Russian Federation Case Study

World Bank Group Projects and the Indigenous Peoples of the North, Siberia and Far East of Russia

Presented to the EIR’s Eminent Person and participants at the meeting on Indigenous Peoples, Extractive Industries and the World Bank
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Preamble
The third millennium could be the last for mankind, and the reasons for this dismal possible future are well known: ever more rapidly growing requirements of civilisation set against the background of a potential resource deficit growing just as quickly, a simultaneous deterioration in the health in human society and the multifarious problems of protecting the health of the natural environment.

Financial resources are becoming the basic contemporary engine of fundamental changes in world politics, economics and society and the providers and distributors of these resources to a large degree are orientated towards specialist financial organisations, including the most influential, the World Bank Group (WBG).

At the beginning of the 21st century, up to 20% of their portfolios consisted of investments in industrial development in various parts of the world, a fifth of these resources being directed towards oil and gas projects. These priorities will remain the same for a long time and in its special review the WBG notes that, in the next 20 to 30 years the role of oil, gas and mineral extractive industries in the world will go on growing, with a corresponding growth in the number of client countries making demands upon the financial assets of the WBG.

In the future the Bank will be more actively involved in distributing funds and monitoring the results of these projects since analysts at WBG warn that the need for a general solution to the problem of

ecological and social impacts has come into sharp focus in the last 10 to 15 years. So the WBG leadership is forced not just to pay much more attention to the opinion of those receiving credit but also to consider more carefully the situation emerging in places where projects are taking shape.

While the most complicated problems are arising in this particular context, it is noticeable that the consequences of industrial development vary widely irrespective of region. General trends are fairly well understood and in densely populated territories and in all developed countries priority is given to the development of economic efficiency, reliable ways of resolving social problems and guarantees of ecological safety. It therefore follows that in remote, sparsely populated regions of the world where similar industrial developments are under way, and such projects are getting larger and larger, more attention must be paid to the support of the local population, preserving biodiversity, protecting the integrity of often unique natural complexes and searching for non-traditional ways of achieving a balance of social, economic and ecological interests. The WBG also sees advantages and problems linked to the development of oil, gas and mineral extractive industries in such places (Table 1).

A principle aim of WBG is to build a mechanism to widen responsibility for the development of the extractive industries and a whole series of interested parties is listed under this head: governments, the local population, the private sector, civil society, international development organisations, bilateral agreements and partnership links, codes and principles.

The main priority of this review is an examination of the rights of indigenous peoples exposed to the most immediate impact of the development of the extractive industries.

**WBG policy on the indigenous peoples of the world**

WBG is seriously preoccupied by the way in which sustainable growth is achieved in the world, recognising that the principles involved must lie at the heart of the fight for economic growth and the maintenance of the health of the environment.

The development and implementation of an analytical framework for the situation in the extractive industries is one of many ways of achieving sustainable growth. One of its major questions, to which the answer must be found within the parameters of that work, lies in understanding the issue of whether the WBG should invest money in the extractive industries and in particular, in oil, gas and mineral extraction projects.

This specific question, in turn, flows from one of the key positions of the sustainable development paradigm – “Can natural wealth be used to support sustainable development and a decisive fight against poverty in countries rich in natural resources?” Where large-scale extractive industry projects are in progress or might be implemented, it is envisaged that there will be intensified consultations with the local population as part of a wide spectrum of measures. It is important to note the precise direction of exploratory analytical development and the particular nature of the questions that must be elicited in the process of consultation with the local population – see below.

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<td>Were programmes for the development of local housing construction successful in raising the standard of living significantly and improving social conditions?</td>
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<td>Was the local population consulted before, during and after the completion of projects (did the local population have access to precise and accurate information)?</td>
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<td>Was the local population compensated for the losses suffered (was the compensation just)?</td>
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<td>Are there sufficiently high standards for protecting the health of workers and the population, safety norms and emergency measures for coping with ecological catastrophes and accidents?</td>
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The direction of this study is not accidental and it stems from the fact that WBG states that work with the indigenous peoples of the world is one of its priorities. Although the process which was started in 1998 is said to be a review and update of an earlier basic policy of the World Bank in relation to indigenous peoples, it is still not finally completed.

Despite numerous meetings and consultations, there remains a whole series of unresolved questions. For example, representatives of indigenous peoples assembled at the 19th session (March 2001) noted a range of difficult questions, in particular:

- A positive language for the negotiation of existing political and economic problems has not been found, established or promoted;
- The ongoing process of preparing a document does not allow for the inclusion of key recommendations put forward by indigenous peoples in the course of preceding consultations;
- The discourtesy of certain principle clauses substituting unnecessary consultations for meaningful participation by indigenous people was noted;
- The impossibility of obtaining guarantees on the protection of the resources and territory of indigenous peoples;
- The inability to acknowledge rights (the right to free, prior and informed consent);
- The impossibility of eliminating the involuntary resettlement of indigenous people as a result of the continuing process of industrialisation;
- The incompatibility of existing and newly adopted international standards on human rights and sustainable growth;
- The lack of progress towards international standards on ways of involving indigenous peoples in the process of sustainable development.

Considering a similar situation, the choice of a list of basic questions from the ADP2 handbook on visits to places where WBG projects have been implemented seems logical:

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<td>Does the participation of WBG in a given project exhibit a generally</td>
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<td>positive influence?</td>
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<td>How are predicted ecological and sociological problems solved?</td>
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<td>Should the consideration be given to the question of whether experience</td>
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<td>was acquired in the implementation of a given project?</td>
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<td>Were all the preliminary conditions of WBG financing of a given project</td>
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<td>observed? Were the recommendations on the preparation of the technical-</td>
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<td>economic basis fulfilled?</td>
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<td>What impression of the given project was received from the local</td>
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<td>population: unofficial and official dialogues with groups of different</td>
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<td>interested parties, such as business circles, local inhabitants and</td>
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<td>society, companies, local and central state authorities, and the leaders</td>
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<td>of non governmental organisations?</td>
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However, the point has to be made that this version of the policy is clearly too brief and incomplete to yield adequate information for the analysis of existing problems, which is one of the basic conditions for achieving an effective information policy and establishing a mechanism for cooperation between the local population and participants in large scale projects in extractive areas.

It is very clear that the spectrum of questions under examination must be widened significantly; it requires the receipt of such data on a regular basis and it needs a specialist, authoritative and expert coordinating body and a mediator in this very difficult process. Here the current priorities must also be presented precisely and of course some idea should be given of the four strategic elements in the new policy of WBG on protecting the environment:

a. Inclusion of nature conservancy considerations when evaluating all projects.
b. Support for ecologically orientated projects in all sectors.
c. Inclusion of nature conservancy aspects as basic elements in the regional and country strategy and operations in the course of technical collaboration.
d. Creation of partnerships to resolve regional and global ecological problems.

World experience shows that objective consultations with the community are one of the most widely acknowledged methods of raising the quality of projects. In all contemporary large initiatives the cooperation and collaboration with non-governmental, ecological and international organisations is hailed as a way of significantly shortening the route to solving complicated social, economic and ecological problems. The working group of the non-commercial organisations (NCO) of the Europe and Central Asia region (ECA) acts as a de facto mediator in this work.

The working group of ECA and its operation in Russia

The basic element in achieving effective information policy, communication and cooperation of the NKO group with WBG is the established principle that the working group essentially must play the role of mediator in the Europe and Central Asia region in the plan for overcoming cultural, economic and other paradoxes. Logically, functional frameworks using instruments and channels of change between the working group and the WBG should be introduced to help to understand the role of this important undertaking.

These include:

- A real effort to raise the level of transparency and accountability in the WBG operation in the ECA region
- Strengthening and deepening of community participation in the early stages of development and implementation of WBG projects and policies
- Encouraging the use of the principles and procedures of multilateral negotiations on the environment when WBG loans are being set up and implemented
- Establishing working relationships with in-country representatives of WBG
- Increasing the volume and quality of information exchange with WBG across the whole spectrum of socially and ecologically sensitive projects

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3 New publication of policy on protecting the environment. Document 7419R-O.
Principle consequences of oil extractive in Siberia and the Far East of Russia

Extractive industries have played, are playing, and will play the most important role in the economy of Russia. The policy of the international financial community and particularly the WBG (the International Bank for Reconstruction and Development – as well as the separate European Bank for Reconstruction and Development) has a fairly big influence on the practical work of requesting and receiving large-scale international loans. Understandably, the breadth and multi-faceted nature of this field attracts the keen attention of many interested parties; amongst the very active traditionally are the ecological, non-governmental organisations. It is definitely worth noting certain analytical developments arising from their work that make possible a firm presentation both on WBG policy and on the multi-faceted consequences of projects in the oil, gas and mineral extractive industries.

In Russia during the Soviet period, the fundamental emphasis in the oil and gas sector was on a short-term increase in production volumes. This resulted in huge damage to the environment which was largely ignored. The process of oil and gas extractive in the post Soviet period was even less ecologically orientated and even the existing, if not very effective, mechanisms for a conservation policy were destroyed. This took place during a simultaneous and steady growth in the flow of foreign investment in the development of new fields. So, in critically examining the ability of Russia to independently solve its economic and political problems in this field, the adverse ecological consequences of implementing projects in Siberia and in the Far East of Russia must be examined in the context of the present and future involvement of WBG.

The aims declared after changes to WBG policy can be achieved by accurate knowledge of existing ecological and social problems, by exposure of weaknesses in the policy on procedures and instructions for achieving the Banks’ environmental assessment policy, by encouraging the application of international standards by Russian companies and by establishing dialogue with local inhabitants, particularly indigenous peoples.

To get the general picture we must turn to survey work illustrating the impact that oil and gas projects have upon the environment in Russia and to which the international financial community, the International Bank for Reconstruction and Development (WBG) and the European Bank for Reconstruction and Development have some relationship.

It should be noted that the Russian oil and gas industry has inherited a multitude of ecological problems from former times, which were either tackled half-heartedly or not at all. In this context it is usually very difficult to distinguish how much adverse influence can be attributed to a particular project or even to a definite interval of time. It is clear that, measured by the amount of damage inflicted upon the environment, that very same fuel oil and energy sector is in the lead in Russia. 70% of all emissions in the entire country are due to it: this is only wastage from oil and gas, occurring from the use of obsolete infrastructures that contribute 25 million tons per year of discharge into the atmosphere. This discharge is due primarily to the use of such traditional methods as burning natural gas during the extractive of oil. More than 3.5 million cubic metres of natural gas is burned off on oilfields every year. There are diverse consequences of this process, but undoubtedly they include change to the macro-climate and biological systems, natural processes occurring unnaturally in much of the ecosystem, mass death of birds during seasonal migrations and change in the composition of the atmosphere.

Another characteristic consequence is the inevitable presence in the Russian interior of industrial waste that leads to the degradation of natural resources. Very often, unprocessed wastes (a mix of water, oil and other polluting materials) flow directly into geological cavities and not into specially prepared and isolated depositories. Such a negligent, indeed criminal, attitude leads to the discharge of boring liquid, diluted to a certain concentration and containing hydrocarbons and harmful chemical substances that pollute local soils and underground waters. According to many evaluations the degree of pollution in the

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Arctic and the concentration of hydrocarbons in all river samples taken from the rivers of Western Siberia, significantly exceed the norm. This pollution is spread in the soil along the banks of all connected waterways, it is concentrated in plants and it accumulates in the tissues of animals used as food by the local population. The consequences of this for the health, not only of individuals, but also of whole peoples, are very clear.

The highly adverse effect that is distributed over a huge territory shows that the Russian oil industry received a very doubtful “legacy” after the fall of the Soviet Union. A multitude of oil redevelopment undertakings are using up to 20-30% of national power, a vast network of pipelines is not being exploited, the number of unemployed in settlements built during the period of intensive opening up of oilfields in Siberia continues to grow. We note that all this, meanwhile, is exacerbating the exhaustion of the oilfields, most of which in Western Siberia are more than half depleted, so that the proportion of water in the end product is constantly growing, reaching 90% or more almost everywhere.

The condition of the infrastructure is another big problem. The Soviet Union created a pipeline network unique in its extent and scope. But today the network consists of warped pipes, eaten away by corrosive rust, where there is a lot of leakage and spillage of oil. This is a real catastrophe, comparable in its effect with major accidents, as for example in Komi, where in only six months about 100,000 tons of crude oil was released into the environment. On average in the country, pipelines damaged by corrosion annually give rise to the loss of 8-10% of all spilled oil (20-50 million tons depending on the volume of extractive).

This aspect of the problem, little known and unappreciated until now, arises from the fact that most of the large oilfields on Russia’s territory are situated in remote northern areas, in which the restoration of ecosystems characteristically takes place extremely slowly. The felling of the forest, construction works and the installation of drilling equipment in northern regions leads to the displacement or complete destruction of the upper layer of peat protecting the natural isolation of the permafrost that, in its turn, opens the way to the disruption of the thermal balance and to irreversible changes in these ecosystems. Moreover, it should be borne in mind that toxic components are retained in the soil for up to 30 years (five times longer than in a temperate zone).

Felling occurs on a significant scale; in the North Eastern quadrant of Siberia alone, the destruction of vegetation constitutes not less than 2500 square kilometres. And this is only within the boundaries of gas and oil fields themselves and along the routes of the main pipelines. It should be noted that the standard area of impact is only surmised to be a strip 400 metres on either side of the pipes under construction which, of course, is obviously an insufficient measurement for a correct evaluation of that impact. In publicity promotions and glossy literature much is made of the effect of the presence of hundreds and thousands of drilling men and geologists in the field but almost nothing of specialist scientific investigation. But the effects of this influence are extremely varied: fires, felling of the forest for firewood and building, and massive poaching.

It is important to understand that the psychology of the “temporary man”, characteristic of oil and gas workers, is in sharp contradiction to the traditional ideas of aboriginal peoples. Today, as formerly, they firmly believe in the value of all life, and in most, there is the “cosmic” consciousness so characteristic of indigenous peoples and formed over the course of centuries that secured a truly harmonious co-existence with nature. Incomers, on the other hand, think that resources are inexhaustible, that nature is at the disposal of man only as a source of sustenance and material riches … which makes for large scale, uncontrolled shooting and taking of game, uncontrolled harvesting of fish, often actually in spawning areas, and using barbaric ways to harvest a range of valuable non-wood and medicinal products.

What is more, the consequences of exploitation last much longer than the oil and gas industry itself. The roads, houses and stores already constructed facilitate penetration into remote areas and unemployed workers still living in collective, temporary villages spend their time in large scale poaching. Very often, this takes place in the territories of traditional habitation and economic activity of indigenous peoples. In Siberia and the Far East the network of railways, roads and ports constructed by the oil and gas companies is widely used by entrepreneurs engaged in commercial logging which to a still greater degree exacerbates the combined damage inflicted by the oil and gas industry.
There is no answer whatsoever to the very complex question of how to restore ruined areas and what is more, unwanted equipment, structures and material are often discarded on site, where they rust, poisoning life over an extended period of time. Although it is accepted practice in the whole world to use special settling tanks, which are covered and enclosed in a special way, in Russia the practice is very rarely used. Small animals are dying in huge numbers in these places, creating conditions that allow species alien to the territory and which are aggressive to local varieties of flora and fauna to come in. Moreover, this process begins from the moment of prospecting when technology and material is often brought in from distant regions and countries, where exotic species are also being harmed.

Industrial noise and light pollution is another significant pressure. Apart from the direct and massive loss of nocturnal animals – birds, moths and other types of nocturnal insects, the pressure has a prolonged and little understood direct effect upon the state of many animals. An extremely negative effect that is well understood and evident in the waters of North Sakhalin is that marine mammals are being frightened away from breeding grounds and seasonal feeding places. Numerous publications have reported that the local population of grey Pacific whales is below the level that poses a real threat of extinction.

So it may be concluded from this very wide review that the ecological situation in all regions of Russia where gas and oil fields are being opened up needs intense and serious study, special evaluations and the most complex scientific analyses. This approach is traditional to western society, but there is yet another aspect that is important to understanding and that is the knowledge and opinion of the local inhabitants themselves. The most critical situations of this kind may come to light because of messages and appeals from the indigenous peoples of Russia, who come together and study in the Association of Numerically small, Indigenous Peoples of the North, Siberia and Far East of the Russian Federation (RAIPON) [hereafter referred to as “the indigenous peoples of the North”]. Below, we will examine the most characteristic examples of problems to which the answer is sometimes found but more often not, providing a typical snapshot of the situation. This may provide the basis for answering many of the questions that are the centre of attention in a cross-section of tasks undertaken by the Extractive Industries Review (EIR) and the Working Group of NKO ECA.

**Actual examples of the effect of industrial projects on KMNC [indigenous peoples] in Russia**

When doing any analysis connected with the living condition of the indigenous peoples of Russia, it is vital to keep in mind that, under clause 69 of the Constitution of the Russian Federation, the rights of indigenous peoples are guaranteed in accordance with the universally recognised principles and norms of international rights and the international treaties of Russia. One of the fundamental questions in this area of rights is the **right to land**.

It must also be remembered that the indigenous peoples of the North live on the territories of many of the subjects of the Russian Federation and what is more, their immemorial environment may extend over a number of contiguous administrative areas, which makes the resolution of complex problems of land use and natural resource use much more difficult to solve. Apart from the fairly objective reasons for complex management, the difficulty of coordinating the interests of various departments and administrative subjects and consideration of the needs of various sections of society, the legal position on similar questions differs considerably in different parts of the Federation. As a result, practical questions such as creation of communities, territories reserved for the traditional use of natural resources (TTP), allocation of lands, conclusion of agreements on the use of resources and so on, all have to be agreed separately with each of the regions.

Below, we cite the most characteristic examples illustrating typical situations of clashes between the interests of indigenous inhabitants, the operations of mining companies carried out in pursuit of their interests, the authorities at various levels and organisations that control the overall process of natural resource use in the regions.

AKMNSS and DV [The Association of Indigenous Peoples of the North], requesting help in protecting an ancient area of habitation from the arbitrariness of the geological company OOO [Limited Liability Company] “Evenkiya-Geophysica” and the authorities of the Evenk Autonomous Okrug, whose operations led to a tangible loss in the value of natural resources allotted to one of the ancient Evenk peoples of the territory. According to their statement, the following consequences of prospecting work were noted:

- Defilement of an ancestral Evenk sacred place (a forest grove where, according to legend, the spirits of their ancestors live) which was felled to make way for a future drilling rig platform
- The defilement and total destruction of a burial place of Evenk ancestors dating from the turn of the 19th/20th centuries
- The complete destruction of the spawning ground of valuable species of fish (grayling, trout and dace) in the upper reaches of the River Kosvino
- The destruction and looting of work implements (traps and snares) and also of hunters’ trails (paths) and nomadic routes
- Hunting structures and winter huts belonging to members of the community turned into storage accommodation and used by workers of this company, leading to the shooting and taking of animals without a government licence or our permission
- All valuable game and rare species have completely disappeared and landscapes formerly almost untouched have been turned into lifeless areas of countryside, disfigured by people and machinery.

It should be noted that these examples from the territory of the Evenk Autonomous Okrug are not isolated cases, and the overall result is social and economic consequences that are very enough. According to information from Mr AI Pankagir, deputy to the Legislative Assembly (Suglan) of the EAO (Evenk Autonomous Okrug), the number of indigenous peoples in the region decreased by 42% between 1995 and 2002. The consequences are wholly predictable and, given that the representatives of indigenous peoples themselves generally live in rural areas and pursue traditional occupations such as hunting, reindeer breeding and fishing, it can be said confidently that even these rare types of economy are rapidly falling into decay.

On their own territory the Evenk people work primarily in clan communities (48 in the region) and reindeer breeding (27 of them) and it is understandable that, given these conditions and the direct connivance of federal and especially local authorities, uncoordinated communities of indigenous peoples distributed across a very wide territory cannot effectively resist the illegal activity of industrialists. There is no profit in this kind of indigenous activity in market conditions, so whilst there were more than 50,000 reindeer in the Soviet period, today the entire herd of northern reindeer is not more than 2,000 and incidents involving major mining companies (for example UKOS) at all stages of their work crucially exacerbate the situation. It can be said that there is a serious threat of reindeer breeding as a traditional occupation disappearing before our eyes from the very places of its development over many centuries. In addition, conclusions may be drawn about the desertification of a huge expanse of the northern territories because of the impossibility of conducting industrial extractive properly on the wide spaces of the Arctic and northern taiga.

Another different, but equally typical kind of situation was noted in the Nenets Autonomous Okrug. The Association of the Nenets people “Yasavei” presented a written appeal to the President of the Russian Federation, Vladimir Putin. In this letter, attention was drawn to an uncontrolled situation taking shape in areas of the NAO (Nenets Autonomous Okrug) linked to the intensive opening up and exploitation of natural resources. Expert knowledge indicates that the controlling authorities are not carrying out their functions in the course of specialist operations by various companies prospecting for oil fields. As a result, there are massive breaches of ecological legislation, the consequences of which can be seen across a wide swathe of territories where it has become impossible to carry out traditional activity.
Earlier, apart from individual meetings, local expert opinion or direct control by the people themselves of their allotted areas, a general attempt was made to conduct negotiations with the oilmen with the aim of developing favourable conditions for a constructive dialogue on points at issue. One of the positive results of this was the institution of round table discussions on “Opening up of natural resources in the Nenets Autonomous Okrug. Indigenous peoples and oil extractive companies. Perspectives of Cooperation”. This measure, the sum of collective work and stormy discussions, resulted in a resolution in which the parties set out their intentions and planned the stages of future work to secure a rational and ecologically sustainable use of natural resources. It gave rise to the hope that there would be a favourable ecological situation, not only in areas untouched by the oil industry but also in those sectors where prospecting for hydrocarbons was taking place.

As a rule, such practical cooperation and consistent fulfilment of obligations in such a complex area of high ecological risks is greatly complicated by the fact that different companies operating in this or that administrative territory adhere to different standards in their work, exacerbating still further relationships with indigenous peoples in conflict situations. This badly delays the process of regulation in contentious situations and it is even worse in particular situations, giving rise to a costly general enmity between local inhabitants and the incoming workers and managers who, as a rule, make up the bulk of the staff of industrial companies. Such hostile relationships feed on themselves and easily translate into frequent conflicts. Many of these could be simply and completely settled and regulated at local level but as a rule they turn into prolonged confrontation, drawing in many state and commercial structures and branches of authority at different levels.

The example of the Nenets Autonomous Okrug and World Bank projects will be described below.

The situation in the Surguts region of the Khanty-Mansisk Autonomous Okrug is a typical example of a complicated and drawn out investigation.

On 14 September 2000, the famous writer Yuri Ivasyeda went with some foreign guests to his ancestral homeland. His granddaughters, who were going to meet with their friends and to take part in a school celebration, went with them. On the way to the Khapleyut region local inhabitants and guests were stopped by workers of the “Lukoil – Western Siberia” company, who were dismantling a bridge across the river, making it impossible to cross or to get to their ancestral homeland. Following the subsequent dispute with workers of the company, the local authorities blamed local inhabitants, although clearly they are the main losers and it is a considerable loss, given that in present conditions it is practically impossible to maintain the transport infrastructure and links with remote areas because of the cost involved.

Incidentally, many breaches were covered up when official documents were being put together and this could be the basis of legal action by the indigenous people. Moreover, as a result of subsequent expert legal advice, in which AKMNSS and DV played an active role, it was established that “economic agreements” concluded in the Surgutsk region, establishing agreement on the allocation of natural wealth for refining and industrial exploitation should be recognised as invalid for a number of reasons. It may be said that judicial and legislative problems of this kind are particularly sharply defined when industrial prospecting is taking place in lands where natural resources are used in a traditional way, that is, during the development of oil, gas, ore and coal fields in Siberia and in the Far East of Russia. Ancestral lands, hunting grounds, fishing areas and reindeer pasture lose their productiveness in these conditions, they suffer grave ecological damage and families of Khants, Mans, Nenets and Shurts have to leave the graves of their forebears and ancestral places that from the earliest times have sustained them.

An appeal by the Association of the Teluit people “Enye Bayat” to Mr CH Khariyuchi, the president of AKMNSS and DV, makes it clear that a very disturbing and disastrous situation is taking shape in the area of the Kemerovsk Oblast historically occupied by this people. The Teluits are one of the most ancient peoples in the Russian Federation and already by the 5th century AD they had their own education system. By the 8th century, the territory continuously occupied by them was about 330,000 square kilometres, but now it has been contracted to 90 square kilometres. But literally on the remaining...
fifth of this land there is great pressure from mineral extractive, metallurgical and other industrial undertakings. Scientific investigation undertaken in the Kemerovsk Oblast in the last 3-4 years has shown that:

- Pollution of the environment has repeatedly exceeded the maximum permitted norms and the degradation of the biology, soil and plant life associated with open cast coal mining has become irreversible.

- In the Teluit population, especially amongst children and young people, there has been a sharp increase in genes in the body that give rise to adverse mutations and threaten with physiological degradation and physical degeneration of their ethnicity.

- Activity of the Teluit national production association is severely limited by the arbitrariness of the authorities and large mining undertakings.

As far as the situation in the Kemerovsk Oblast is concerned, it should be pointed out that one of the large projects of WBG in Russia, the Coal Sector Restructuring Implementation Assistance Project No P045622, operational until 31 December 2003, relates almost entirely to the coal mining enterprise in Kuzbass. What is more, other WBG projects, such as Oil Rehabilitation No P008809, Emergency Oil Spill Recovery & Mitigation Project No P040409, Second Oil Rehabilitation Project No P008805 and certain others were implemented on land occupied by the indigenous peoples of Russia. In justice, they should be directed towards the mitigation of adverse consequences in regions of intense industrial development, although it will be very difficult to calculate the actual effect of their implementation.

Mining companies do not usually take the initiative to conduct community hearings in Russia, even in cases when oil companies impinge directly on the interests of the local population and the interests of local inhabitants, including the demands of indigenous peoples, are simply ignored. Managers pay no attention to recent complaints about the reduction in the number of animals, fish, wild birds and medicinal plants and company leaders demand officially certified information of a kind that is usually impossible for the community in the regions to obtain.

Lacking this information, local people more often than not resort to demonstrating the indisputable facts of soil and waterway pollution, ruined trees and so on, even to high ranking managers of companies. The argument about light and noise pollution, the unsanctioned construction of roads, poaching, the violation of ancestral shrines and the misappropriation of property, is completely ignored. Cases often come to light where company representatives try to buy the rights to oil extractive or to build a pipeline on ancestral lands in exchange for building materials, fuel for the old equipment of the inhabitants or simply for a water tank. Considering the often calamitous socio-economic situation of the indigenous inhabitants, the problems with their health, the possible consequences of the spread of alcoholism, it is important to acknowledge that these are the facts showing the very amoral way that business is conducted.

There are frequently cases when in the course of outright fraud of an illiterate old man or on the other hand, of a young person, a signature is slipped onto the most important documents that are passed off as insignificant bits of paper. So it happens that these very people, in signing the documents, agree to the development of oil extractive in the vicinity of their settlements or even their own eviction to another territory. No less confused are the situations with local authorities and even the link between specialised nature conservancy organisations and those who control the industrial activity of large companies.

In summarising this theme, we will nevertheless try to emphasise model, positive forms of cooperative relationships between aboriginal peoples and mining companies that exist in regions of vital interests or in territories where there is traditional habitation and life sustaining activity by the indigenous peoples of Russia. In a generalised scenario, four basic groups of questions that arise when dealing with such problems should be highlighted.

In the first case, where there is official use of legislation on the indigenous peoples of the North of Russia, it is essential to take into account the difference between those who lead a traditional way of life and
those who do not. Different documents on rights and correspondingly different evaluations of pressure must be applied to these people and there will be significantly different ways of arriving at the optimum solution.

Another aspect is linked to the concept or use of natural resources. In such cases the Land, Water and Forest Codes of the Russian Federation, the Federal Law “On the animal world” and other Federal laws on the use of natural resources should be the overriding authority. So far, the question of coordinating the laws on the use of natural resources with the Federal Law “On guaranteeing the rights of the indigenous peoples of the Russian Federation” has not yet been fully worked out, and in practice questions relating to the allocation of land to aboriginal peoples are often very badly resolved.

The third point is that traditional views of economic activity such as reindeer herding, fishing and others are particular to indigenous peoples and they must not be equated with agriculture and other sectors of the Russian economy that function in accordance with other rules. For example, reindeer breeding is a type of economic activity traditional to indigenous peoples and if it is compared with another type of agricultural production, there is no discernable advantage or gain whatsoever, except that perceived by the producer. Reindeer breeding is very different from other kinds of agriculture.

If reindeer breeding is practiced as a part of the traditional way of life or, more accurately, as a traditional aspect of agricultural activity, then all the standards directed towards implementing the rights of indigenous peoples must be applied in full. It must also be said here that in practical terms, Federal laws guaranteeing the rights of communities of indigenous peoples in the North, Siberia and Far East are largely incomplete and need to be more precisely defined. They may require changes and additions giving more valuable guarantees of the rights of indigenous peoples in Russia.

This wider explanation of the rights interrelationships of the indigenous peoples of Russia makes for a better understanding of the difficulty of isolating the reasons for conflict and in general, of the problems of mining industry projects and their pressures on indigenous peoples.

On this and many other problems there could be significantly more points of contact if new forms of evaluation of the pressures in territories where natural resources are used in a traditional way could be worked out. It is especially important for indigenous peoples themselves to get timely expert advice on all projects that may exert an influence on their life and territory.

**Governing principles relating to the conduct of evaluations of the cultural, ecological and social consequences associated with the implementation of projects in places where sacred sites are situated, and also on lands and in waters occupied or used by indigenous peoples or local communities**

**A. Evaluation of pressure on culture**

It is essential that in the process of conducting evaluations of cultural pressures, questions are highlighted that have particular significance from the point of view of cultural aspects such as, for example, belief or religion, traditional practices, forms of social and communal organisation, systems of natural resource use, including plans for land use, places of cultural significance, shrines and ritual ceremonies.

Objects and conditions that protect local languages are defined, together with generally accepted systems of administration and supporting unwritten laws, original political instruments, hierarchies and local customs. It is essential to secure respect for custodians and holders of traditional knowledge and to preserve and protect that same knowledge directly. In this connection, the evaluation must encompass all aspects of likely pressure on all identifiable aspects of culture, including the direct preservation of sacred sites (sanctuaries).
B. Evaluation of pressure on the environment

In order to make an effective evaluation of pressure on the environment linked to proposals for work on a project, it is essential to analyse the following questions: areas valuable for the preservation of biodiversity, ecologically restraining factors, geographical aspects of natural resource use and the potential for sustainability of the process of pressure and the transformation of ecosystems. The consequences of direct and indirect pressure on the condition of places of biodiversity must be evaluated, especially in the context of those ecosystems, species and genetic resources used by local inhabitants as the means of their sustenance, the satisfaction of other vital material or spiritual needs or the acquisition of other products important for life and essential for a sustainable and lengthy life in the given territory. Conditions for the implementation of a project must be carefully examined from the point of view of the possible introduction of undesirable biological items harmful to the local biosphere.

C. Evaluation of pressure on the socio-economic situation

Effective socio-economic evaluation of the consequences of proposed work requires the completion of a schedule of work that evaluates demographic factors, the presence of habitation and housing conditions, employment, the availability of essential infrastructure and utilities, expected incomes and their distribution, traditional production systems, and also educational needs, technical skills and financial consequences.

Proposed activity linked to the completion of a project must be evaluated from the point of view of securing real benefits to the community such as the creation of jobs, steady incomes, including income from appropriate payments and compensation, facilitating access to markets and diversification of incomes for small business. When predicted consequences may lead to a change in the traditional practice of food production or to local inhabitants switching to the cultivation and procurement of a narrow range of species or species dissimilar to earlier commercial wild plants, all alternatives must be evaluated, particularly from the point of view of the commercial cultivation and collection of the harvest so as to avoid the destruction of the specific natural resource potential and other consequences.

In order to clarify the actual situation and predict socio-economic consequences, indicators of social development must be worked out that are supported by science and that do not contradict the ideas of indigenous peoples or local inhabitants. In sum they must allow for the examination of such questions as gender aspects, the breakdown of generational links, health, the safety of foodstuffs, security of the essentials of life, and other possible effects on the protection and preservation of the social unity of society.

There is already some experience in the Russian Federation, inasmuch as definite work of this kind has been done. So, in the Yamalo-Nenets Autonomous Okrug the Ministry of Food Reserves of the Russian Federation issued a licence to the joint stock company OAO “Gazprom”’s subsidiary, the limited liability company OOO “Gazflot”, to undertake research and evaluation work in the region of the Ob and Tazovsk bays, the waters of which are noted for their exceptional biological productiveness and which supported for centuries the lives and welfare of indigenous peoples across the wide expanse of the Ob-Irtyshk and Pur-Tazovsk basins.

It should be emphasized that before work started in these waterways, indigenous peoples and the local population generally were not informed about the project. The consequences of this work could be very serious. So, two thirds of the world reserves of white fish live in this region and even drilling reconnaissance threatens their spawning grounds with destruction, lowers the productiveness of the food base of commercial marine mammals and degrades the whole ecological situation. Local inhabitants understand this situation very well and in all community hearings in 2001 inhabitants of the settlements in the Nadyminsk, Tazovsk and Yamalsk regions spoke out categorically against it. The Association “Yamal-potokam” took action “For the protection of the waters of the Ob and Tazovsk Bays”, gathering and signing letters of protest. Unfortunately, this did not have the effect that it should have had and it was decided to bring in specialist ethnological expertise.
In Russia, ethnological expertise is the evaluation of the potential influence of search/reconnaissance work or programmes of industrial development on the territories of traditional habitation and economic activity of indigenous peoples as a component of the sustained development of ethnic groups. With the help of AKMNSS and DV a group of specialist experts was organised for the Yamala territory that prepared its conclusion in March 2002. It was established that there was a risk that the implementation of the OAO “Gazprom” programmes in the waters of the Ob and Tazov bays could inflict long-term damage on fish reserves in the basins of the rivers Ob and Taz.

These risks are particularly unacceptable in the light of the current demographic and socio-economic position of the indigenous populations and the inadequate guarantees of the ecological safety of search/reconnaissance work given by “Gazprom”. This practical success allows one to hope that a special monitoring system could be created in Russia to control the influence of large-scale projects. Considering the given experiment and the very real need to obtain practical results to strengthen the role of the indigenous peoples of Russia in evaluating consequences, it is proposed to bring about in the near future:

- Development of a specialised information system that integrates scientific evidence of the biological and ecological trend with the traditional knowledge of the indigenous peoples of Russia for effective protection and sustainable use.

- Development and creation of a specialised computer system to provide expertise on the consequences of pressure on the state of biodiversity in the most important territories (that is, in regions designated for the creation of OOPT [specially protected natural sites], in places where there are sanctuaries belonging to the indigenous peoples of Russia and in territories rich in biological resources that are most important for traditional use).

**EBRD (European Bank for Reconstruction and Development) projects in Russia and the publication of its new policy on protecting the environment**

If only briefly, we would like to note some results of EBRD activity in Russia. In the same way that the International Bank for Development and Reconstruction and the IMF (both of which were established much earlier than the EBRD) developed and finalised their ecological policy over a number of years, so has the EBRD, from the very beginning, had an ecological mandate that obliged it in all its operations to promote sustainable development, and this must be reflected in the long list of EBRD projects in Russia.

Considering the fairly wide spectrum of completed projects, we may single out one of the large, long-term oil and gas projects of Russia, “Sakhalin-2”. We will not list here the arguments set out in many publications prepared on this theme in Russia, limiting ourselves to quoting the fundamental arguments that were laid out in the specialised survey6.

In Russia the EBRD, in financing the “Sakhalin-2” project, did not fulfil certain requirements that could seriously affect the ecological situation, namely:

1) The project envisages throwing the waste from drilling work (worked out drilling mixes, sludge, emulsified water) into the sea, which breaches Article 96 of the Water Code, Article 54 of the “Law on the protection of the environment”, Article 37 of the Law “On inland marine waters, the territorial sea and the adjacent zone of the Russian Federation”; GOST [Federal Standard] 17.01.02-77.

2) According to Russian legislation, the financing and conduct of work on a large scale at “Sakhalin-2” can only be done after the actual completion of a state environmental assessment. However, preparatory works on the installation of the drilling platform “Molikpak” began on the Sakhalin shelf long before the “Sakhalin-2” project received the result of the GEE. The

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seriousness of the position is evident from rumours that the choice of location for construction of the drilling platform was a failure, primarily because of Arctic conditions. There are also fundamental arguments about the inadequacy of financial guarantees because during the transport of oil and in the event of spillage, the financial liability of “Sakhenergy” ends as soon as a tanker casts off from the terminal. The consequences of the accident with a tanker on the coast of Spain are still fresh in the memory and they have not yet been remedied or even completely understood.

3) In existing findings it has been noted that there is poor preparation to react quickly in the case of an oil spill accident (there is an absence of courts and of both sea and land based equipment, there are poor communications and inadequate or non-existent roads along the north eastern shore of Sakhalin).

4) Opening up oilfields on the Sakhalin Shelf is inextricably linked to the construction of a surface pipeline to the south of the island and on the mainland, which is fraught with many consequences for the fishing industry, the ecological situation across a wide area and the interests of the indigenous peoples who live in this area.

Our evaluation of the possible effects of the construction of a pipeline in the south of Sakhalin could lead to the conclusions set out below on the condition of game and commercially valuable animals exceptionally important for maintaining the traditional life systems of KMNS [Sakhalin indigenous peoples] in two northern regions – Okhinsk and Nogliksk.

In the Okhinsk region oil and gas exploration has been going on for more than half a century so the primary areas of economic interest suffered important changes in both qualitative and quantitative terms, although the consequences of this became apparent in very different ways. A large part of the taiga in the territory is crisscrossed by geophysical exploration tracks, oil production has long been conducted in many parts and the main sections of transformed landscape are now contiguous to the coast.

It should be noted that many hunting grounds were changed a fairly long time ago and within their present day boundaries an almost natural cycle of growth has already been established. It should also be recognised that in recent years in particular, serious changes to the state of hunting grounds have taken place because of fires in the Nogliksk region. Therefore it is no accident that along the main road to the north of the area up to the Piltun Gulf there are often traces of the consequences of fire that become less noticeable further north.

One of the fundamental particularities of the Nogliksk region is that three quarters of the hunting economy is supported by specific aboriginal occupations – hunting, fishing, mining and partial processing of fish products. Field investigation of part of the most intensively transformed hunting grounds (between the rivers Chachma and Dzhimdan and up to the summit of the Daga Ridge) shows that the indigenous deciduous and evergreen forests of the feature have been completely transformed in large areas. As a result of this pressure the qualitative characteristics of the places where sable live have been completely changed and there has been a sharp drop in the population density of mouse like rodents.

The long-term extractive of mineral resources (oil and gas), which started a fairly long time ago in the Soviet era, has greatly influenced the quality of local sectors. Analysis of territorial characteristics showed that all these circumstances profoundly changed the structure of hunting grounds, sharply reducing their overall productivity. On the basis of just a preliminary count, the general productivity of sable hunting grounds has contracted in the order of 12-15 fold; many economically valuable areas in the Nogliksk region have retained only a limited importance in the period of migration of the northern reindeer and the autumn breeding season of the brown bear, when berries ripen en masse on the slopes of the hills. Hunting grounds scorched by fire offer open shooting areas so that the reindeer in their wanderings are easy pickings for poachers.

Deterioration in the quality and corresponding productivity of hunting grounds provoked a widespread refusal of rent in areas assigned as actual national economic assets. The effective “no man’s” status of these territories has affected the standard of protection so that poaching has come to prosper, which has a
particularly destructive effect on the dwindling numbers of northern reindeer in Sakhalin. In this situation the habitation and especially the traditional activity of indigenous peoples is very problematic. We will look at some arguments put forward in specialist work by the investigator Emma Wilson from the Scott Institute for field studies at Cambridge University.

In the Nogliksk region of the Sakhalin Oblast the officially recognised proportion of representatives of indigenous peoples is only about 7.4% (1086) of the entire population. Of them, 205 live in villages, 17 shepherds wander with their reindeer all the year round and 15 catch fish and these are their main source of income. The point should be made that indigenous people who live a traditional way of life do not receive tangible support either from local inhabitants or from local authorities.

Recently, the extent to which the local administration depends heavily upon the oil industry has come to be understood and this was particularly reinforced after the breakdown of government enterprises and changes to state municipal and social subsidies. Now the region exists largely on a subvention from the “Rossneft-Sakhalinmorneftegaz” [contraction of “Sakhalin Sea oil and gas"] company that is noted for the pollution of the lands taken by them. In this company there are significantly more frequent oil leaks during pumping, shaking during transport and disturbance in storage. Old, worn out equipment, inadequacies in the available infrastructure and outdated technology are the main reasons for this.

Mining companies do not provide suitable jobs for local inhabitants, either in basic production or in the accompanying services. Indigenous inhabitants adapt badly to new conditions and there is widespread alcoholism and unemployment. Fishing is the main source of income for many, but this source does not support reasonable living conditions. The effect on salmon fisheries, which are a basic link in the ecosystem of mountain and coastal rivers, have a bearing on this. The effect may be multifaceted: it is fish caught with signs of poisoning by phenols or by oil fumes and the degradation of spawning grounds and riverside vegetation. There are neither sufficiently good programmes for monitoring the numerous salmon rivers nor methods of adequately calculating the number of losses from industrial activities. This analysis of work on the completion of the “Sakhalin-2” project shows that Stage 1 of the project has turned out to be ineffective, that is, it is an UNPROFITABLE [author’s capitals] project (“Sakhalin-2” project, Stage 2, OVOS materials, November 2001). The second stage of the “Sakhalin-2” project will only be profitable if there is a functioning plant with both technological lines of 9.6 million tons per year. A low social return is noted:

- The first stage of the “Sakhalin-2” project only provided a few hundred jobs, the second stage proposes 3,000 jobs during the period of construction and about 300 new jobs in the period of exploitation.

- Notwithstanding the “huge investment” in the economy of the Oblast, wage indebtedness persists and the price of heating oil, electric power, community services, goods and food has risen swiftly. More than half the population of the Oblast is below the official poverty line. On an island with huge reserves of oil, gas and coal thousands of people are wintering in unheated apartments.

The ecological problems are:

- Pollution of the waters of the north eastern Sakhalin shelf by drilling wastes and emulsified waters,

- The death of 5,000 tons of herring in 1999 around the “Molikpak” platform,

- A sharp decline in the catch of navaga [small member of the cod family] and other species of fish over the last four years in the bays of North East Sakhalin,

- Deterioration in the physical health of the grey whale population,

- Severe danger of oil spills,
- Huge discharge of poisonous substances into the atmosphere in the event of the construction of a plant.

The acute nature of the existing problems is also underlined by a quotation from an appeal to Vladimir Putin, President of the Russian Federation, by students at the DVO RN (Far East Academy of Science) Institute of Marine Geology and Geophysics. “…The criminality of the Sakhalin-2 agreement lies in the creation of a precedent which will be the basis of subsequent agreements on the allocation of work (SRP). The State Duma of the Russian Federation has already taken a decision on the development of the largest gas condensing fields (approximately 1 trillion cubic metres) under the terms of SRP as part of the Sakhalin-3 project. If it comes about under the former conditions of Russia the available base of hydrocarbon raw materials on the Sakhalin shelf will be completely lost…”

In concluding our review we try to equate the situation of the indigenous peoples of Russia and their mutual relationships with the extractive industry with what is happening in the world. In the Extractive Industries Review (EIR) there is discussion of how experience accumulated during the project “Mining, raw material and sustainable development” for Latin America shows that the pressures of industrial development create great difficulties. So the World Bank must accept as the basis for its operations the triangular relationship between civil society, government and industry and also take account of economic, social and ecological influences. The Bank must ensure that revenue received by the mining industry reaches those communities who suffer the effects of these projects.

The World Bank can avoid some adverse consequences by increasing the transparency of consultations, recognising the right of indigenous people to exert a veto on mining activity and promoting the social responsibility of producers. It is very doubtful whether the World Bank could ensure that projects are carried out properly or whether investors can manage poverty but at the same time, if the World Bank abandons this sector, then the fight against poverty, the improvement of social conditions and guarantees of the rights of indigenous peoples will get harder.
Indigenous Peoples of the North of the Russian Federation, the Extractive Industries and the World Bank

(Example of the Nenets Autonomous Okrug of the Russian Federation)

The Nenets Autonomous Okrug is situated in the north of the European part of Russia. In administrative-territorial terms it is part of the Archangel Oblast, although it is an independent subject region of the Russian Federation. The overall total of the population is around 30,000 people, including about 5,000 Nenets, one of the indigenous peoples of the Russian Federation. [Author’s italics]

Characteristic of these people is: a close attachment to places of historic settlement and the natural resources of their territory; ethnic self consciousness (designating themselves as a particular ethnic community); a native (Nenets) language; a traditional community structure and production (reindeer herding, hunting, fishing, collecting wild plants) that is fundamentally orientated towards a natural economy. Reindeer breeders who lead a traditional way of life are at the heart of the Nenets people. Pasturing reindeer is traditional for a large proportion of Nenets reindeer breeders. They drive reindeer between the forest tundra and the tundra itself depending on the season. This kind of reindeer breeding economy corresponds very well with the natural migration cycle of the northern reindeer and its natural instinct and an overwhelming proportion of the reindeer herdsmen wander all year round with the herds. Each reindeer-breeding group is allocated a plot of land, the so-called reindeer breeding passage where breeders can wander and pasture their animals. The present day location and boundaries of these passages were introduced in 1974 under a land tenure commission plan and since then they have not changed, at least officially.

The Nenets Autonomous Okrug is the northern part of the Timano-Pechorsk oil and gas rich province. Intensive prospecting for, and extractive of, oil began there in the 70s. From the beginning of the 90s a new phase in the development of the oil fields began in the Okrug and that was the operation of giant national and foreign oil companies. The joint undertaking (CP) “Polar Light”, registered with the Finance Ministry of the Russian Federation in 1992, was a pioneer in opening up oil fields in the Nenets Autonomous Okrug. Its constituents were the American company “Conoco” and the Russian “Arkhangelskgeologiya” [contraction of “Archangel geology”]. The joint undertaking received a licence to develop the “Ardalinsk” field in 1993.

As part of the “Polar Light” project, which received World Bank credits, it was proposed that 22 boreholes should be made and that 13,000 oil workers should construct a pipeline 67 km long. The industrial extractive of oil from the Ardalinsk field began in 1994. In 2002 the “Polar Light” joint venture changed its organisational-legal status in accordance with Russian legislation, becoming OOO “Polar Light”.

As in the Nenets Autonomous Okrug, other foreign and Russian companies joined in the development of oil fields (Lukoil, Total, Exxon and others) and a real struggle began between them, which drew in the administration of the Okrug. The particularities of mutual relationships between the local authority and this or that oil company led inevitably to the aggravation of its relationships with other companies. “Polar Light” came into direct collision with this phenomenon. Criticism aimed at the company began to be heard ever more frequently in the pages of the local press and in the executive branches of authority. The main claim came down to the fact that “Polar Light” enjoys a privileged financial regime. The company pays 5% royalties despite the norm, established by Russian law, of 6-16%. For a period of six months the governor of the region did not sign a licence for the joint undertaking, on the basis that it is paying too little tax and has too low a level of royalties. Meanwhile, SP “Polar Light” is one of the main tax contributors to the regional budget. Difficulties in mutual relationships with the local authorities and certain other reasons led to a stable and profitable company beginning to experience problems. In the first quarter of 2002 “Polar Light” showed, for the first time, serious losses rather than a profit.

Problems in relationships with the administration and a significant part of the population of the Okrug are also characteristic of other companies. The elections in 2000 clearly showed the strains that had arisen in
the community with the arrival of large oil producers in the Okrug. This was particularly so in the case of
the relationship with “Lukoil”, whose relationship with the regional administration became very
aggravated. The population was correspondingly divided between those who support “Lukoil” and those
on the side of the administration.

Those who support the administration fear the usurpation of power by oil oligarchs and are indignant
about meagre payments to the regional budget; they hope that smaller, particularly more localised
companies would take more account of the interests of the local population. Others think that more jobs
will become available if “Lukoil” is present, that there will be more development of the infrastructure and
that life will get better.

It must be said that authority in the Nenets Autonomous Region is likewise divided in two. One part is
against “Lukoil” opening up a field. Their basic proposition is that smaller companies mean more taxes in
the region, there will be no corporate price on the oil and so on. Opponents of this point of view prefer to
talk about ecological risks, about how smaller companies, having taken out part of the oil, could disappear
and that in the interests of the region a complex should be opened up, at least as “Lukoil” has proposed.
Federal structures always try to maintain a neutral position. The stand-off has already been going on for
about three years and this has effectively frozen development of the region.

It is also feared that each company will build its own oil pipeline, covering the whole of the eastern part
of the region with a network of oil pipes owned by different companies. How then will negotiations with
them be conducted, how will the oil extractive process be controlled, how will ecological requirements
and the interests of the indigenous peoples of the region be observed?

Such is the overall situation in the Nenets Autonomous Okrug as far as the exploitation of its oilfields is
concerned.

The indigenous population has its claims on the oil companies. It is well known that the extractive
industries exert pressure on the traditional economy in two ways:

- They destroy the ecological basis of traditional production.
- They change the socio-economic situation, which inevitably modifies the social organisation and
  value of the traditional economy.

The ecological element of the pressure of oil extractive on reindeer breeding manifests itself primarily in
the destruction of the reindeer pasture ecosystem, in its pollution by extractive products and in
disturbance of the top level of the soil. Apart from that, the construction of oil pipelines and improved
canals and roads constitute obstacles to the migration of reindeer. Many pastures have become inadequate
for reindeer breeders. Reindeer cannot graze close to oil installations because they become frightened and
run away.

Such claims are not groundless. Many companies do not observe ecological standards and they violate
work standards in Arctic conditions. There are many claims against the Kalmyk oil company, ZAO
“Lukoil-north”, ZAO “Severgeoldobyicha” [contraction of “northern geological extractive”] and others.
There is a particularly serious situation in the south east of the Nenets Okrug. Here there are periodic oil
spills and disturbance of the topsoil during the summer. The slogan “Oil at any price!” is not acceptable in
the Okrug, especially as there are already examples of a more careful approach to Arctic nature in the
Nenets Okrug on the part of a number of oil companies such as Total Fina Elf and Sever TEK. OOO
“Polar Light”, working in the Okrug in cooperation with the “Environmental Assessment” Operational
Directive of the World Bank (OD 4.01), is particularly significant in this regard. The Ardalinsk field
company is ecologically safe.

Aside from ecological infringements, the shooting of reindeer by oilmen is the subject of a never-ending
dispute between reindeer breeders and companies, as is the drunkeness of young people and many other
adverse social consequences stemming from an increase in an incoming population with the psychology
of temporary workers. At the same time, the indigenous population is well aware of the advantages that oil extractive brings. The most obvious for the reindeer breeders is that the development of the oil industry and a growing number of oil workers creates favourable conditions in which to sell reindeer products, it allows traditional economic activity to expand, it raises the profitability of traditionally valuable areas and it improves the social conditions of life.

The indigenous population is not the irreconcilable enemy of industrial development in the Okrug. The results of a sociological opinion poll conducted in the region are interesting in this context. These polls [sic] indicate that people perceive oil companies primarily as subjects of economic life. They expect that oil companies working in the region will make full and timely payments of tax to the regional budget (69.6% of those questioned), create new jobs (46.8%), have a caring attitude to nature (45.8%), deliver goods and foodstuffs at moderate prices (38.1%) and guarantee cheap heating for residents (34%). Other expectations (increasing the extractive of oil, respect for local traditions and customs, rendering charitable and sponsorship assistance and so on) are not so immediate.

Attempts by a series of companies to exert an influence on the political life of the Okrug were regarded as wholly unacceptable by those who took part in the poll. According to experts, the active participation of a number of companies in the electoral contest for the seat of a deputy in the State Duma and governorship of the Okrug seriously undermined trust in the oilmen. Such statements as: “If they’re in the oil business, let them stick to it, they shouldn’t sneak into power”, “If they grab power, wages will be cut straight away”, “They only care about themselves, so they’ll sneak into power and the region can go to hell” and so on, are significant.

The image of the oil companies as demonstrated by the results of polls, depends as much on the degree of their influence on the political life of the Okrug as on their attitude to problems more worrying for the inhabitants. The undoubted leader in the loyalty rating amongst oil companies is “Polar Light”. Almost half of all those interviewed expressed a preference for it and its partner, Arkhangelskggeoldobyich [contraction of “Archangel geological extractive”]. Their attractiveness index (the relationship between the number of loyal inhabitants and the number of those knowledgeable about a given company) is 0.57 and 0.51 respectively which significantly exceeds that of all other companies.

Amongst the most attractive features of “Polar Light” people most often list the following: high wages, better working conditions and respect for people, safe working practices, concern for the environment and conscientious payment of taxes.

Insofar as the World Bank is demonstrating its involvement in the oil industry of the Nenets Autonomous Okrug through “Polar Light”, it suggests that the Bank’s operational policy and procedures on indigenous peoples, ecological evaluation and cultural heritage, which “Polar Light” has had to follow during the course of its work in the region, on the whole demonstrate a positive influence on the oil companies. As experience of the work of “Polar Light” shows, such companies are considering the concerns of the indigenous population more carefully and drawing indigenous inhabitants into the process of social modernisation, without violating their traditions and customs.

However, this completely successful outward appearance does not always reflect the true state of affairs. Being the main contributor to the regional budget and of specialised funds for the support of indigenous peoples, where the regional administration is the basic manager, the company is promoting a lack of clarity and effectiveness in the delivery of resources intended for the needs of indigenous peoples. It is essential to draw the organisation of indigenous peoples (the “Yasavei” Association) into a closer cooperation and real partnership.