

ESRC Seminar Series



ESRC Seminar Series: Trans-sectoral Partnerships, Sustainability Research and the Oil & Gas Industry in Russia

Report from Seminar 1: Sustainable Community Development,
Social Impact Assessment and Anthropological Expert Review

26 November 2004

Organised by Dr Piers Vitebsky, Dr Emma Wilson and Dr Florian Stammler
Scott Polar Research Institute, Cambridge University

SEMINAR AIMS

The aims of this first seminar were:

1. To facilitate a brief discussion of the sustainable development concept in the context of the oil and gas industry in Russia from the academic and corporate perspectives
2. To explore the ways that local communities, government, NGOs and industry engage with one another in the pursuit of sustainable development goals

In the community development discussion, the aim was to discuss the effectiveness of various impact assessment processes, community engagement models and sustainable development initiatives for local communities.

The seminar was attended by 39 participants. Russian participants included five guest speakers and one further participant who travelled from Russia, as well as other Russian participants who travelled from the UK. Participants included representatives of industry, NGOs, independent consultants and academics. There were eleven postgraduate students. Cambridge University participants represented four different departments, which provided a rare opportunity for inter-departmental interaction.

While the seminar achieved a broad diversity of participation, the absence of (Russian or other) government representatives was noted by participants. Efforts will be made to ensure the attendance of government representatives, particularly Russian, at subsequent seminars.

Speakers' presentations can be viewed on the seminar series website at:

<http://www.spri.cam.ac.uk/events/russianoil/>

The following sections highlight key themes that came under discussion during the three sessions, and specific questions that may provide fuel for future discussion.

The sponsor of this series of four seminars is the UK Economic and Social Research Council (ESRC), with additional support from Environment & Community Worldwide (ECW) Ltd., Cambridge. Subsequent seminars will take place in 2005 at Leicester University, the London School of Economics and the Scott Polar Research Institute. More information is at <http://www.spri.cam.ac.uk/events/russianoil/>

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SEMINAR RESULTS

Session 1

Russian approaches to the concept of Sustainable Development

Jonathan Oldfield, Birmingham University

Corporate approaches to the concept of Sustainable Development

Anna Schin, European Bank for Reconstruction and Development (EBRD) Environmental Department

Discussant: Andy Gouldson, Centre for Environmental Policy and Governance (CEPG), London School of Economics

This session provided an introduction to the sustainability concept from the academic and corporate perspectives. This included discussion of what sustainable development means in the Russian context and an emphasis on the need to consider Russian interpretations and cultural considerations in the sustainable development debate.

The role of international financial institutions (IFIs) in controlling the activities of resource extraction companies was noted as being important, although not a universal solution, as companies who do not take credit from IFIs are not subject to this kind of control. There are also many gaps between IFI guidelines and Russian legislation, which make the former difficult to implement in Russia. Participants recognised the need to influence not only companies at the project level, but also governments at the policy level.

Significant factors in shaping Russia's sustainable development policy were highlighted, including Russia's role within global sustainable development frameworks (e.g. Kyoto Protocol), the powerful domestic 'resource utilisation' lobby, and the significance of hydrocarbon extraction for the national economy over the short to medium term. The lack of coherent policy and poor implementation were highlighted as hindrances to sustainable development in practice.

Participants also noted the need for more mutual understanding (e.g. between companies, investment banks, local governments and communities) to bridge the divide between local and Western understandings of what sustainable development should be in practice.

Bringing biodiversity into the sustainable development debate was identified as a challenge, particularly in the Russian context.

The importance of governance was emphasised for promoting sustainability of corporate activities. Participants suggested the need to move away from 'procedures' and focus on 'outcomes': 'participation' often serves to legitimate rather than transform behaviour. A key question is therefore how to translate stakeholder engagement into positive influence and change.

Session 2

Is Strategic Environmental Assessment Possible in Russia?

Vassily Spiridonov, Worldwide Fund for Nature (WWF) Russia, Moscow

Social Impact Assessment on Sakhalin Island

Marina Ee, Sakhalin Energy, Sakhalin

Anthropological Expert Review in Russia

Olga Murashko, International Working Group for Indigenous Affairs (IWGIA), Moscow

Discussant: Florian Stammer, Scott Polar Research Institute (SPRI), Cambridge

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The Session 2 discussion highlighted the need for strategic assessment of the cumulative impacts of multiple oil and gas developments, such as those taking place currently on Sakhalin Island. There is a need to develop appropriate legal frameworks and ensure the effective implementation of the legislation that currently exists.

Recommendations were made on how legislation relating to the Anthropological Expert Review (*etnologicheskaya ekspertiza*) process can be improved. (A summary of the latest news about a regional law on Anthropological Expert Review in the Yamalo-Nenets Autonomous Region was provided in Session 3). Long-term regional development plans were highlighted as necessary for regions as a whole and for indigenous populations living within those regions.

The Social Impact Assessment (SIA) process was examined and some comparison made with the Anthropological Expert Review process. Participants questioned what happens to information from social impact studies when it is gathered – how does it translate into change within a company? Results also depend on who is consulted.

Participants considered how much common ground there is between ecological and ethnic interest groups and what kind of conflicts there might be between environmental protection and human rights priorities. The need for an economic justification for actions in both spheres was recognised.

Session 3

Oil Companies' Relations with Reindeer Herders and Hunters in Nogliki District, Northeastern Sakhalin
Evgenii Mitrofanin, Native Cultural Autonomous Organisation 'Chamgun', Nogliki, Sakhalin

The Biggest Gas Reserves and Largest Reindeer Herds in Russia
Florian Stammer, Scott Polar Research Institute (SPRI), Cambridge

Indigenous Communities and Oil Companies: Perspectives for Collaboration
Vladislav Peskov, Association of the Nenets People 'Yasavei'; Russian Association of Indigenous Peoples (RAIPON), Moscow

Discussant: David Anderson, Department of Anthropology, Aberdeen University

This session provided case studies of engagement between local communities and oil companies, including environmental and social/cultural impacts as well as sustainable development opportunities, interdependency and collaboration. These were good examples of how people can work together in the absence of a complete legal framework.

Individual agreements between indigenous land users and oil companies were demonstrated to be effective as a way to 'fill in the gaps' until official regulation is established. Long-term personal relations between oil company workers and reindeer herders can create a positive climate of co-existence between companies and communities.

The Nenets Autonomous Region case study demonstrated how an indigenous association can develop a collaborative relationship with oil companies through establishment of a working group. In addition the association is promoting reform of legislation relating to indigenous peoples, in particular their relations with oil companies, by drafting regional-level laws.

The Sakhalin case study highlighted positive and negative aspects of oil company-community relations. Local awareness has increased in recent years and oil companies have sponsored some successful community development initiatives. However, successful engagement can be hampered by: a lack of trust on the part of local populations; mis-representation of local interests by charismatic figures in the community; a company's poor preparation for consultations; and the self-

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interest of companies and local administrations. The key role of contractors and subcontractors was highlighted, as they have most direct contact with communities.

Participants noted that there is not always a conflict between local communities and development, but that there are problems working out how to integrate hunters, herders and other resource users into an industrialising society. Local people want to be employed on their own terms using their own language and skills. Mixed blood settlers also feel a connection to place, although ethnic rights tend to be seen in terms of indigenous peoples, not mixed communities.

Recommendations from participants included ongoing public consultation focusing on direct engagement with local users of resources which may be impacted by oil and gas developments. Small, focused meetings in seasonally appropriate places – such as the Sakhalin Energy meetings with reindeer herders – are often more effective than large public meetings. Participants also recommended timely multilateral assessments of project activities and potential impacts and avoidance of phased project assessments. Engagement with local-level as well as regional-level regulatory agencies was recommended. Transparency and accountability are needed in all compensation payments.

Management of the activities of contractors and subcontractors was identified as critical to project success and community wellbeing. Project operators and Western contractors need to ensure a good knowledge of Russian legislation so as to write up good contracts for local employees and companies.

FEEDBACK FROM PARTICIPANTS

A feedback form was distributed to participants, some of whom replied on the day, while others replied later by email. Comments and recommendations included:

Comments:

- High level of discussion and clear focus
- Good range of participants; 'unique' to have so many stakeholders around the table discussing the issues
- Good time-keeping and good length of time for discussion
- Efficient information and pre-seminar organisation
- Stimulating discussion
- Size and scope of seminar was rather ambitious for one day
- Translation was effective on the whole. The sequential translation slowed the process down, but the pre-prepared written translations broadcast over powerpoint were effective for Russian speakers.
- The seminar has moved the public and academic debate on these issues forward
- Participants were not afraid to discuss 'hot topics' and these were discussed in a constructive way
- Case studies (Sakhalin, Yamal, Nenets) were particularly interesting

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Recommendations:

1. Dissemination of seminar materials

- Send out information to NGOs and local media in those regions that were highlighted at the seminar; it is important to local people that these matters are being discussed in Cambridge.
- Send materials to financial institutions and oil companies working in the regions under discussion; also to Russian state oil companies (Gazprom, Lukoil).

2. Organisation of future seminars

- Need to invite more representatives of government authorities to future seminars
- Afternoon workshops on specific areas of interest could be useful
- A thorough comparison of the Social Impact Assessment and Anthropological Expert Review processes could be the focus of a future working group session
- A smaller seminar or session may allow indigenous representatives to present their own focused demands to oil companies and banks
- A comparative perspective might help move the debate along: introduce Russia actors to the experience of Beaufort Sea or Newfoundland offshore gas developments. Many of the issues with tankers, pipelines, and the impacts on indigenous communities have already been rehearsed there.
- Make links with organisations, such as the Arctic Council and ICARP (International Conference on Arctic Research Planning) and the International Association of Oil and Gas Producers (OGP). References include:
 - Guidelines for Oil and Gas Exploration and Production in Arctic and Subarctic Onshore Regions (IUCN and E&P Forum/now OGP – International Association of Oil and Gas Producers)
 - Arctic Offshore Oil and Gas Guidelines (AEPS, Arctic Council)
 - World Bank Extractive Industries Review (<http://www.eireview.org/>)

REINDEER WORKSHOP

The seminar was followed on the 27th November by an informal discussion about the results of the seminar with the Russian seminar speakers and a workshop on reindeer herding which also involved reindeer experts from Cambridge University.

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