advance the territory’s political and economic development; to provide additional incentive for sustainable development by placing decision making in the hands of the territory; to provide the territory with a net fiscal benefit from resource development; and to advance the goal of developing a harmonized land and resource management structure that will provide certainty to stakeholders”.¹⁷ The *NAO Next Strategic Plan* envisions a North with “more control over their economic and political destiny”.¹⁸ Devolution creates a stronger sense of local leadership, where decisions regarding the territory are made within the territory by territorial citizens. However, it is important to note that while this creates a stronger sense of local representation, it has the added effect of transferring liability for the delivery of programs and services to the territorial governments.

The *2013 Throne Speech*¹⁹ makes Devolution a federal priority by referencing progress made on the Government of Northwest Territories Agreement and future plans for Nunavut. Although the Devolution process in the Yukon Territory created some lessons learned, no two territories face the same issues during the negotiation and implementation phases. The transfer of authorities to the Government of Northwest Territories on April 1st, 2014 was seamless with little interruption to program delivery. Since then, the Government of Northwest Territories has made strides towards strengthening its economic self-sufficiency.

It was noted during key informant interviews that the date of the transfer of powers and responsibilities is not the end of Devolution activities for either the territorial government or Canada. Even after the official Devolution dates in the Northwest Territories and Yukon, there remains ongoing work with significant implications for both federal and territorial governments. Among other things, this includes the federal government’s continued management of specific programs and lands that have yet to be transferred, the management of contaminated sites, management of the *Mackenzie Valley Resource Management Act*, the administration of Indigenous lands without modern treaties, and management of certain aspects of modern treaty obligations.²⁰

¹⁷ Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned*. Ottawa, ON: Canada. pg. 5

¹⁸ Indigenous and Northern Affairs Canada. (2016). *NAO Next Strategic Planning 2015-2016. Moving Forward: A Strategic Plan for NAO 2016-2021*. Ottawa, ON: Canada. Stratos Inc.

¹⁹ Government of Canada. (2013). *Speech from the Throne to Open the Second Session Forty First Parliament of Canada*. Ottawa, ON: Canada. Parliament of Canada. Section 3.

²⁰ Indian and Northern Affairs Canada. (2007). *The Mackenzie Valley Resource Management Act: A Citizen’s Guide*. Minister of Public Works and Government Services Canada.

As the lead department on northern matters, most of the programs and services to be devolved are administered by INAC. There are, however, other departments that have interests and involvement in northern affairs, including Parks Canada, Fisheries and Oceans Canada, and the Department of National Defense. While Devolution transfers the majority of the territory's programs and services from INAC, these other departments also require consultation and preparation in advance of the implementation date.

The Devolution and Territorial Relations programs are federal priorities and fit within government roles and responsibilities. Given the ongoing nature of departmental responsibilities, the continued need and relevance of these programs is positively demonstrated.

4. Evaluation Findings - Effectiveness

4.1 Achievement of Expected Outcomes – Circumpolar Affairs

Between 2013 and 2015, Canada held its second chairmanship of the Arctic Council. Discussions with key informants and supporting documents such as, *Iqaluit 2015: Results Achieved*²¹, provide evidence that Canada successfully fulfilled its priorities around (1) promoting social and economic development; and (2) protecting the environment and adapting to changing climate. These priorities continue today under the chairmanship of the United States, who adopted some of Canada's projects such as *Rising Sun*, which aims to reduce suicide in Arctic communities. At the same time, Finland is developing and building upon the same priorities for when it assumes the chairmanship in 2017. Canada specifically influenced the direction of the Arctic Council by defining and encouraging emphasis on the “human dimension” in the North. Five of the six working groups in the Arctic Council have science-based mandates, whether rooted in emergency management, marine protection, or land conservation issues. Under Canada's leadership, and backed by the work of the Sustainable Development Working Group, the Council has included among its science priorities, the concept of impacting the lives of people in the North, specifically regarding economic and social development.

In addition to the recent responsibility of the chairmanship, INAC has also participated in three other key areas. First, the Department provides assistance in the management of relationships at an international level, sub-national level, and with the Arctic Council's Permanent Participants. Second, INAC has a role as an international leader by providing information on key Arctic issues and through its progressive and holistic approach to people and the environment. Finally, INAC provides support, expertise, and direction to the working groups and sub-committees of the Arctic Council, such as the Sustainable Development Working Group. Effectiveness findings in this report are organized along these key areas below.

Managing Relationships

Key Finding #3:

The Circumpolar Affairs Directorate is a key contributor in managing relationships amongst Indigenous representatives, territorial governments, and international members of the Arctic Council, and has had some success in enabling Canadian partners to influence Arctic objectives.

²¹ Global Affairs Canada. (2015). *Canada's Arctic Council Chairmanship – Iqaluit 2015: Development for the People of the North*.

In addition to its intergovernmental and territorial relationships, there are three other areas which receive INAC support and management: multilateral relationships on the Arctic Council; bilateral relationships with specific member states; and, as the lead department of Indigenous and Northern Affairs, the Department is responsible for managing the relationships with the Indigenous Permanent Participants of the Arctic Council.

First and foremost among the relationships relevant to INAC for promoting circumpolar activities is the distinct association with Global Affairs Canada. Global Affairs Canada and INAC have fluid communication and a strong working relationship. The division of responsibilities is clear and efficient as INAC provides the field support, certain expertise, and connections to local partners, while Global Affairs Canada coordinates and fulfills the policy function and supports Canada's international representation.

In addition, the Circumpolar Affairs Directorate has clear relationships with external parties and other participants that operate in an efficient and economic manner. Global Affairs Canada, for example, makes use of INAC's deep knowledge of the North. Key informants indicated that they are able to communicate their ideas and provide input into Arctic Council activities through the relationships they have developed with INAC.

Canada's northern priorities relating to sustainable development, capacity building, health, pollution prevention, climate change adaptation, and Arctic science are areas where the Circumpolar Affairs Directorate forges international and domestic relationships and supports continued progress. Program descriptions, along with feedback from key informants revealed that both domestically and internationally, INAC is thought of in positive terms. The Directorate provides critical links between Canada's foreign policy function and its domestic partners to the result of achieving progress on the Arctic Council's agenda as well as on the working group projects and initiatives.

Striving for partnerships to foster the North underpins the vision of the *NAO Next Strategic Plan 2015-2016* document.²² The *Strategy* sets out that working with clients and partners is where the best value proposition of the Department is delivered. The document makes clear that partnership, collaboration, and support with clients and partners is essential to delivering the Northern Affairs Organization mandate. This further supports the finding that the Circumpolar Affairs Directorate is a key contributor to managing relationships with key stakeholders in the North.

Key informant interviews highlighted that the role of observer states is changing as Arctic issues become more pressing worldwide and as climate change becomes an issue of interest to the entire planet. Again, INAC plays a key role in this area as it works to bring the knowledge and understanding of local residents in the North to the global stage. As climate change issues become more topical worldwide, there is increased international attention on the circumpolar Arctic, which has a resulting influence on Arctic policy and effectively broadening the scope of the Council.

²² Indigenous and Northern Affairs Canada. (2016). *NAO Next Strategic Planning 2015-2016. Moving Forward: A Strategic Plan for NAO 2016-2021*. Ottawa, ON: Canada. Stratos Inc. pg. 4

Each country's chairmanship brings a different focus to the Arctic Council and the efforts of the working groups. The current United States chairmanship has increased the Arctic Council's attention on climate change, and uses the presence of high-ranking political figures, such as the United States Secretary of State, to emphasize its commitment to the issue.

It is recommended that:

Recommendation #1:

The Northern Affairs Organization considers the position of the Circumpolar Affairs Directorate within the organization so that INAC's circumpolar responsibilities are more prominent, balanced, appropriately supported, and represented.

Key Finding #4:

Bilateral relationships are very important in achieving progress on Canadian Circumpolar priorities. Bilateral relationships are able to accomplish certain objectives that the larger forum of the Arctic Council itself cannot.

Bi-lateral relationships are able to assist the progress of projects and initiatives. They are an important supplemental mechanism for Canadian engagement in circumpolar activities and assist in the success of the *Northern Strategy*. The Arctic Council is a large and complex forum. In some cases, bilateral relationships have proven to be more effective at advancing interests, especially when compared to the time and effort needed for multilateral discussions. Key informants re-enforced the notion that bi-lateral relationships often demonstrate faster delivery on projects and timely decisions on key issues.

INAC has formal relations with Norway, Russia, and the United States. In some cases, these relationships are established through Memoranda of Understanding, which identify areas of cooperation and serve to further Canada's Arctic interests. In the past, these interests have included efforts regarding search and rescue, fish and wildlife conservation, and environmental research.²³

One example of a bilateral relationship is the 2007 *Memoranda of Understanding on Indigenous and Northern Development* between INAC and the Ministry of Regional Development of the Russian Federation. It was used to create a northern business partnership and foster a network of key stakeholders between the two countries. The Memorandum of Understanding supports the sharing of best practices on sustainable development and governance, and supports the Canada-Russia Intergovernmental Economic Commission. Canada and Russia have jointly agreed to provide support to the Arctic and North Working Group of the Intergovernmental Economic Commission which brings together Northerners from business and governments on a variety of issues such as; Arctic transportation, northern trade and tourism, corporate social responsibility, and Arctic resource development.²⁴

²³ Government of Canada. (2015). *Canada's Northern Strategy*. Found at: <http://www.northernstrategy.gc.ca/index-eng.asp>.

²⁴ Evidence also demonstrates that this relationship supports joint initiatives on environmental monitoring in the Arctic and the transportation of natural resources including oil and gas.

A second example is the formal bilateral partnership between INAC and the United States Department of the Interior. This agreement was signed in 2010 to support collaboration on areas of mutual interest including policy, legislation, and socio-economic development. In addition, the Circumpolar Affairs Directorate has worked in support of the United States Department in developing and implementing the *2015 United States Canada Joint Statement on Climate, Energy, and Arctic Leadership*, which supports combatting climate change and protecting and promoting the rights of Indigenous peoples in climate change decision making.²⁵

However, not all of Canada's international relationships exist within the formal parameters of a Memorandum of Understanding. For example, the Canada-Norway Dialogue, which was established in 2006, facilitates a regular exchange across areas of common interest including policy, science, and climate change. This less formal arrangement has also proven fruitful for advancing the Arctic foreign policy agenda.

It is important to note that although bilateral relationships are very important in achieving progress on Canadian circumpolar priorities, they may be influenced by larger political considerations. Arctic Council progress was recently hampered by political events during the 2015 Russia-Ukraine crisis. These events weakened diplomatic ties between Canada and Russia, froze the bilateral relationship, and halted progress on the above-mentioned joint initiatives. The breakdown in communications occurred at the political level; at the working level, however, colleagues agreed to put the relationship on hold and not break off contact entirely. Progress resumed after the crisis abated, but a number of initiatives remained blocked for a period of time afterwards.²⁶

Key Finding #5:

INAC is effective at incorporating the Permanent Participants into the Arctic Council and has worked with Arctic residents to reflect Indigenous cultures and values.

The Circumpolar Affairs Directorate serves as the primary conduit for Indigenous and territorial engagement on the Sustainable Development Working Group. Through its contacts and its ongoing relationships with Indigenous partners (such as the Arctic Athabaskan Council, the Inuit Circumpolar Council, and the Gwich'in Council International), INAC works to encourage a broader understanding of Arctic issues. Both INAC and Global Affairs Canada provide funding for Indigenous partners to participate and be represented at Arctic Council fora.

Not all Arctic Member States support the inclusion of local or traditional knowledge as a decision making input to the same extent. This is where Canada, through INAC, demonstrates its most important collaborative value. The *Iqaluit 2015* report states that one of the key accomplishments during Canada's chairmanship was to develop more consistent use of traditional and local knowledge with the expectation it would lead to better results on environment-related initiatives.²⁷

²⁵ The U.S.-Canada Joint Statement on Climate, Energy, and Arctic Leadership. Found at: <http://pm.gc.ca/eng/news/2016/03/10/us-canada-joint-statement-climate-energy-and-arctic-leadership>.

²⁶ Recently, the relationship has been reestablished and the Circumpolar Affairs Directorate accompanied Global Affairs Canada on a mission to Moscow in June 2016 that proved very successful and initiated discussions between governments.

²⁷ Global Affairs Canada. (2015). *Canada's Arctic Council Chairmanship – Iqaluit 2015: Development for the People of the North*.

Other than the Russian Association of Indigenous Peoples of the North, all the Permanent Participants include members with residency across multiple Arctic States. Canada has a leading voice in this regard as three of the six Permanent Participant groups (the Arctic Athabaskan Council, the Gwich'in Council International, and the Inuit Circumpolar Council) have representation in Canada. Canada promotes a strong focus on social and economic issues in the North as well as the use of a diverse perspective of “Traditional Knowledge”.

Providing International Leadership

Key Finding #6:

Canada was very effective during its Arctic Council chairmanship at adding and expanding the types of knowledge and data that informs Arctic Council thinking and decision-making.

Among the areas where Canada provides international leadership is in its use of local or “traditional knowledge” in the work of the Arctic Council. The Sustainable Development Working Group made a series of recommendations, which were intended to help integrate local and traditional knowledge into Arctic Council initiatives. These include: the continued development of consensus-based guidelines for incorporating traditional and local knowledge in the work of the Arctic Council; including the use of consistent terminology; and, encouraging the adoption of traditional knowledge at the outset of a project including a proposal of how it may be used or explaining why it may not be applicable. In addition, a final report detailing any lessons learned as to how Traditional Knowledge may be better incorporated in the future; tracking the use of traditional and local knowledge in all projects and initiatives, and; recognizing and giving credit to traditional and local knowledge holders and community contributions to Arctic Council projects and reports, including co-authorship where appropriate.

Due to its focus on social and economic issues rather than the science-based focus of the other five working groups, the Sustainable Development Working Group is the Arctic Council’s primary means to support Indigenous and community capacity building. The Circumpolar Affairs Directorate states that the Sustainable Development Working Group “drives the human dimension work of the Arctic Council” which is of particular interest to Indigenous partners whose livelihoods rely on a sustainable Arctic.²⁸

In addition, Canada has consistently worked to raise the emphasis on human health issues in the North, creating projects such as the *Arctic Indigenous Youth, Climate Change and Food Culture*. In partnership with Denmark, Norway, Russia, the United States, and Indigenous Permanent Participants, this project has continued into the 2015-2017 chairmanship of the United States. With INAC’s support, Canada also helped to create the Arctic Economic Council to promote trade and business development, and helped to reframe Arctic environmental issues as global issues.²⁹ Prior to the conclusion of Canada’s chairmanship, Canada worked with the United States to ensure that Canadian priorities continue to be reflected by the Arctic Council. Canada’s efforts at bringing attention to the human dimension were sustained when the United States launched the *Rising Sun* project, which focusses on reducing suicide in Arctic communities.

²⁸ The Circumpolar Affairs Directorate. (2016). *NAO’s Window to Arctic International Engagement*. Government of Canada.

²⁹ Rottem, Svein Vigeland. (2016). *The Arctic Council: Vision, Structure and Participation*. Fridtjof Nansens Institutt. pg. 1.

The evaluation finds that Canada was successful during its Arctic Council chairmanship by encouraging the expansion of the types of knowledge and data that inform Arctic Council thinking and decision-making. Canada was able to deliver on its stated objectives and priorities as outlined in the *Iqaluit 2015: Results Achieved* document.

Providing Technical Advice and Expertise

Key Finding #7:

INAC has successfully participated in and contributed to various task forces and working groups, which require qualitative and quantitative analysis, and has provided advice and expertise on best practices, guidelines, and scientific research to the Arctic Council.

As mentioned, the Arctic Council consists of six working groups that focus on a variety of environmental initiatives. They include: the Sustainable Development Working Group; the Arctic Contaminants Action Program, which works to reduce, prevent, and ultimately eliminate pollution in the Arctic; the Arctic Monitoring and Assessment Programme, which aims to provide reliable and sufficient information on threats to the Arctic environment, as well as advice on actions to remediate and prevent northern contaminants; the Conservation of Arctic Flora and Fauna, which provides information on the management and utilization of Arctic species and habitats; the Emergency Prevention, Preparedness and Response working group, which addresses aspects of prevention, preparedness, and response to environmental emergencies in the Arctic, as well as search and rescue programs; and the Protection of the Arctic Marine Environment group, which deals with threats to Arctic marine life.³⁰

In the *Iqaluit 2015: Results Achieved* document, Canada points to six accomplishments during its chairmanship of the Arctic Council which relate to the protection of the environment.³¹ These achievements assist Arctic peoples and communities to adapt to a changing climate.

Canada's initiatives on environmental protection are a mix of science, regulations, and local knowledge. They include items such as: the framework for action on black carbon and methane emissions in the Arctic; the action plan to protect migratory birds along key flight paths; the incorporation of best practices for communities adapting to climate change; and regulatory cooperation on petroleum and shipping industries to prevent marine oil pollution.

³⁰ The Arctic Council Secretariat. The Arctic Council Webpage. Found at: <http://www.arctic-council.org/index.php/en/about-us/working-groups>

³¹ Global Affairs Canada. (2015). *Canada's Arctic Council Chairmanship – Iqaluit 2015: Development for the People of the North*.

An example where INAC provides advice and expertise is under the Northern Contaminants Program. This program was established in response to concerns about human exposure to elevated levels of contaminants in wildlife species that are important to the traditional diets of northern Indigenous peoples.³² Research discovered a variety of substances, many of which had no Arctic or Canadian origins, reaching unexpectedly high levels in the Arctic ecosystem and directly impacting the population. This work fed into the Arctic Monitoring and Assessment Programme of the Arctic Council, which leveraged INAC's expertise and relationships to advance projects in response, including the Biological Effects of Contaminants project.

The scope of the Arctic Council's agenda has expanded in recent years and the working groups are in the process of adapting to these developments. Governance over Arctic issues within the Arctic Council is an ongoing challenge, which requires working groups to have clearly defined mandates. In the past, projects that did not specifically belong to one of the other subject areas fell under the supervision of the Sustainable Development Working Group because its mandate was not as precisely defined. During the 2013-2015 chairmanship, for example, the Sustainable Development Working Group took on the *Reindeer Herding and Youth* project, which seeks to maintain sustainable reindeer husbandry in the Arctic as well as creating a better life for reindeer herders. This project, although relating to Arctic species and habitats, was put under the direction of the Sustainable Development Working Group due to its ties to northern economic and social issues. The Circumpolar Affairs Directorate is working to better define the broad mandate of the Sustainable Development Working Group to allow for stronger alignment among its projects.

It is recommended that:

Recommendation #2:

The Circumpolar Affairs Directorate continue to support an ongoing process for the Sustainable Development Working Group to better define the concept, mandate, and parameters of "sustainable development", which will further clarify the objectives of the working group.

4.2 Achievement of Expected Outcomes – Devolution and Territorial Relations

Transfer of Records and Records Management

Key Finding #8:

Records management, archiving, and the strategy for transferring files (electronic and original paper records) were not addressed early enough in the Northwest Territories implementation process to facilitate an orderly transfer given the time constraints.

³² <http://www.amap.no/documents/doc/amap-assessment-2015-human-health-in-the-arctic/1346>.

The federal government originally planned for an April 1st, 2015, implementation date. However, this was moved forward to April 1st, 2014, which allowed for only eight months to complete implementation. In order to manage the accelerated timeline, Canada and the Government of Northwest Territories established the Joint Project Management Framework, which included a combination of working groups and oversight committees to track progress and manage deadlines.³³ Based on the framework illustrated in Figure 3 below, the Implementation Committee scheduled bi-weekly meetings with the working groups to assess progress and reaffirm goals right up until the April 1st, 2014, implementation date.

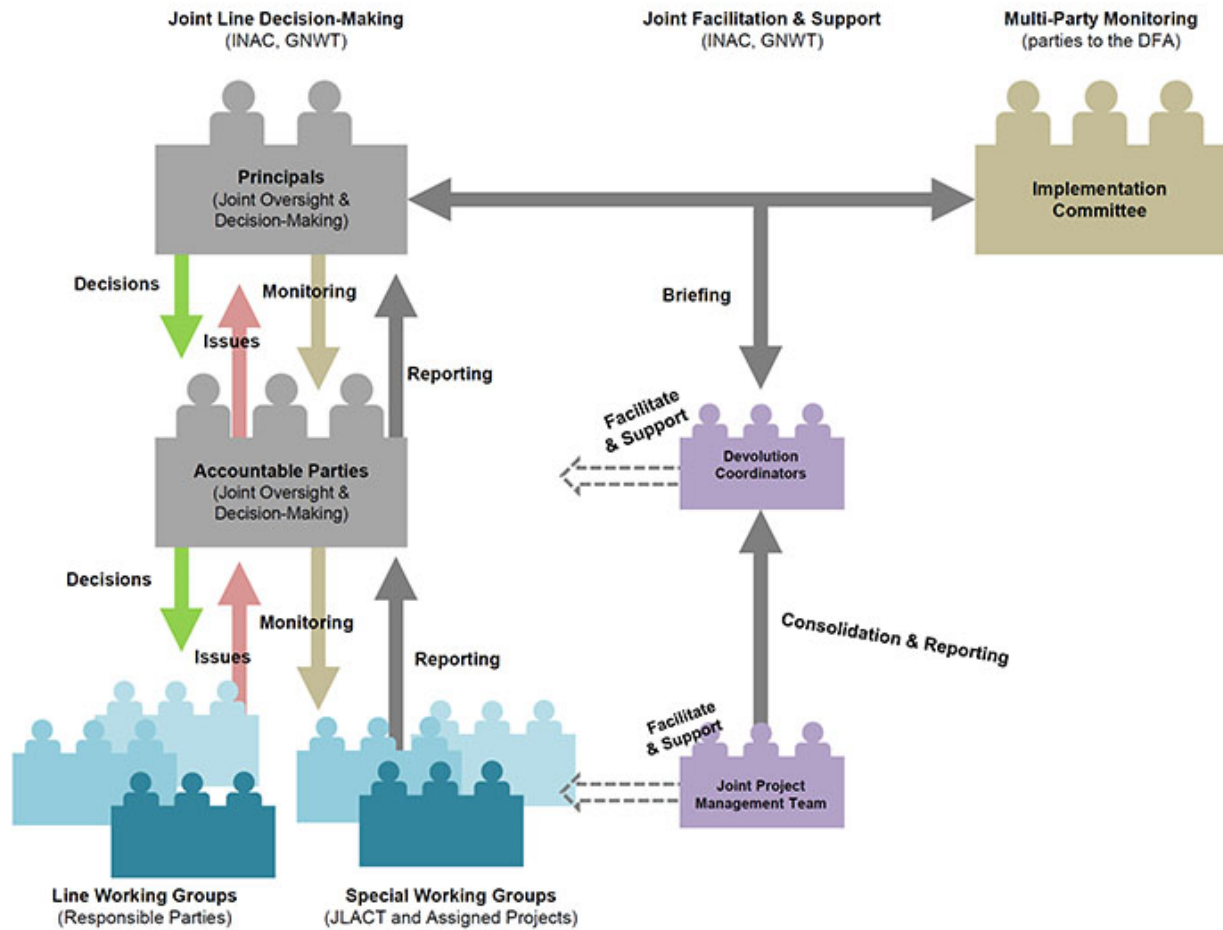
Evidence provided from secondary sources³⁴ along with responses from key informants indicates that the strategy for addressing the information management transfer was not comprehensively addressed by the Joint Project Management Team until shortly before the implementation date. Evidence further suggests that the amount of work required to execute the transfer was underestimated by all parties. INAC key informants emphasized the level of pressure put on staff by the April 2014 deadline. This sentiment was echoed in the Institute on Governance *Lessons Learned* report, which states that, “records staff were working anywhere between 10 and 14 hour days over a seven-day workweek”.³⁵

³³ Johnson, Warren and Jonathan Browne. (2014). *A Technical Review of the Joint Project Management Approach to the Implementation of Devolution in the Northwest Territories*. New Road Strategies and BBMD Consulting. pg. 21

³⁴ Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned*. Ottawa, Canada.

³⁵ Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned*. Ottawa, Canada. pg. 20

Figure 3: The Joint Project Management functional organization³⁶



The compressed timeline along with the large amount of information to be accumulated and digitized made achieving a full and timely transfer a significant challenge. The Government of Northwest Territories had to account for files sent from multiple government departments along with a new federal information management system. In the end, the transfer was a success due to the commitment of all the parties involved. However, there was little room left for error.

The implementation was assisted by the addition of a third-party consultant. A senior official with experience in the Yukon Devolution process was able to point out potential areas that had been overlooked, and assisted in preparing the Government of Northwest Territories for receiving INAC records. The Northwest Territories was anxious to avoid repeating the anecdotes from Yukon's experience, such as a lack of communication with employees and a need for clarification regarding transferring policies and procedures. Most notably, several key informants made mention of trucks

³⁶ Johnson, Warren and Jonathan Browne. (2014). *A Technical Review of the Joint Project Management Approach to the Implementation of Devolution in the Northwest Territories*. New Road Strategies and BBMD Consulting.

filled with federal records arriving unexpectedly at the Yukon territorial offices on the date of implementation.³⁷

The experiences of both the Yukon and the Northwest Territories demonstrate the transfer of federal records is a much more extensive process than it appears to be from the outset. It is clear that both the Government of Northwest Territories and INAC would have benefited from starting the planning process sooner. Additionally, it would have facilitated the transfer had there been an existing inventory of what needed to be transferred prior to the implementation date.

The transfer of records and files included information from a number of other government departments who were at varying levels of preparedness. Environment Canada, the Department of National Defense, Fisheries and Oceans Canada, Natural Resources Canada, Parks Canada, Public Works and Government Services Canada, the Royal Canadian Mounted Police, Transport Canada, and other Crown corporations all had responsibilities in the Northwest Territories that were devolved to the Government of Northwest Territories on April 1st, 2014.³⁸

The records transfer process also took more time than was expected because amendments to policy and guidance documents were not accurately considered prior to the implementation date. For example, agreements such as which department would maintain responsibility over registered contaminated sites³⁹ required review in order to reaffirm land ownership and the new role of the Government of Northwest Territories.⁴⁰

The general lack of communication between the federal and territorial governments throughout the Devolution process was a point raised by various sources. With respect to records management, it hampered the transfer of records to the Government of Northwest Territories. Along with the INAC documents that had to be transferred (including program and services information, operational documents, employee files, etc.) original records also had to be obtained from Library and Archives Canada. Key informants noted a delay in INAC's transfer of these documents to the Government of Northwest Territories contributed to a "major scramble that came to a head in the last three months of implementation".⁴¹ In order to avoid similar complications during Nunavut Devolution, it will be essential to have a strategy prepared for the transfer of records early in the Devolution process.

It is recommended that:

Recommendation #3:

The Northern Affairs Organization work closely with the Government of Nunavut to develop a detailed Information Management strategy for the transfer of records.

³⁷ From Key Informant Interviews, July 2016

³⁸ Government of Canada. (2013). *Northwest Territories Land and Resources Devolution Agreement*. Found at: <https://www.aadnc-aandc.gc.ca/eng/1390503182734/1390503256117#c6>.

³⁹ Government of Canada. (2013). *Northwest Territories Land and Resources Devolution Agreement*. Found at: <https://www.aadnc-aandc.gc.ca/eng/1390503182734/1390503256117#c6>. Part 5.

⁴⁰ Johnson, Warren and Jonathan Browne. (2014). *A Technical Review of the Joint Project Management Approach to the Implementation of Devolution in the Northwest Territories*. New Road Strategies and BBMD Consulting. pg. 23

⁴¹ Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned*. Ottawa, Canada. pg. 20.

The Transfer of Human Resources

Key Finding #9:

The federal human resources strategy and communications plan for the transfer of employees to the territorial government did not have the required oversight from Headquarters, was not well communicated, and left many regional staff confused and uncertain about their status post-Devolution.

The Institute on Governance's *Lessons Learned* report⁴² along with key informant responses on the subject of transferring human resources indicates there was a lack of preparation and communication by the federal government. This lack of preparation is illustrated by the high number of out-of-date job descriptions; as well as employee confusion concerning the transfer of pensions and benefits. In addition, there was anxiety among transferring employees that they would lose certain federal benefits such as Crown housing and/or the *Northern Leave Travel Allowance*. The responsibility for addressing employee concerns and for devising a communication strategy was shared between the INAC regional office in Yellowknife, the Northern Affairs Organization in Ottawa, and INAC's Human Resources Sector. The regional office had the lead, but did not adequately address those concerns.

A strategic approach to the transfer of employees in the implementation phase should have been set out at the beginning of the Devolution process, well before the implementation date. A longer implementation period, along with better communication, would also have helped to reduce uncertainty and stress and facilitate a more orderly staff transition.

Concerns raised by staff covered a range of issues such as: differences in pay and position, new job responsibilities, pensions and benefits, job security, job mobility, and union representation. Clear and early communication by the Department on these issues will be essential in the Nunavut Devolution process.

By contrast, the Government of Northwest Territories' communication with the transferring employees was seen as far more successful. Key informants indicated that significant efforts were made on the part of the Government of Northwest Territories to welcome federal employees. They established fluid communications including town halls, welcome events, and workshops to explain the differences between the federal and territorial organizational structure. The Government of Northwest Territories established an information outpost online and drafted a plain language text⁴³ communicating what the transfer would mean to employees. The Government of Northwest Territories made a concerted effort to present Devolution in a positive light. The welcoming atmosphere created by the Government of Northwest Territories may have contributed to a high acceptance rate among the federal employees who received offers of transfer.

⁴² Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned*. Ottawa, Canada. pg. 26.

⁴³ Government of the Northwest Territories. *Devolution of Lands and Resources in the Northwest Territories*.

A second major finding of the evaluation was that the federal plan for the identification of positions to be transferred was not sufficient for the task at hand. The selection of positions, along with the employees who occupied them, was primarily the responsibility of the INAC regional office in Yellowknife. The regional office was required to identify which regional employees would be transferred and which would remain to continue managing ongoing federal responsibilities in the Northwest Territories. After implementation, some of the remaining federal positions were no longer deemed essential. This indicates gaps in the identification of positions which either needed to be devolved or retained.

A complicating factor during the implementation phase was the enactment of the Deficit Reduction Action Plan. This created a considerably smaller workforce than was initially anticipated in the transfer calculations.⁴⁴ The consequences of Deficit Reduction Action Plan were to overburden the regional office and the newly created Human Resources “hub” offices at the exact time when the need for support was at its greatest. The regional office was suddenly understaffed while in the midst of rushing to complete the implementation process in the eight-month timeframe.

It should be noted that the Government of Northwest Territories negotiated their Devolution agreement during a period of high economic success in the resources sector. The employees that transferred from the federal office were brought over to provide services in the context of a strong resource sector, which generated high revenues for government. While this demonstrates a level of success for the territorial government at the time, the question remains of what will happen to transferring employees if, or when, the resources sector enters a period of decline. Key informants stated that transferred former federal employees are concerned about job security should the Government of Northwest Territories need to undertake workforce adjustment. A clause in the *Devolution Agreement*⁴⁵ states that transferred employees will have a two-year minimum employment guarantee. After this period, however, these positions are subject to government revenue streams (and market fluctuations) as with any other territorial employee. The concern is that their short tenure puts them at greater risk.

The events in the Northwest Territories indicate that the transfer strategy itself, along with the communications plan, was not sufficiently comprehensive nor was it initiated early enough prior to the Devolution implementation date. While the specifics of which positions and employees would be transferred were not known until the *Final Agreement* was resolved, a great deal of the pre-planning for the transfer could have been accomplished in advance. In the case of Nunavut, a longer implementation period would assist in organizing the transfer and preparing the affected employees.

⁴⁴ Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned*. Ottawa, Canada. pg. 19.

⁴⁵ Government of Canada. (2013). *Northwest Territories Land and Resources Devolution Agreement*. Found at: <https://www.aadnc-aandc.gc.ca/eng/1390503182734/1390503256117#c6>. Section 7.9.

It is recommended that:

Recommendation #4:

The Northern Affairs Organization work closely with Human Resources and Workplace Services, the Nunavut Regional Office and the government of Nunavut to develop a detailed Human Resources Strategy and communications plan with regard to the transfer of federal employees. This Strategy should draw on lessons learned from the Northwest Territories Devolution process and should include a comprehensive post-Devolution plan addressing the roles and responsibilities of the residual regional office and the remaining employees.

Lands and Resource Management

Key Finding #10:

The Government of Northwest Territories saw Devolution as a negotiation over the value of assets and the extent of liabilities while the federal government viewed Devolution as an administrative transfer of powers. The different approaches during discussions complicated the process and created obstacles throughout the negotiation.

At the outset of Devolution discussions in the Northwest Territories, both levels of government were in agreement with the high-level concept of Devolution as a “nation-building” exercise. It was uniformly seen as an end to the colonial era in the territory. However, as the process moved forward, this concept began to break down. Federal and territorial sources describe the Government of Northwest Territories negotiations as strained and acrimonious.

Evidence provided by territorial and federal key informants was not in agreement. A number of territorial key informants indicated that the Government of Northwest Territories may have agreed to certain terms or conditions in the *Final Agreement* in order to allow Devolution to proceed. They suggested that the Government of Northwest Territories may have accepted an agreement that did not fully meet their expectations in the interest of concluding the negotiation process, (such as the allocation of certain contaminated sites and transfer of the *Mackenzie Valley Resource Management Act*). These issues, as well as the management of oil and gas resources in the Beaufort Sea (and other northern offshore areas), have left parts of the Devolution process outstanding.⁴⁶

Key informants within INAC suggested that it was the Government of Canada who pushed for an expedited resolution and implementation. As mentioned, this added pressure to discussions and led to rushed conclusions on certain chapters. However, it was thought that without this approach the discussion phase would take too long. In the end, the federal government would not be able to alter its offer in any substantial way. Federal key informants also indicated that tensions may have increased when the Government of Northwest Territories elevated issues to the political level as pressure rose at the negotiating table.

⁴⁶ Some of these issues are set to be reviewed and potentially transferred five years after the April 1st, 2014 implementation date.

Despite these differences, evidence shows that the Government of Northwest Territories and INAC entered Devolution not just with different goals and tactics, but also with different approaches. A result of the acrimonious negotiations was to create time pressures on the implementation process and leave certain important elements of the transfer off the table.

Looking forward to the Agreement-in-Principle phase in Nunavut, the transfer would be facilitated by having a collaborative approach that would assist in creating an apolitical atmosphere of partnership as an initial step.

It is recommended that:

Recommendation #5:

The Northern Affairs Organization works closely with the government of Nunavut to develop a mutual understanding of the Devolution process in order to support and agreed upon approach regarding the transfer of authorities.

Outstanding Authorities

Key Finding #11:

Indigenous groups and the Government of Northwest Territories have ongoing concerns about the administration of the Mackenzie Valley Resource Management Act, including appointments to the water and land management boards, and the administration of transferred lands.

As the *Lessons Learned* report notes⁴⁷, the Government of Northwest Territories negotiation over the *Mackenzie Valley Resource Management Act* was “the most challenging issue to align due ultimately to a lack of trust between parties.” The Act establishes public boards to regulate all uses of land and water while considering the economic, social, and cultural well-being of residents and communities in the Mackenzie Valley.⁴⁸ Subsequent to the transfer date in April 2014, administrative responsibilities for the Act were delegated to the Government of Northwest Territories while managerial responsibilities, including board appointments and policy direction, remained with INAC. This division of responsibilities continues to be a contentious issue in the Government of Northwest Territories.

This raises a major point of concern for the Government of Northwest Territories. Key informants from the Territory stated that having their representatives appointed by the federal government, as per the Act, does not allow them to have full authority over how they are represented on these boards. The Government of Northwest Territories believes that this undermines their self-determination and independence. The issue of appointment also applies to Indigenous communities with modern treaty agreements. Full Devolution of *The Mackenzie Valley Resource Management Act* will be reviewed along with the above-mentioned issues five years after the implementation date of

⁴⁷ Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned*. Ottawa, Canada. pg. 18.

⁴⁸ Indian and Northern Affairs Canada. (2007). *The Mackenzie Valley Resource Management Act: A Citizen's Guide*. Minister of Public Works and Government Services Canada.

April 1st, 2014. Both parties are hopeful that outstanding issues can be resolved and that the final transfer of responsibilities will be affected.

There is also a point of concern for Indigenous groups. After the transfer date, the Government of Northwest Territories became the primary partner for Indigenous groups with modern treaty agreements. The Government of Northwest Territories now has administrative responsibility for any contaminated sites created after the transfer date on settled lands.⁴⁹ Indigenous groups without modern treaty agreements are still under the auspices of the federal *Indian Act* and responsibility for resource administration and contaminated sites is federal jurisdiction.

It is important to note a distinction between Indigenous groups with modern treaties and those without because the relationship they have with the territorial government is substantially different. Several key informants mentioned that some Indigenous groups are concerned about how the relationship between Indigenous peoples and the territorial government will evolve now that the territory is responsible for the delivery of certain programs and services. They note that the Government of Northwest Territories will need to work with Indigenous partners to foster a new relationship and that it will be incumbent upon both parties to be constructive and positive. Interacting with a newly devolved territorial government will present different challenges for Indigenous groups. They look to the precedent set in the Yukon where the relationship between Indigenous groups and the territorial government is still being defined post-Devolution.⁵⁰

In moving forward in the Northwest Territories, it will be important to build the relationship between Indigenous groups and the territorial government. Both parties share responsibility for the administration of Indigenous rights. As the Yukon demonstrates, implementing new programs and services is an incremental process. It will take time to reach a sustainable level of service. In the meantime, developing the parameters for a new relationship is an undertaking that can be planned and managed prior to Implementation.

The situation in Nunavut is quite different. Nunavut does not have the number of Indigenous groups as are in the Northwest Territories. Instead, there is a large and well-represented Indigenous organization, the Nunavut Tunngavik Incorporated, who administer significant portions of the terrestrial resources and who have influence on the public government under the *Nunavut Inuit Land Claim Agreement*.⁵¹ Consideration must be given towards the role the Nunavut Tunngavik Incorporated will play in the Devolution process and how they will be integrated into the final agreement.

⁴⁹ Government of Canada. (2013). *Northwest Territories Land and Resources Devolution Agreement*. Found at: <https://www.aadnc-aandc.gc.ca/eng/1390503182734/1390503256117#c6>. Section 6.

⁵⁰ Aboriginal Affairs and Northern Development Canada, (2016). *Evaluation of the Impacts of Self-Government Agreements*. pgs. 39 and 44.

⁵¹ Indian and Northern Affairs Canada. (2013) *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada as amended*. Government of Canada. Retrieved from http://www.tunngavik.com/documents/publications/LAND_CLAIMS_AGREEMENT_NUNAVUT.pdf.

Key Finding #12:

Negotiations over the transfer of contaminated sites were complicated by different approaches to risk analysis for categorizing contaminated sites.

Contaminated Sites negotiations were complicated by the need to determine how to handle pre-existing environmental liabilities on lands that were intended to be transferred. They were also complicated by differing risk tolerances between the parties and the limited availability of information about some of the contaminated sites. The federal method of categorizing contaminated sites follows a risk-based structure, depending on the level of risk the site poses to public health. The territorial perspective, however, is binary, documenting a site as either contaminated or not.

Moreover, many contaminated sites had not been surveyed and there was a lack of information available on the location and extent of them in the Northwest Territories. It was therefore difficult to determine the cost to remediate sites that had not yet been surveyed. As an example, the federal government would have applied a risk-based analysis to the discovery of an abandoned and empty oil drum in an open field. If it determined that it was not causing contamination, it may decide it was not cost effective to retrieve it. The Government of Northwest Territories appears to have no similar mechanism to make this determination and would therefore classify the site as contaminated.

One objective for Canada during negotiations was to avoid duplicating the contaminated sites chapter of the *Yukon Devolution Agreement*.⁵² This chapter allowed the territorial government to determine the cost of remediating a contaminated site even though Canada retained the liability and responsibility to pay. The parties settled on a proposal for Canada to retain both the responsibility and the decision making for contaminated sites that existed prior to the transfer date.

A separate concept was proposed and accepted which addressed all low-risk, unclassified sites that may be identified in the future. These sites were transferred to the territorial government along with a fund of \$2 million per year, although this was not specifically noted in the *Final Agreement* as being for waste sites. In the end, the total monetary package increased from \$65.3 million in the Agreement-in-Principle to \$67.3 million in the *Final Agreement*.⁵³

As a result of this deal, there are territorially managed sites within close proximity of federally managed contaminated sites, creating pockets of residual lands within devolved territory. Territorial key informants stated that this creates a sense of confusion in trying to determine which sites are managed by which government. In addition, it leaves unresolved any potentially undiscovered contaminated sites that will have to be transferred back to federal jurisdiction in order to fund remediation according to the Agreement. In the Nunavut Devolution process, similar confusion may be avoided by mapping the territory's contaminated sites before the negotiation process begins.

⁵² Minister of Justice. (2016). *Yukon Act*. Government of Canada. Found at: <http://laws-lois.justice.gc.ca/eng/acts/Y-2.01/page-1.html>.

⁵³ <https://www.aadnc-aandc.gc.ca/eng/1390503182734/1390503256117#c6>.

Key Finding #13:

A resource revenue sharing plan will be critical to support sustainable territorial programs and services in Nunavut.

As discussed in the *Mayer Report*, Nunavut considers the subject of negotiating off-shore resources within its boundaries as “essential” to Devolution. The report describes that the inclusion of rights to seabed resources is a matter of national interest, cultural significance to Inuit people, regulatory efficiency, and consistency with the *Nunavut Inuit Land Claim Agreement* and Canadian law.⁵⁴ In a practical sense, the revenue from these resources is critical to the territorial government.

Potential revenue streams generated by the natural resource sector in Nunavut are quite different from the Northwest Territories. A large portion of Nunavut’s natural resources are under the administration of the Nunavut Tunngavik Incorporated. While this corporation works in partnership with the Government of Nunavut, they are a separate entity, responsible for coordinating and managing Inuit responsibilities set out in the *Nunavut Inuit Land Claim Agreement*.⁵⁵ However, this leaves diminished potential resource revenue streams for the public government in Nunavut.

The administrative transfer of offshore oil and gas resources are currently omitted from Devolution negotiations. The federal government is not able to transfer any powers (such as marine rights), which go beyond what provinces currently benefit. As a result, the Government of Nunavut faces the potential management of new programs and services without the administration of resource revenue streams that are present in Canada’s other devolved territories.

Key informants stressed their concerns over Nunavut’s general lack of resource revenue. It was expressed that Nunavut must be a principal beneficiary of any royalties generated by offshore resources after Devolution as it will be a key factor in ensuring Nunavut’s financial sustainability.

⁵⁴ Mayer, Paul. (2007). *Mayer Report on Nunavut Devolution*. Fasken Martineau DuMoulin LLP. pg. 28

⁵⁵ Found at: <http://www.tunngavik.com/about/>

5. Evaluation Finding – Efficiency and Economy

5.1 Efficiency and Economy – Circumpolar Affairs

Capacity and Priority of the Circumpolar Affairs Directorate

Key Finding #14:

Although the Circumpolar Affairs Directorate is effective at managing its resources, the current method for the planning and allocation of funding creates risks to the Northern Affairs Organization’s ability to meet expected results and fulfill obligations under the Northern Strategy.

The evaluation found that a secure and ongoing source of funding is an annual issue for the Circumpolar Affairs Directorate. There is a yearly scramble to support the Canadian-based Permanent Participants and to fund the Department’s range of circumpolar activities. The Circumpolar Affairs Directorate often obtains its funding from other programs and services in the Northern Affairs Organization that may have surpluses. This obviously creates problems from a planning perspective, but more importantly, it detracts from INAC’s circumpolar participation and diminishes the priority of directorate initiatives within the Northern Affairs Organization.

A financial analysis shows that approximately 39 percent of the program area’s actual expenditures are additional funds secured through an Internal Reallocation Request.⁵⁶ This percentage of spending requests may indicate that more effective planning needs to be conducted at the beginning of the fiscal year in order to facilitate a more predictable allocation of funding and support.

The issue of program resources creates a domino-effect for the Canadian-based Permanent Participants. They have a difficult time maintaining their full partnership responsibilities either due to a lack of support and expertise or because of unknown funding levels. In addition, funding (which is allocated for engagement in specific Sustainable Development Working Group projects) is not always distributed equally among the three Permanent Participants headquartered in Canada. This allows some Permanent Participants to participate more fully than others. The point, however, was made during key informant interviews that because of the size and constituency of each of the Indigenous groups, it is, in fact, the larger groups (who receive greater funding) who may face a disadvantage in properly representing their membership at the required levels.

The evaluation found that although the Circumpolar Affairs Directorate has a complex workload, it is delivering with limited capacity. The Directorate functions with a team of four staff members, while at the same time facing a growing assignment of bilateral and policy coordination activities.⁵⁷ It is a problem for the directorate and for INAC’s participation in the Arctic Council that deserves further consideration from the Northern Affairs Organization.

⁵⁶ Annex L - Internal Reallocation Requests are a mechanism for Branch areas to move unspent funds from one program area to another. In the case of the Circumpolar Affairs Directorate, this happens on an annual basis and represents an unusually large percentage of the annual expenditure. In 2015-16, Annex L reallocations were in the amount of \$583,550, or 39 percent of the Actual Expenditure.

⁵⁷ The Circumpolar Affairs Directorate. (2016). *NAO’s Window to Arctic International Engagement*. Government of Canada.

It is recommended that:

Recommendation #6:

The Northern Affairs Organization examine, in the context of other sectoral priorities, the planned funding in order to facilitate improved organizational effectiveness of the Circumpolar Affairs program and more predictable participation from Indigenous Permanent Participants.

5.2 Efficiency and Economy – Devolution and Territorial Relations

Sustaining Nunavut’s Capacity to Deliver on Programs and Services

Key Finding #15:

Nunavut has unique territorial issues that differ from the Northwest Territories. Central among these is the ability of the territorial government to deliver both current and anticipated programs and services with lower capacity.

There are a number of additional issues in Nunavut, which will impact the Devolution process, and which were not present or not relevant to Devolution in the Yukon or the Northwest Territories. These differences are expected to make the transfer of authorities in Nunavut more difficult and perhaps riskier. Primarily, Nunavut has a much smaller population, with communities that are remote and isolated from each other. It also does not have the same level of capital infrastructure or government infrastructure to deliver its existing programs and services. Perhaps most importantly, Nunavut has a lower retention rate among skilled and technical employees in the public sector.⁵⁸ Both the Government of Nunavut and the INAC regional office are currently challenged in their delivery of programs and services given the respective staff issues.

Without a proper capacity building strategy, service delivery issues will be exacerbated after Devolution. As of June 2016, there were 30 vacant positions out of 116 in the INAC regional office.⁵⁹ Under the current capacity levels, programs and service delivery is a challenge. In addition to capacity concerns, the INAC regional office retains employees on average for only 18 months.⁶⁰ This creates a lack of corporate memory and a high need for training services. With such a short retention period, constantly training new employees is a drain on time and already stretched resources.

A further challenge to the upcoming Devolution process in Nunavut is that many employees transferring from INAC to the Government of Northwest Territories already resided in the Northwest Territories, whereas most of Nunavut’s programs and services are delivered from INAC’s head office in Gatineau. Given that a large number of INAC’s service delivery centers in Nunavut are in remote locations and often lack in infrastructure and amenities (for example, Iqaluit

⁵⁸ From Key Informant Interviews and document review of INAC Nunavut regional Human Resources statistics.

⁵⁹ Figures provided by INAC Nunavut regional Human Resources.

⁶⁰ From key informant interviews and document review.

has a shortage of housing), it may be more difficult to encourage INAC staff from headquarters to transfer to the Territorial government.

An additional consideration for Nunavut is that the public government must abide by requirements set out in the *Nunavut Inuit Land Claim Agreement*. According to Article 23 of the *Agreement* (citation Government of Nunavut website), 85 percent of employees must be Inuit. Given that 40 percent of Nunavut's population is under the age of 16 and that communities are spread out across the territory, the newly devolved government could face difficulties in acquiring qualified candidates to fill its capacity needs. Capacity will take time to build and the requirements in the Agreement may take time to fulfill.

The final point draws on lessons from the Northwest Territories Devolution process. INAC's management of Devolution overburdens certain employees who must balance those demands alongside their regular responsibilities, especially in the regional office. The regional offices have limited capacity to manage both the responsibilities of organizing a Devolution process as well as the daily responsibilities of ongoing programs and services. It would be to the Department's benefit to ensure sufficient capacity in the regional office while managing the Devolution process in Nunavut.

It is recommended that:

Recommendation #7:

The Northern Affairs Organization work closely with the Government of Nunavut in considering an incremental and lengthened Devolution implementation process.

6. Conclusions and Recommendations

6.1 Conclusions for Circumpolar Affairs

Relevance

INAC's involvement with the Arctic Council has been critical in bringing together federal departments, territorial governments, and Indigenous groups in the interest of building and maintaining a strong and vibrant North. As key informants indicated, Arctic issues are global issues; a point supported by the collaboration of international working groups, the carry-over of environmental issues between chairmanships, and the keen interest of Observer nations and Permanent Participants on the Arctic Council.

INAC's role was positively demonstrated to be both appropriate and in alignment with stated government priorities in the *Northern Strategy*. The Circumpolar Affairs Directorate brings expertise and presence to INAC's relationships on the Arctic Council. This puts the Circumpolar Affairs Directorate in a critical position within INAC for advancing Canada's northern agenda.

Performance

INAC has successfully nurtured bi-lateral relationships with the United States, Russia, and Norway and has seen more progress stemming from those relationships than at the full member state meetings of the Arctic Council. Canada's work with the Indigenous Permanent Participants and territorial governments has also contributed to the inclusion and influence of Traditional Knowledge in working group projects, and has subsequently encouraged the Arctic Council to focus on social issues in the North as well as environmental and economic issues.

6.2 Conclusions for Devolution and Territorial Relations

Relevance

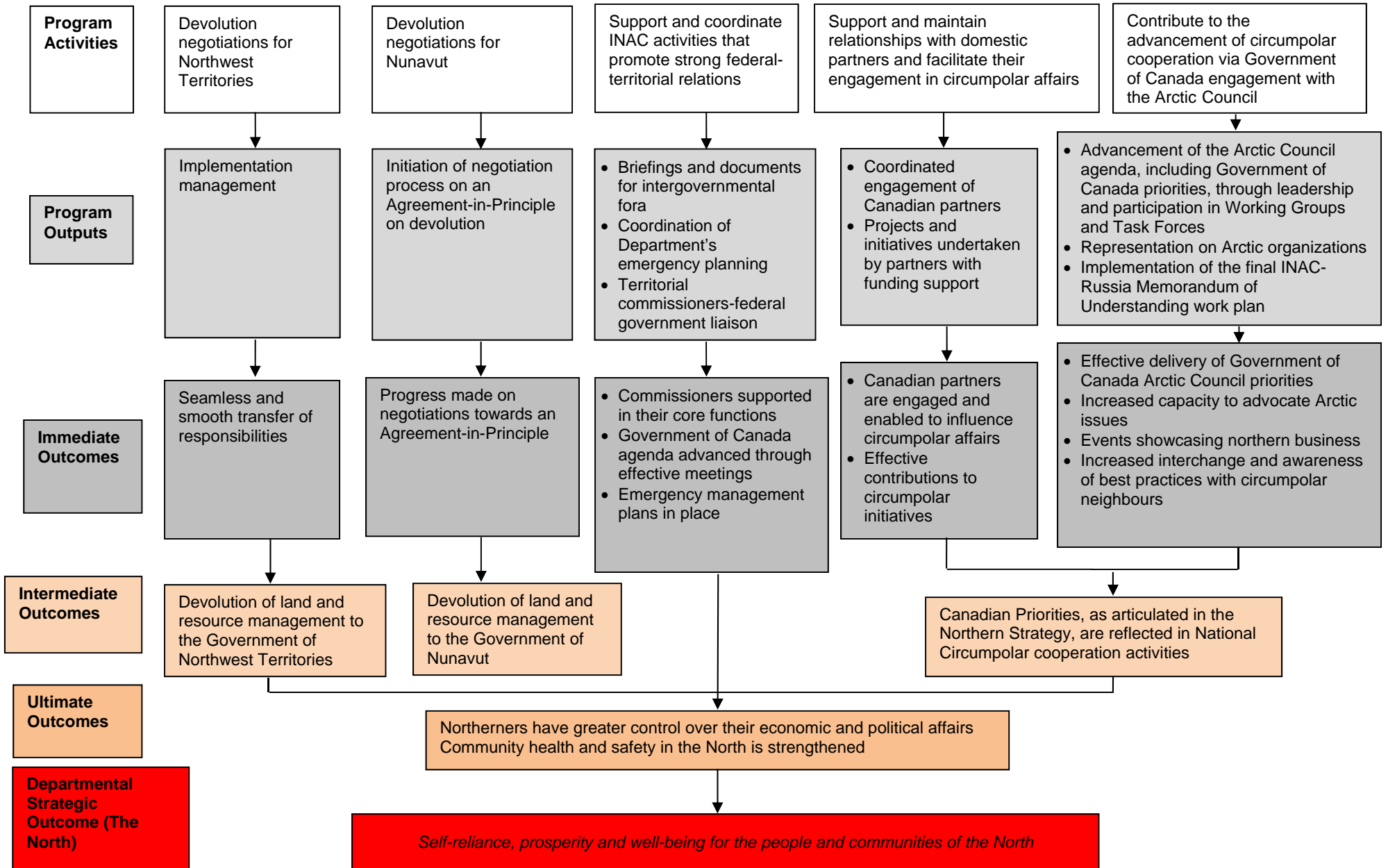
The Devolution of lands and resource management to the territories is a stated objective in numerous government documents, such as *Northern Affairs Organization Next Strategic Plan*, the *2013 Throne Speech*, and the *Northern Strategy*. Devolution creates a stronger sense of territorial leadership, where decisions regarding programs and services are made locally. The Devolution and Territorial Relations directorates of the Northern Affairs Organization work to ensure that territorial governments have greater control over their economic and political affairs by strengthening northern communities. The continued need and relevance for INAC programs, which support Devolution is positively demonstrated.

Performance

The experience in the Northwest Territories provides a number of lessons for the Devolution process in Nunavut. While some parts of Devolution were a success, other areas required more planning prior to the implementation stage. Different perspectives between the Government of Northwest Territories and Canada during the negotiation phase created delays and lack of agreement between the two parties, and led to postponing the transfer of some authorities (such as the *Mackenzie Valley Resource Management Act*).

Most of the key components of Devolution in the Northwest Territories required more strategic planning and earlier attention including; records management, the transfer of human resources, and the strategy for the transfer of lands and resources, including contaminated sites. Given the lower infrastructure and human resource capacity issues in Nunavut, the design, strategic approach, and implementation plan for these key aspects must be planned thoroughly and in advance.

Appendix A – Logic Model Sub-Program 4.1.1



Appendix B – Reference List – Literature Review

Allison, Dean. (2013). Canada and the Arctic Council: An Agenda for Regional Leadership. Report of the Standing Committee on Foreign Affairs and International Development

The Arctic Council Secretariat. (2015). *Amarok: Arctic Council Tracker*. Iqaluit 24 April, 2015.

The Arctic Council Secretariat. *The Arctic Council* web page.
Retrieved from <http://www.arctic-council.org/index.php/en/>.

Arctic Contaminants Action Program, Assessment Reports.

Chief Financial Officer Sector. (2016) *Financial Actual Information on 4.1.1 Program 2010-2016*. Department of Indigenous and Northern Affairs Canada. Government of Canada. Retrieved from office of the Chief Financial Officer.

The Circumpolar Affairs Directorate. (2016). *NAO's Window to Arctic International Engagement*. Government of Canada.

The Circumpolar Affairs Directorate. *NAO's Window to Arctic International Engagement: Executive Summary*. Government of Canada.

Department of Executive and Intergovernmental Affairs. *Inuit Employment: Article 23*. Government of Nunavut. Retrieved from <http://www.gov.nu.ca/cia/information/inuit-employment>.

Environment and Natural Resources. (2011). *Northwest Territories Water Stewardship: A Plan for Action 2011-2015*. Government of the Northwest Territories.

Global Affairs Canada. (2015). *Canada's Arctic Council Chairmanship – Iqaluit 2015: Development for the People of the North*.

Global Affairs Canada. (2013). *Statement on Canada's Arctic Foreign Policy: Exercising : Sovereignty and Promoting Canada's Northern Strategy Abroad*. Government of Canada.

Government of Canada. (2016). *Achievements under Canada's Northern Strategy*. Retrieved from <http://www.northernstrategy.gc.ca/cns/au-eng.asp>.

Government of Canada. (2015). *Canada's Northern Strategy*. Retrieved from <http://www.northernstrategy.gc.ca/index-eng.asp>.

Government of Canada. (2013). *Northwest Territories Land and Resources Devolution Agreement*. Retrieved from <https://www.aadnc-aandc.gc.ca/eng/1390503182734/1390503256117#c6>.

Government of Canada. (2014). *Results of the Implementation of the Work Plan Under the Memorandum of Understanding between Aboriginal Affairs and Northern Development Canada and The Ministry of Regional*

Development of the Russian Federation Concerning Cooperation on Aboriginal and Northern Development in 2012-2014.

Government of Canada. (2013). *Speech from the Throne to Open the Second Session Forty First Parliament of Canada.* Ottawa, ON: Canada. Parliament of Canada. Section 3.

Government of Canada. (2010). *Statement on Canada's Arctic Foreign Policy.*

Government of the Northwest Territories. (2013). *Plain Language Summary of the Proposed Northwest Territories Lands and Resources Devolution Agreement.*

Retrieved from <http://devolution.gov.nt.ca/wp-content/uploads/2012/04/PLAIN-LANGUAGE-VERSION-OF-DEVOLUTION-AGREEMENT1.pdf>

Indian Affairs and Northern Development Canada. (2001). *Yukon Northern Affairs Program Devolution Transfer Agreement.* Government of Canada. Retrieved from http://www.aadnc-aandc.gc.ca/DAM/DAM-INTER-HQ/STAGING/texte-text/nth_pubs_yna_yna_1316538556192_eng.pdf

Indian and Northern Affairs Canada. (2013) *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada as amended.* Government of Canada. Retrieved from http://www.tunnngavik.com/documents/publications/LAND_CLAIMS_AGREEMENT_NUNAVUT.pdf.

Indian and Northern Affairs Canada. (2007). *The Mackenzie Valley Resource Management Act: A Citizen's Guide.* Minister of Public Works and Government Services Canada.

Indigenous and Northern Affairs Canada. (2013). *Northern Contaminants Program.*

Indigenous and Northern Affairs Canada. (2016). *NAO Next Strategic Planning 2015-2016. Moving Forward: A Strategic Plan for NAO 2016-2021.* Ottawa, ON: Canada. Stratos Inc.

Indigenous and Northern Affairs Canada. (2014). *Performance Measurement Strategy.* Government of Canada.

Indigenous and Northern Affairs Canada. *2015-2016 Program Activity Architecture.* Government of Canada.

Institute on Governance. (2015). *Northwest Territories Devolution Lessons Learned.* Ottawa, ON: Canada.

Institute on Governance. (2015). *Regional Transition Roadmap: AANDC Northwest Territories Region All-Staff Meeting.* Government of Canada.

Johnson, Warren and Jonathan Browne. (2014). *A Technical Review of the Joint Project Management Approach to the Implementation of Devolution in the Northwest Territories.* New Road Strategies and BBMD Consulting.

Mayer, Paul. (2007). *Mayer Report on Nunavut Devolution.* Fasken Martineau DuMoulin LLP.

McCrank, Neil. (2008). *Road to Improvement: The Review of Regulatory Systems across the North*. Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians.

Minister of Justice. (2015). *Indian Act*. Government of Canada. Retrieved from <http://laws-lois.justice.gc.ca/PDF/I-5.pdf>.

Minister of Justice. (2016). *Yukon Act*. Government of Canada. Retrieved from <http://laws-lois.justice.gc.ca/eng/acts/Y-2.01/page-1.html>.

News Release. (2002). *Minister Nault Visits Russia to Continue Talks on Northern and Aboriginal Issues*.

Human Resources. (2016). *Employment Statistics – June 28, 2016*. Nunavut INAC Regional Office.

Northern Affairs Organization. (2014). *Performance Measurement Strategy: 4.1.1 Political Development and Intergovernmental Relations*. Government of Canada.

Nunavut Tunngavik Inc. *About NTI*. Retrieved from <http://www.tunngavik.com/about/>.

Nunavut Tunngavik Inc. (2015). *Summary of the 2015 Settlement Agreement*.

Office of the Auditor General of Canada. (2003). *2003 November Report of the Auditor General of Canada: Chapter 8 – Indian and Northern Affairs Canada – Transferring Federal Responsibilities to the North*. Government of Canada. Retrieved from http://www.oag-bvg.gc.ca/internet/English/parl_oag_200311_08_e_12931.html.

Rottem, Svein Vigeland. (2016). *The Arctic Council: Vision, Structure and Participation*. Fridtjof Nansens Institutt.

Second Session, Forty-first Parliament. (2014). *Northwest Territories Devolution Act*. Government of Canada. Retrieved from http://laws-lois.justice.gc.ca/eng/annualstatutes/2014_2/FullText.html

Sustainable Development Working Group. (2015). *AANDC Brown Bag Lunch Event*. Arctic Council.

Appendix C – Evaluation Issues and Questions

Relevance – Need

1. Is there a need for a grants and contributions program, and for internal resources at INAC, devoted to Devolution and Territorial Relations?
2. Is there a need for INAC to devote resources to recipients (permanent participants) to promote circumpolar cooperation among the eight Arctic countries?

Relevance – Alignment with Government Priorities

3. To what extent are the activities and objectives of Political Development and Intergovernmental Relations consistent with the government's priority of self-reliance, prosperity and well-being for the people and communities of the North?

Relevance – Alignment with Roles and Responsibilities

4. Is the role of INAC appropriate, respecting Devolution, relationship management, and circumpolar affairs?

Performance – Effectiveness of Programming in Achieving the Desired Outcomes

5. To what extent has the Devolution of resource and land management to the government of the Northwest Territories and the government of Nunavut been successful?
6. To what extent have Canadian priorities been successfully reflected in National Circumpolar cooperation activities?
7. What impacts, if any, have these activities had on self-reliance, prosperity and well-being?
8. What key changes need to be made in order to improve Devolution?
9. What key changes need to be made to better reflect Canada's priorities reflecting circumpolar cooperation?

Performance – Efficiency and Economy

10. Is the current approach to Devolution efficient from a value-for-money perspective?
11. Is INAC programming respecting activities under sub-program 4.1.1 efficient from the point of view of maximizing outcomes with the most appropriate resource commitments?