

CHAPTER 4

Building Partnerships with First Nations for Major Hydroelectric Projects:

The Eastmain-1-A/Sarcelle/Rupert project in the Baie-James Region

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Summary: All over the globe, social acceptability has become essential to the success of major projects with significant socio-environmental impacts. This reflects a new paradigm in economic development management, which many stakeholders would like to see become more inclusive, as well as a growing distrust of the traditional top-down approach of public authorities in carrying out major infrastructure projects. Based on an analysis of the partnership developed by Hydro-Québec and the Cree First Nation for the Eastmain-1-A/Sarcelle/Rupert major hydroelectric development project in Québec, this chapter outlines four practical lessons concerning ways to promote the social acceptability of large projects based on inclusive local development. This chapter views social acceptability not as a static reality but as a permanent state of balance that requires both investments and coordination structures and mechanisms at every stage of the project life cycle.

1. Introduction

Many historical events revealed the vital role played by stakeholders in major development projects before, during and after the founding of the Project Management Institute (in 1969). In this regard, Houck (2011) analyzed eight environmental controversies involving major development projects that he deemed to be of historical importance, believing that they had a significant impact on our concept of environmental law and the institutions that govern major development projects. Labelle and Pasquero (2006) showed how Alcan stakeholders in the Saguenay–Lac-Saint-Jean region played a crucial role in the evolution of practices in terms of building relationships between the company and communities during the 20th century. The same company, later renamed Rio Tinto Alcan, also witnessed major mobilizations against its hydroelectric megaproject on the Nechako River in northwestern British Columbia due to the flooding of the Cheslatta Indigenous community’s traditional land (Baba and Raufflet, 2014).

A stakeholder is often defined as any individual or group of individuals that has influence over a business or its operations or is subject to such an influence (Freeman, 1984). Setting aside the debate over who is a stakeholder and who is not (Freeman, Harrison, Wicks, Parmar and de Colle, 2010; Phillips, Freeman and Wicks, 2003), the literature clearly suggests that organizational performance is closely related to the ability to strategically manage relationships with stakeholders (Freeman, 2005). Accordingly, the growing role of stakeholders in organizations’ development trajectories has resulted in the emergence of a strategic approach to securing stakeholder engagement¹. Project management literature also pays special attention to this approach, suggesting the importance of stakeholder engagement in a project context (Derakhshan, Turner and Mancini, 2019).

Intersecting the broader areas of corporate social responsibility and sustainable development, discussions on stakeholder engagement in a project context recently expanded to include project social acceptability (hereinafter SA) (Raufflet, Baba, Perras and Delannon, 2013). While it is difficult to achieve a consensus on the exact definition of SA (Gehman, Lefsrud and Fast, 2017), it is clear that this factor is becoming increasingly important in practice and research alike (Costanza, 2016; Demuijnck and FASTERLING, 2016). Recent studies show that SA is a strategic issue for organizations, both private and public. Many projects are delayed or canceled or become unaffordable as a result of delays and difficulties associated with community engagement and the lack of SA (Batellier and Sauvé, 2011; Davis and Franks, 2014). When the stakeholder is an Indigenous community, these challenges are particularly sensitive due to the relational liabilities associated with the repercussions of large-scale development projects on traditional lifestyles (Joy, Eileen, Norma and Zhi, 2017) and the asymmetric power relationships between Indigenous populations and governments, which are frequently trapped in the dual role of project proponent and protector of the common good (Banerjee, 2000; Batellier, 2016). However, despite this situation, there is a visible absence of discussions regarding the First Nations in the literature on SA and stakeholder engagement, including in the area of project management (Banerjee, 2003; Costanza, 2016; Joy et al., 2017).

This chapter begins with an analysis of the Hydro-Québec/Cree Nation experience involving the

¹ We prefer the use of “stakeholder engagement” rather than “stakeholder management” to stress the bilateral and processual nature of the relationship between a business and its stakeholders.

ESR project in Baie-James, Québec. Next, we discuss specific lessons related to stakeholder engagement and SA in an Indigenous context. We conclude with four practical recommendations enabling project proponents to establish constructive relationships with Native stakeholders.

2. The Hydro-Québec/Cree Nation experience involving the ESR project

To understand the local Indigenous community engagement strategy developed by Hydro-Québec for the ESR project, we must look back a few decades to better understand the historical context that gave rise to the project. This section outlines the impact of changes in the energy context, the role of the relational liabilities between Hydro-Québec and the Cree population, and finally, the approach developed by Hydro-Québec and the Crees for ESR.

2.1 A different energy context that calls for a new way to carry out hydroelectric projects

In 1989, Québec Premier Robert Bourassa announced the Grande-Baleine project intending to make Québec an energy superpower, exporting its electricity to the New England states under long-term supply contracts. The announcement threw a wrench into the relationship between the Québec government, Hydro-Québec and the Crees, who hardened their tone in the wake of the announcement and challenged the project through the Superior Court of Québec and in the court of public opinion. The crux of the debate was the Crees' consent to the projects. In their view, Québec and Hydro-Québec had to obtain their consent before proceeding with the project; in the view of Québec and Hydro-Québec, their consent was not required. As it turned out, the Superior Court was never forced to adjudicate the question: on November 18, 1994, just two months after taking power, Jacques Parizeau called a halt to the Grand-Baleine project. In his opinion, it had never been proven that Québec needed the power. The decision came in the wake of the New York Power Authority's March 29, 1994 decision to cancel its \$17-billion long-term contract with Hydro-Québec. Some observers claimed that the Crees had played a decisive role in the project's cancellation (Houck, 2011; Niezen, 2009).

At the same time, the deregulation and liberalization of the North American electricity market were getting underway, especially in the northeast. From that point on, energy markets would be marked by fierce competition due to the introduction of power exchanges where electricity could be bought and sold in a matter of nanoseconds. Electricity became a commodity, just like oil and precious metals. Hydro-Québec was forced to adapt, and long-term supply contracts became a thing of the past. Against this new backdrop, the Québec government-appointed André Caillé to head the government corporation and tasked him with helping the company take advantage of the new energy market. Shortly after his appointment, André Caillé named Thierry Vandal as head of Hydro-Québec Production, the responsibilities of which included planning new hydroelectric projects. For the new government, it was time to break with the past and approach hydroelectric projects in a whole new way to avoid confrontations with other stakeholders, as had occurred with the Grande-Baleine project. The company responded to the challenge by adopting three principles that every new project would have to meet: it had to be profitable, it had to be acceptable from a sustainability perspective, and it had to be supported by the host community. In anticipation of Québec's future energy needs, Hydro-Québec studied several potential generation projects, including the partial diversion of the Rivière Rupert and the construction of a generating station on the Eastmain. In response to these significant changes in the business environment, the company undertook a major transformation by making support

from communities concerned with sustainable development a key component of every project. That decision would kick-start a process of change in the company's culture.

2.2 Specific issues related to relational liabilities

In the late 1990s, developing new hydroelectric projects in the Baie-James region was a considerable challenge: the relationship between the Crees and Hydro-Québec had been plagued by conflict and distrust since the 1970s. Relational liabilities fed on various tensions and troubles over the decades, making dealings between the parties very difficult. The emergence of these liabilities can be traced back to the La Grande project, which Hydro-Québec initiated in the early 1970s without the consent of the Crees and Inuit. In response, they took legal action against the proponents and the Québec and Canadian governments, which was resolved in 1975 by signing the *James Bay and Northern Quebec Agreement* (JBNQA). Over the next two decades, the Crees were dissatisfied with the agreement's implementation, prompting them to institute proceedings against the governments and Hydro-Québec for failure to fulfill their JBNQA obligations. Those proceedings were still not settled when Hydro-Québec proposed to the Crees that they carry out a project together, as partners, in 1997.

From 1998 to 2001, Hydro-Québec's new senior management team met with the Grand Council of the Crees representatives and visited Cree communities on several occasions. Hydro-Québec's goal was to inform them of the partnership proposal involving a partial diversion of the Rupert, some of whose waters would be diverted to the Rivière Eastmain, where a 1,250-MW generating station² would be built. The water would then continue to the La Grande complex to be turbined again (see the map in the appendix). Given the situation and substantial relational liabilities, the proposal met with skepticism and many questions from the Crees. Fieldwork carried out jointly with the Crees in the early 2000s enabled Hydro-Québec to answer the Grand Council's questions, helping to keep the channels of communication open. However, at the same time, the project's opponents (both among the Crees and broader-based pressure groups, specifically environmental groups) were structuring themselves. In June 2001, Hydro-Québec was invited to present its partnership proposal at a special general assembly of the Cree Nation on natural resources. The presentation was interrupted by a demonstration staged by Cree opponents to the project, prompting Hydro-Québec management to put it on hold.

However, the socioeconomic environment in Cree communities and across the province favored a rapprochement between Québec and the Crees, with both parties hoping to boost economic development. In spring 2001, Premier Bernard Landry, who replaced Lucien Bouchard following his resignation, hoped to end the conflict between the Québec government and the Crees. In 2001, Landry and Ted Moses, the Grand Chief of the Cree Nation, met behind closed doors to negotiate a settlement to their dispute over Québec's obligations under the JBNQA. On October 23, 2001, the Crees and Québec signed a nation-to-nation agreement in principle covering the projects on the Eastmain and the partial diversion of the Rupert, among other matters. The Crees gave their consent to the Eastmain-1 project (481-MW), as defined in the JBNQA, which could get underway as soon as the final agreement on the ESR project was signed, subject to certain conditions. Hydro-Québec was not a party in the negotiations and did not sign the agreement in principle or the final agreement.

² This was not the (481-MW) Eastmain-1 powerhouse already approved in the JBNQA.

While Québec and the Crees were negotiating the terms of their final agreement, Hydro-Québec and the Crees were negotiating the terms of nine other agreements, including the Nadoshtin and Boumhounan agreements, which concerned the Eastmain-1 and ESR projects, respectively. In January 2002, the Cree chiefs set out on a tour of Cree communities to inform and consult their members about the provisions of the agreements under negotiation. Following the tour, the Cree Nation held a referendum on a proposal to settle its disputes with the Québec government and to endorse the nine agreements with Hydro-Québec. The 58% participation rate was unprecedented, with 70% of voters backing the agreements.

On February 7, 2002, Québec and the Crees signed the *Paix des Braves*, a comprehensive agreement that offered a new vision for Québec-Cree relations. In the agreement, the Crees gave their free, prior and informed consent to the ESR project's construction on the condition that it would be subject to the applicable environmental legislation, specifically Chapter 22 of the JBNQA. As soon as the *Paix des Braves* was signed, Hydro-Québec and the Crees signed the nine agreements that had been voted on in the referendum. Ultimately, resolving their relational liabilities, made a condition by Grand Chief Ted Moses, enabled the Crees and Hydro-Québec to begin writing a new chapter that paved the way for the ESR project.

2.3 An approach based on consultation, partnership and mutual trust

After more than a quarter-century of conflict and distrust, Hydro-Québec and the Crees took action to ensure that the implementation of the nine agreements signed in the wake of the *Paix des Braves* would proceed harmoniously this time. For the ESR project, the parties created the two-component partnership set out in the *Boumhounan Agreement*: a first component covering the impact study and a second covering the economic spinoffs. The partnership was built on four strategic pillars: involving stakeholders right from the start of the impact assessment process, creating coordination structures and mechanisms, bolstering local capacity and local development, and finally providing financial means at every phase of the project life cycle.

Partnership on social and environmental impact assessments

To assist in carrying carry out the impact assessment, the joint Boumhounan Committee was formed. Its role was to study the project's impact on the biophysical and human environments. Along with Hydro-Québec's representatives, the committee included a representative appointed by every Cree committee affected by the project, a representative of the Cree Regional Authority (now the Cree Nation Government), and a representative of the Regional Cree Trappers Association. Hydro-Québec provided all the necessary funding for the committee's operations, including capacity building and service contracts with the relevant Cree bodies to reimburse committee representative participation costs (rooms, offices, computers, software courses, administrative services, etc.) The company also paid the costs associated with Cree users' participation in field impact assessments with the consultants hired by the committee. The committee operated on a consensual basis: it approved study mandates, consultants, and study reports, including their findings and conclusions. This approach allowed the Crees to take part in every step of the impact assessment process.

It is important to note that this time, Hydro-Québec turned its attention to SA before commencing the environmental impact assessment process. As a rule, impact and benefits agreements are

signed after the environmental impact assessment process has been completed. However, in the case of ESR, Hydro-Québec and the Cree Nation, acting in good faith and encouraged by the transparent consultation process, decided to sign the *Impact and Benefits Agreement* before assessing the environmental impacts.

Under the *Boumhounan Agreement*, the parties defined their roles, responsibilities and obligations in a legal document, along with the nature and scope of the partnership that would provide a framework for the project throughout its life cycle. Drawing on the traditional knowledge of many tallymen, the Crees also played a role in determining the project design and how the impacts were to be assessed. By cultivating SA before starting the environmental assessment process, Hydro-Québec gained credibility: it made a legal commitment to invest in a partnership with the Crees on the impact assessments and to jointly determine measures for mitigating the identified impacts using the appropriate means. Finally, the parties agreed that the signed agreement was not an end unto itself; rather, it marked the beginning of a relational process expected to last for the project's entire life cycle.

Establishment of coordination structures and mechanisms

In March 2004, while working together to prepare the environmental impact assessment report, the Crees and Hydro-Québec resolved their relational liabilities. They sought to put an end to past conflicts that had tainted their relationship and cultivate, instead, a relationship focusing on the future and based on mutual respect, good faith, reconciliation, partnership, genuine participation and mutually beneficial social and economic arrangements. It was in that spirit that they signed the *Agreement Concerning a New Relationship Between Hydro-Québec/SEBJ and the Crees of Eeyou Istchee*. Then, in August 2004, the parties created Niskamoon Corporation, a joint non-profit corporation charged with establishing effective mechanisms for implementing the agreements between the company and the Crees, ensuring their consistency and facilitating, simplifying and expediting access to the funds created under the agreements.

Before submitting its environmental impact assessment in December 2004, Hydro-Québec presented it to the Crees to voice their comments and reservations. Comments selected by Hydro-Québec were incorporated into the report. For non-selected comments, Hydro-Québec explained its reservations to the Crees in writing. This approach aimed to make the Crees full participants in determining the report's content, as far as possible, in order to better prepare for public hearings and minimize any misunderstandings. After two years of analysis and public hearings, Hydro-Québec obtained in early 2007 all the necessary certificates of authorization required to proceed with the project's construction. Those certificates came with 97 conditions to be met. Having worked in partnership with Hydro-Québec and taken part in every stage of the project, the affected Cree communities had a better understanding of the project and were better prepared for the next step, construction.

To address the 97 conditions, Niskamoon Corporation and Hydro-Québec agreed to extend the mandate of the Boumhounan Committee, which had just proven its worth. In September 2007, they signed the *Monitoring Committee Agreement*. The Boumhounan Committee was renamed the "Monitoring Committee" and served as a joint forum to maintain the Crees' significant level of participation in designing and implementing the project's environmental follow-up program. It was also tasked with disseminating information on the follow-up

studies prepared under its leadership. The committee faced several challenges, but thanks to the solidarity and open-mindedness of its members, the Cree/Hydro-Québec partnership emerged all the stronger. Today, after 117 meetings over 12 years, the committee remains the best forum for discussing issues between Hydro-Québec and the Crees in connection with the ESR project, now in the operations phase.

Building local capacity and a partnership for economic spinoffs and local development

Building local capacity and sharing the project's economic spinoffs equitably are central to the Cree engagement strategy for cultivating the ESR project's SA. The stakeholders acknowledge that the economic partnership is a success. Hydro-Québec and SEBJ introduced a number of measures to maximize the economic spinoffs for the Cree Nation. Today, in 2021, the final analysis of the project's economic spinoffs is still in progress. The preliminary study as of December 31, 2011, already showed that the partnership was effective. To encourage the hiring of Cree workers, the company ensures that a Commission de la construction du Québec (CCQ) resource person is available to help Cree workers obtain competency certificates. According to a CCQ representative, the organization's production of competency certificates showed positive growth between 2007 and 2009, with 123, 180 and 206 Crees receiving their competency certificates in 2007, 2008 and 2009, respectively.

Three Cree advisors were hired at each work camp to facilitate and oversee the hiring of Cree workers and educate employers and SEBJ personnel about their hiring efforts. In addition, the company hired about a dozen Cree liaison officers at the three camps to assist security officers in their dealings with the Cree workers, facilitate their jobsite integration and familiarize the workers with workcamp rules. The hiring of a Cree social worker also made professional support available to the Cree workers, if required. She conducted close to 200 consultations in 2009 and 2010.

The *Boumhounan Agreement* and *Agreement concerning Sarcelle Powerhouse* provide for contracts to be awarded to Cree businesses at various project stages. In the draft-design phase (2002–2006), Hydro-Québec committed to negotiating contracts with a total value of \$5 million. In the construction phase (2007–2013), the company committed to negotiating contracts totaling at least \$290 million. Finally, during the facility operations stage (starting in 2014), the company negotiated contracts totaling at least \$45 million.

A study of the preliminary data shows that economic spinoffs generated for the Crees and Cree communities through negotiated contracts, service agreements and purchases of goods totaled over \$15 million during the draft-design phase. For the construction period, the data show that as of December 31, 2011, the total paid to Cree businesses stood at \$831 million, or nearly 28% of all project expenditures to date (\$3 billion). During the same period, 165 contracts were awarded to 37 Cree businesses and 15 tallymen. The participation of Cree businesses—even though in some cases they subcontracted work to non-Cree firms, particularly when the work required advanced expertise—enabled them to play a leading role in managing these projects.

Per the obligations set out in the *Boumhounan Agreement*, Hydro-Québec took several steps to encourage Cree users residing in the territory covered by the project to take part in implementing the mitigation measures. Trapping contracts reflect the boundaries of users' traplines. For example, diversion bay clearing work was spread out over 17 contracts awarded to

eight tallymen or their companies and totaled roughly \$15 million. In addition, environmental studies and fieldwork employed close to 500 Cree workers in both 2007 and 2008, over 700 workers in 2009 and more than 450 workers in 2010. Over the 2007–2010 period, this approach generated close to \$7.5 million in revenue for users. For the facility operations phase, Hydro-Québec had awarded \$10.4 million in contracts to Cree businesses as of December 31, 2017.

In short, for the 2002–2011 period, several thousand jobs were created for the Cree population, and contracts totaling over \$1 billion were awarded to dozens of Cree businesses and workers.

In February 2002, according to the *Cree Employment Agreement* (one of the nine agreements signed on February 7, 2002), Hydro-Québec and the Crees created a program to hire 150 Crees for permanent positions in Baie-James facility operations in the following trades: power system mechanics, power system electricians, protection and control technicians and communications technicians. The 15-year program, which wound up in December 2017, sparked considerable interest among the Cree population: 220 students (154 men and 66 women) qualified and enrolled in one of the four disciplines. Of those men and women, 138 (63%) graduated, Hydro-Québec hired 122 after graduating, and 16, for various personal reasons, were not hired by Hydro-Québec. As of September 30, 2019, 93 Crees were employed by Hydro-Québec. The program was carried out under the auspices of Niskamoon Corporation, in cooperation with Hydro-Québec, the Cree School Board, Centre Polymétier vocational training center in Rouyn-Noranda and other educational institutions in the region. Although it was rolled out while the ESR project was already underway, it provided a significant boost for the project's SA, as implemented the other eight agreements. Their combined effect was to restore the company's image in the eyes of the Cree population.

Providing for financial means at every step of the project life cycle

Despite the partnership's successes, the users affected by the project have to face its residual impacts every day. The funds provided for in the *Boumhounan Agreement* (for remedial works, traditional activities, archaeology, labor training, etc.) are lump sums with expiry dates. For users, this is a major concern because the residual impacts can be long-lasting. As a result, users in the territory wonder how their descendants will cope with these impacts without the resources they need to adapt.

Heeding warnings about the funds' impending depletion and eager to preserve the project's SA, Hydro-Québec and the Crees signed the *Agreement Concerning the Re-appropriation of Territory Affected by the Eastmain-1-A/Sarcelle/Rupert Project* in 2012. It was an unprecedented agreement for the Crees and Hydro-Québec as it provided for three complementary components.

First, the creation of a reappropriation and continuation of land-use fund aimed to ensure the continuing use and reappropriation of the territory by Cree users so that the human impacts could be addressed and the appropriate steps are taken. The fund consists of annually indexed annuities paid by Hydro-Québec for as long as the Rupert's partial diversion remains in effect. This measure guarantees users and their descendants long-term access to funding so that they can adapt to the permanent changes caused by the project.

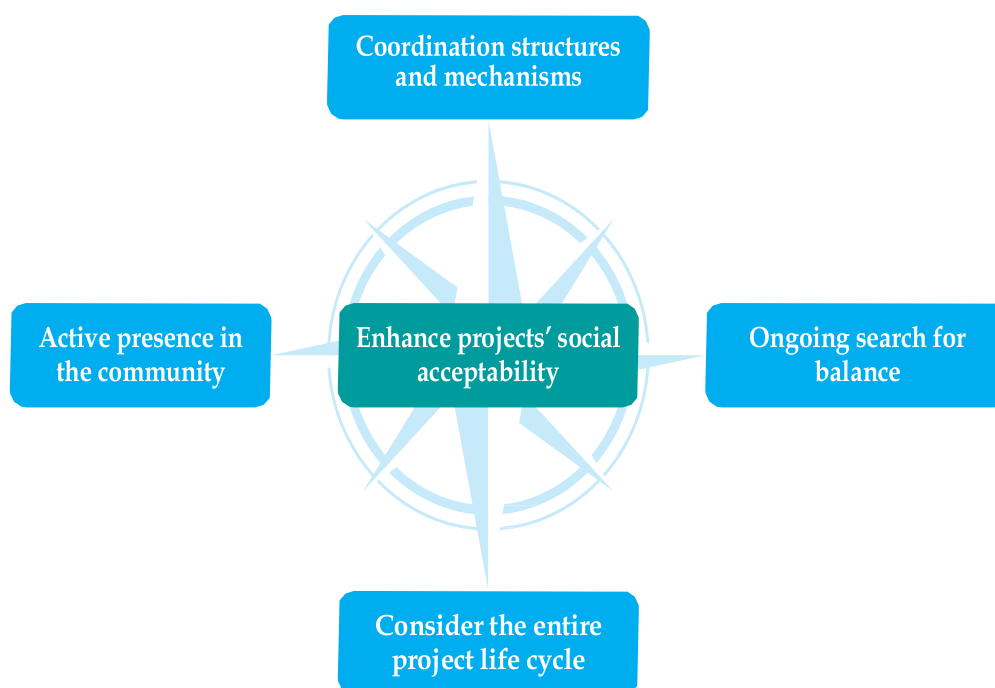
Second, drawing on the same fund, the agreement provided for the Crees to discharge Hydro-Québec’s obligations pertaining to the human environment. However, Hydro-Québec remained responsible for all project impacts, including those affecting the human environment.

Third, the agreement introduced a mechanism by which the Crees could evaluate their level of satisfaction or the company’s progress in meeting its obligations to the Crees over the project’s entire life span. Ultimately, the support offered to Cree users and communities at every stage of the project and the company’s openness to resolving issues as they arise, as demonstrated by the Re-appropriation Agreement, helped make the project more acceptable to Cree stakeholders. Hydro-Québec’s challenge remained to ensure that the project’s benefits and advantages outweigh its negative impacts and disadvantages. That is the very foundation of SA.

2. Managing Project SA: Lessons Learned

The Hydro-Québec/Cree Nation experience points to four key lessons illustrated below as the four “cardinal points” of a sound approach to SA (See Figure 1).

FIGURE 1 Approaches to managing project social acceptability



2.1 The importance of coordination and implementation structures and mechanisms

The ESR project experience turns the spotlight on developing a genuine partnership between the proponent and Indigenous stakeholders and the establishment of coordination, implementation, and monitoring mechanisms. The creation of Niskamoon Corporation is one of these mechanisms. The main advantage of creating an organization of this kind is to give both partners

the means to monitor agreement implementation jointly and continuously. This allows them to manage any points of contention before they compromise the project's SA.

This chapter suggests that a proponent's "real" work starts once the agreements have been signed. Those agreements must obtain the Indigenous partners' free and informed consent. Their implementation throughout the project's entire life cycle is crucial. For that reason, agreements must be viewed as starting points rather than as ends unto themselves. Many proponents and stakeholder relationship managers, no matter how experienced, fall into this very trap, which is even more perilous when considered in the light of Indigenous culture. The Hydro-Québec/Cree Nation experience suggests that Native communities sometimes tend to view contracts as living documents that mark the beginning of a relationship. The contracts are expected to evolve and strengthen over time.

2.2 Presence of carefully selected representatives in the communities throughout the project

Although they help to ensure that the agreements and mutual obligations of the project proponent and stakeholders are fulfilled, coordination structures and mechanisms are frequently little more than quasi-political dealings between the parties' representatives. That is insufficient since SA is a consensus among all members of the community. To achieve SA and maintain a viable relationship over the long term, the partners must be able to maintain a sustained presence in the impacted communities. This lesson is especially important in a Native context, where the culture prioritizes human and social relationships (Bruton, Zahra and Cai, 2018; Mika, Warren, Foley and Palmer, 2017). While the structures and mechanisms are important, the choice of the individuals who work within those structures is just as critical. In fact, the quality of the proponent-local stakeholder relationship is greatly influenced by the interactions between their representatives, who work every day to establish and maintain those relationships. Consequently, the partners must be willing to define or redefine their partnership as SA levels vary and issues that make the project less acceptable arise. The partnership's ability to adapt to these issues as they emerge is the key to preserving SA.

For the partners, this approach not only fosters personal, constructive relationships it also allows them to assess the project's SA over its entire life cycle. In this case, Niskamoon Corporation benefits from the services of a local representative designated by the community in every community. The Niskamoon representative does not necessarily act on behalf of Hydro-Québec, but serves as an information relay between the proponent and the community. The Niskamoon representative does not make up for the physical absence of Hydro-Québec's representatives either. Teamwork is essential here while leaving the representatives sufficient latitude to demand action on issues specific to their community.

Beyond their presence in the affected communities, the choice of representatives stands out as a key factor in maintaining good relationships in the ESR experience. For their part, the proponent's representatives must be able to defend their employer's interests while respecting the rights and values of the Indigenous communities with which it partners. This mandate requires a strong ability to negotiate compromises frequently. To that end, listening skills, open-mindedness and the ability to manage tense situations are key strengths. Representatives must

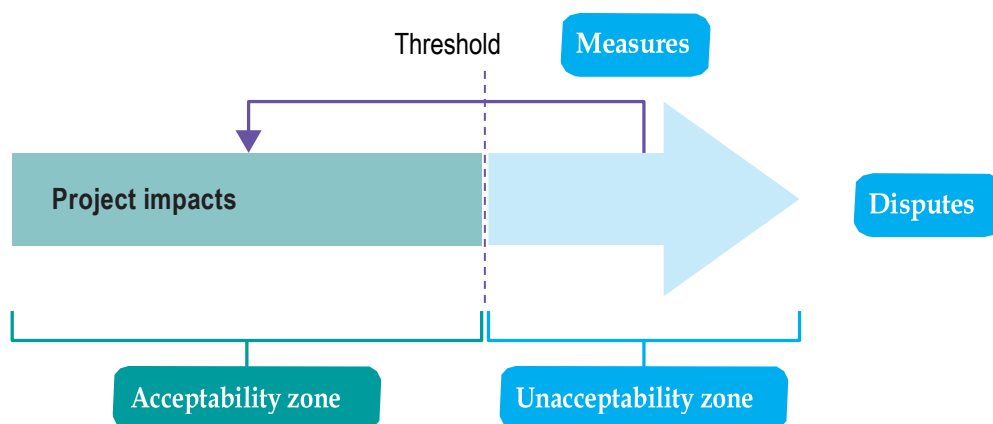
be able not only to manage interpersonal relationships and social interactions with communities but also to maintain a vision of what the long-term dynamics of the proponent-Indigenous community relationship should be throughout the project’s life cycle in order to preserve its SA.

The same is true for the Indigenous communities. The selection of representatives is important and plays a critical role in the quality of the relationships between the proponent and affected communities. Their skills and desire to work with the proponent are essential qualities, along with their ability to represent the interests of their community as a whole rather than those of a more limited group of individuals holding considerable power in their communities (Guijt and Shah, 1998). Finally, the community’s representatives must defend the interests and priorities of their community to the proponent, on the one hand, and understand the proponent’s needs and obligations and communicate them to the community’s members, on the other. Fulfilling this dual role will make it possible to resolve any issues quickly and to the parties’ satisfaction.

2.3 SA as an ongoing process of balancing impacts and benefits

Another important lesson learned from the Hydro-Québec/Cree Nation experience is that SA requires the partners to ensure that the project’s benefits outweigh its disadvantages constantly. As shown in Figure 2 below, community members are usually willing to accept the project’s adverse impacts up to a certain threshold, beyond which they deem the project to be unacceptable. To ensure its projects remain acceptable for their entire life span, the proponent must join forces with the stakeholders to identify mitigation measures, compensation measures and so on in order to make the project’s impacts acceptable. This step aims to ensure that the project’s benefits outweigh the disadvantages as perceived by local stakeholders. It is a recurring process that starts with the prior, free and informed consent given by the stakeholders at the project outset and lasts as long as the project is in progress. In the event that the measures are insufficient to make the project acceptable, the stakeholders are likely to use legal recourse, potentially leading to considerable operational uncertainty.

FIGURE 2 Dynamic relationship between project impacts and social acceptability (adapted from Ehrlich and Ross, 2015, p. 93)



The two preceding lessons do not negate the necessity for the proponent to ensure the partners have the means to maintain the project's SA throughout its life cycle. This can be a particularly sensitive matter because many proponents have two biases: (1) the financial costs incurred to manage stakeholder relations are often viewed as expenses rather than investments, and (2) the investments are often planned for and made at the very start of the project and tend to drop off over time. However, the Hydro-Québec/Cree Nation experience shows the exact opposite. The proponent has to understand that it has a duty to invest in managing stakeholder relations for the project's entire life span. Because the residual impact is long-lasting and unforeseen issues can arise during construction and operations, the proponent must be willing to listen and consider implementing additional measures along with adequate financing, as required. Hydro-Québec and the Cree Nation innovated in 2012 by signing an agreement on the reappropriation of the land involved in the ESR project. This historical agreement provides for the proponent's legal obligation to pay the Crees annuities until the end of the project to offset the residual impacts and unanticipated issues. The ESR experience shows that these costs are a real investment amortized over time and allow for a degree of long-term predictability. Unlike Hydro-Québec's first experience with the Crees involving La Grande, the ESR project posed very few challenges because situations were dealt with as they arose. The result was greater operational stability, a valuable asset to any organization.

2.4 Including local stakeholders in every stage of the project life cycle

It may seem banal to suggest including local stakeholders in every stage of the project life cycle, but this is a key lesson from the case study. For the ESR project stakeholders, there is no doubt that involving the Crees in the process early on, during the project design phase, was a deciding factor in achieving acceptance from the affected communities. It had to be clear that Hydro-Québec had changed. Although many proponents are afraid to lose control by including local stakeholders in every stage from design to planning, execution and operations, this approach allows for greater control over the project's social aspects. Involving stakeholders in the entire process—establishing a partnership with the Crees from the project outset—made it possible for Hydro-Québec and the Crees to agree on some of the project's technical requirements, the studies needed to identify its impacts, measures to mitigate or enhance its impacts, its economic spinoffs, and so on.

The partnership is crucial: SA is not a matter to be managed only at a project's outset but over its entire life cycle. That requires a degree of openness and a willingness to work together. For example, for the Crees, an agreement must reflect their values. The Crees play a significant role in drafting contracts and agreements, which have to allow for a degree of flexibility in the manner they are implemented. Lawyers write up more “Western-style” contracts in other communities that leave little room for ongoing modifications and discussion. Hydro-Québec learned from the past and left the Crees to manage their decision-making process and handle any issues of concern internally. Ultimately, local community participation at every stage of the project is beneficial but requires adjustments that may prove crucial for the project's SA.

3. Conclusion

This case study breaks new ground in two ways: first, it looks at the partnership between

Hydro-Québec and the Cree Nation as part of the ESR project by drawing on the extensive experience of the three co-authors—one representing Hydro-Québec, a second representing Niskamoon Corporation, and a third, with no connection to either party. Second, it analyzes a major hydroelectric project that was a success in terms of the partnership with Indigenous stakeholders at every stage of the project. Our study points to four major lessons that can serve as a basis for building lasting, constructive relationships with project stakeholders, whether Indigenous or not: involving stakeholders at every stage of the project, establishing coordination and implementation structures and mechanisms, ensuring the active presence of carefully selected representatives in affected communities and, finally, maintaining a balance between impacts and benefits at every stage of the project and throughout its life span.

In conclusion, this study reveals the importance of viewing SA as a social construct that requires constant cooperation between the stakeholders. The path to achieving SA is a winding one, with ups and downs. For that reason, engaging stakeholders in project management is an ongoing process that requires investments and coordination structures and mechanisms that have to be developed in partnership; without them, the balance that preserves SA is on shaky ground. The proponent's only way to maintain SA is to assure the stakeholders that the project's benefits and advantages outweigh its impacts and disadvantages. This is the key lesson that every proponent must bear in mind. Some individuals, including the current Grand Chief of the Cree Nation, Abel Bosum, believe that SA and the sound management of resource extraction projects are part of a broader debate on reconciliation between Canada and the First Nations. In other words, securing SA is a responsibility of society at large toward individual communities, intending to ensure a fair and harmonious future.

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Appendix 1. Map of the Eastmain-1-A–Sarcelle–Rupert complex in Baie-James

