



# Сахалинская областная Дума

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## Представитель коренных малочисленных народов Севера при областной Думе

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### PRESENTATION

**Concluding seminar in the ESRC series:  
“Trans-Sectoral Partnerships, Sustainability Research and the  
Oil & Gas Industry in Russia”**

Cambridge, 20<sup>th</sup> March 2006  
Scott Polar Research Institute (SPRI)  
Cambridge University

Session 3:  
Sustainable Development and the Oil & Gas Industry of Sakhalin Island

### **Relations between oil companies and Sakhalin’s indigenous population**

Dr Piers Vitebsky! Seminar participants!

I greet you on behalf of the Indigenous Minorities of the North from the distant island of Sakhalin, an island that is 948 km long with an area of 76,400 km<sup>2</sup>.

Representatives of various ethnic groups – Nivkhi, Evenki, Oroki and Nanaitzy – live today in localised communities in six districts of Sakhalin Oblast. The total indigenous population of the region is 3526. In the middle of the 19<sup>th</sup> century, there were 3,500 Nivkhi alone, according to Anton Chekhov’s book ‘Sakhalin Island’. The traditional way of life, livelihood activities, industries and culture of the indigenous populations of Sakhalin have been impacted by development processes since the time the island was a Tsarist penal colony, throughout the era of Soviet power and in the period of perestroika.

Today the rights of Russia’s northern indigenous minorities are guaranteed by the law ‘On guaranteeing the rights of indigenous minorities of the Russian Federation’ of 30 April 1999 (No. 82-FZ) (amended by the Federal Law of 22 August 2004, No. 122-FZ) and other federal laws.

Sakhalin Island is rich in natural resources. The past decade has been characterised by rapid industrial development, primarily oil and gas exploitation by such companies as Exxon Neftegaz Ltd., Sakhalin Energy, Rosneft-Sakhalinmorneftegaz, Elvari Neftegaz and BP-Sakhalin. On 19<sup>th</sup> April 2005 a tripartite co-operation agreement was signed by the Sakhalin Regional Administration, the oil companies and myself, as the indigenous peoples' representative in the Sakhalin Regional Parliament. The agreement related to co-financing of educational, health and cultural projects for the benefit of Sakhalin's indigenous peoples. According to this agreement in 2005 indigenous people received financial support for social projects from the following companies: Elvari Neftegaz – more than 5 million roubles; Sakhalin Energy – more than 110,000 US dollars; Exxon Neftegaz Ltd. – 30,000 US dollars; and Rosneft – 500,000 US dollars.

All the above-listed oil companies are at various stages of industrial development, but in my view, what they have in common is that they have all come to work on the traditional lands of Sakhalin's indigenous peoples, i.e. the historical area where indigenous peoples carry out their cultural and everyday life activities, and which determines their self-identity and way of life.

We indigenous people believe that:

“The Air, Land and Water are sacred;

Nature is the source of life; a human being is a drop of water in the whirlpool of life;

The past, the present and the future make up the river of time. Therefore, the way our ancestors lived, so we live today and our descendents will live in the same way.

(The above is taken from the Charter of Northern Indigenous Minorities of Siberia and the Russian Far East, adopted at the 4<sup>th</sup> Congress of Northern Indigenous Minorities of Siberia and the Russian Far East, 13 April 2001.)

The activities of oil companies on our traditional lands has immense significance for our lives.

A week ago I met with representatives of several oil companies on Sakhalin. They made a point of emphasising that it is an internal company matter for them to develop a strategy in relation to indigenous peoples, and they retained the right to determine who should receive sponsorship assistance. I agree that it is an internal company matter. But today in the 21<sup>st</sup> century, how can one develop an indigenous peoples' strategy without the participation of the indigenous peoples themselves?! How can one determine the beneficiaries of financial help effectively without taking into consideration the opinion of the legitimate and authorities representatives of the indigenous peoples? The principle of voluntary, prior and intentional consent of indigenous peoples has been approved and ratified by all participant states in the Working Group of the UN Commission on Human Rights that worked on the draft of the UN Declaration of the Rights of Indigenous Peoples (Jan-Feb 2006). These are the realities of contemporary life, and are worth considering during interactions with indigenous peoples, in order to ensure mutually beneficial partnerships and collaboration.

A good example of the transition from protest to collaboration is the relations between the indigenous peoples of Sakhalin and Sakhalin Energy.

In January 2005 the indigenous peoples of Sakhalin, supported by certain political forces, carried out a protest action 'Green Wave' against the oil companies operating on Sakhalin, with the main demand to carry out an Anthropological Expert Review. Since May 2005, Sakhalin Energy and the indigenous peoples of Sakhalin have been jointly developing the Sakhalin Indigenous Minorities Development Plan (SIMDP). The budget is 1.5 million US dollars over each five-year period or 300,000 US dollars annually (for the life of the Sakhalin-2 Project). A working group has been set up including company representatives and indigenous representatives. Two commit-

tees are working: the Social Development Committee and the Sustainable Resource Use Committee. We are in the final stages of developing the Plan.

What is the most important aspect of this Plan? In my view it is the fact that the benefits from the implementation of the SIMDP go to all indigenous peoples, whether or not their district is impacted by the Sakhalin-2 Project. Consultations carried out with the participation of the Sakhalin Regional Council of Authorised Representatives of Indigenous Minorities, and an educational seminar for indigenous peoples have led to the development of a substantial plan. Indigenous people have become more active, and when Sakhalin Energy announced a competition for grant applications from indigenous enterprises, communities and NGOs, there were 30 applications.

What is strategically important for indigenous minorities? The SIMDP has a long name. In my view, the key word is 'development'. The word 'assistance' (which appears in the Russian version of the plan title) relates to the partnership relations between Sakhalin Energy and the indigenous minorities.

The working group thought for a long time about the question of indigenous development and how to really improve the lives of indigenous peoples. The answer was that the focus has to be on development of the traditional economy, with support for clan enterprises and communities (*obschiny*), traditional industries of the indigenous peoples: fishing, hunting, gathering, and reindeer herding. Therefore in the annual SIMDP budget, 50-55% was allocated to the development of traditional economic activities; health - 15-20%; education - 20-25% (of which 5% is directed towards support for indigenous leadership); and culture - 5-10%. A further 10% is allocated to a Mini-Grant Fund.

I particularly want to mention the relationships that have been established in the course of our collaboration. Sakhalin Energy's respect towards traditional knowledge, culture and traditions of indigenous peoples has led to the establishment of mutual understanding and openness, and this has stimulated the work on the Plan. The Sakhalin Energy employees Matthew Bateson, Larisa Korablinova and Leena Zhamyanova inspire trust. In my view, consultant Dr Gregory Guldin inspires particular trust. His influence as someone with a huge amount of experience has encouraged Sakhalin Energy to listen to the indigenous peoples and actually hear what they say. Consultant Emma Wilson's leadership of the Sustainable Resource Use Committee has been effective, as she has a understands the issues very well from the inside.

The joint work on the SIMDP is an entirely new experience for the indigenous peoples of Sakhalin. It is natural that there will be problems. The important question is how one deals with them. If we consider a problem to be resolvable, then we need to think together about ways to resolve it. In the Social Development Committee the indigenous people sent in many project proposals in the sphere of education, culture and health. It was difficult to determine which project to approve for financing, so we had a meeting with representatives of the departments in the Sakhalin Regional Administration responsible for education, health and culture. We discussed all the projects and chose those that were most relevant and timely for indigenous peoples' development.

Another problem was the lack of information that indigenous peoples' had about the progress being made to develop the Plan. To resolve this, we gathered a team that included members of the working group, members of the committees and invited the head of the Sakhalin Regional Administration's indigenous peoples' department, Nadezhda Laigun, and we travelled to isolated indigenous communities to tell people how work on the Plan is going. This was very useful, in order to overcome the lack of trust that some indigenous peoples towards the company and doubt that benefits would come to their district.

In closing my presentation, I would like to express the hope that the experience of collaboration and co-operation between Sakhalin's indigenous peoples and Sakhalin Energy serves as a starting point for the development of mutually beneficial partnerships with other oil companies on Sakhalin.

I thank Dr Piers Vitebsky for inviting me to this seminar.  
Thank you for your attention

Ekaterina Korolyova