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Northern Indigenous Peoples’ Interests and the Responsibility of Oil and Gas Corporations

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Track: Sustainable and Responsible Business

Summary

Ongoing oil and gas developments in the Russian North have caused significant damage to the natural environment and continuously affect the interests of indigenous people in areas of industrial and transport operations. Following the privatization and other legal, political and economic reforms in Russia, companies need to reconstruct their engagement with indigenous peoples in the Arctic. However, oil and gas companies operating in the Russian North continue to affect the environment and land use of indigenous communities who are struggling to maintain their traditional trades based around natural resource use. There is a need promote accountability for impacts caused and social responsibility in the oil and gas industry. This paper focuses on the interests of indigenous people and how oil and gas projects can affect the quality of life of indigenous communities. It proposes a framework to measure the quality of life of indigenous peoples with a set of indicators on family or household income and social consumption. It also outlines possible initiatives for oil and gas companies that promote enhance awareness and engagement with indigenous peoples’ interests.

Keywords:

Indigenous people, oil and gas projects, corporate social responsibility, quality of life, Russian North

Word Count:
Northern Indigenous Peoples’ Interests and the Responsibility of Oil and Gas Corporations

Introduction

The world’s energy demands, resource depletion and scarcity of energy resources in traditional extraction areas, as well as the trends in oil and gas production have led to an increase in exploration activities in the Arctic region. These exploration activities face substantial financial, technological and infrastructure limitations as well as harsh climatic conditions. Above all, oil and gas developments in the Arctic region can be detrimental to the natural environment in fragile northern areas and can significantly undermine the livelihood of indigenous peoples who live in the Arctic region. Nonetheless, the industrial development and resource exploitation of the Arctic region are critical for economic development of nations in the region, operations of oil and gas companies and lives of people who reside in these areas.

Environmental protection including resource management becomes more pressing. Preservation of Arctic’s natural environment and protection of economic and cultural interests and traditional activities of indigenous people (IP) inhabiting the Arctic, becomes a complex issue for governments, communities, companies and other involved parties. Interaction of global oil and gas interests with interests of indigenous peoples has multiple dimensions - social, cultural, legal and economic – and can be approached from the standpoint of environmental degradation, human rights, indigenous peoples’ rights, sustainable development and furthermore requires involvement of various stakeholders.

This paper adopts a definition of indigenous people proclaimed in Article 1 of the ILO Convention No. 169 as: “Tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations” (ILO, 1989).

A UNEP (2001) study identified that up to 20-25% of Arctic territories have been affected by critical anthropogenic disturbance in the second half of 20th century, mainly as a result of petroleum developments in Alaska and Russia. Indeed, the majority of infrastructure projects in the Arctic relate to oil, gas and mineral resource extraction and associated transportation routes. UNEP (2001) estimates that the “disturbed” area will increase to up to 50% of Arctic territories due to further industrialization and infrastructure developments. This obviously causes concerns for affects of projected hydrocarbon developments on the natural environment in the Arctic and the indigenous population in these areas. What UNEP (2001) recommends for nation states and business that are involved in Arctic exploration projects is to include measures aimed at preventing further degradation of the fragile northern environment, living space and the quality of life of indigenous populations. Here a notion of fair distribution of revenues arising from hydrocarbon and other natural resource exploitation projects between the interested parties is often voiced by scholars and organisations (O’Brien and Olson 1990; UNEP 2001; O’Faircheallaigh 2008; Gibson and O’Faircheallaigh 2010). The benefits from industrial projects need to be shared with those living in the region and those who have to bear the environmental consequences of development and this is often done through negotiations and agreements (O’Faircheallaigh and Corbett 2005; O’Faircheallaigh and Ali 2008).
This paper focuses on hydrocarbon projects in the Russia North and how Russian oil and gas industry engages with indigenous communities and other stakeholders in their Arctic region explorations. The paper sets out the conceptual framework for the study and describes the main parties involved in resource exploitation in Russia. It also details the range of indigenous peoples’ interests and proposes an outline of possible initiatives that can be adopted to reconcile development projects and sharing of benefits with affected indigenous communities.

Conceptual background

The fragile Arctic environment is significantly affected by oil, gas and mineral resources exploitation, exploration activities, transport, construction and other large-scale infrastructure projects and industrial facilities. These industrial and infrastructure projects cause irreversible damage to the natural environment and affect the indigenous peoples communities in the Arctic region (Emerson and Lahn 2012; EY 2013). Amongst the negative consequences of oil and gas sector activities in the Arctic are the loss of traditional farms, reindeer pastures, disturbance of hunting grounds and fishing areas (York 1990; Dana et al 2008). With the destruction of indigenous peoples’ livelihoods come problems such as alcoholism, poverty, poor health, and educational impairment (Duhaime 2004; Overland 2005; Stammler and Wilson 2006; Fon Dahl and Sirina 2006).

The rights of indigenous peoples, accountability and responsibilities of oil and gas businesses in these remote areas have been explored by researchers from a variety of disciplines, including sociology, anthropology, political science, environmental studies, and business and management (O’Faircheallaigh and Ali 2008; Gilberthorpe and Hilson 2014). Ethnological aspects of IP rights and interests have been discussed in studies undertaken by Russian and other researchers (Forbes et al. 2011; Kumpula et al. 2011; Novikova & Stepanov 2010; Roon 2008; Vasilkova et al 2011). These authors describe social and economic conditions of indigenous peoples’ livelihood in the Russian North, their culture and traditional activities, and the impact of industrial and economic activities in the region. There is a large pool of literature on IP interests and business accountability that explores IP rights, land property rights, and legal mechanisms for the protection of IP rights in Russia (Kimelman 2006; Kryazhkov 2010; Kryazhkov 2012).

Technical and economic studies on oil and gas sector developments provide information on general state of the industry in Russia and future developments within and outside of the country (Beschinsky & Sinyak 2003; Bocharov 2009; Vysotsky & Dmitrievsky 2008; Platonova & Soloviev 2006). Reports on the Arctic environment establish possible negative environmental outcomes of uncontrolled industrialization in the region (UNEP 2001; UN 2009; Emerson and Lahn 2012). Papers prepared by authoritative IP representatives in Russia were referred to in order to obtain better understanding of IP interests (Soloviev et al. 2013).

Corporation social responsibility (CSR) and stakeholder theory literature (Carroll 2012; Freeman 1984; Mitchell et al. 1997; Waddock and Graves, 1997) widens the scope of corporate responsibilities to stakeholders and leads to consideration of indigenous peoples as legitimate stakeholders of companies operating in areas with indigenous communities. Indigenous peoples may interact with oil and gas companies on different levels as shareholders, land owners, local communities, employees, affected communities, non-governmental organisations, local authorities, etc (Baker and Brereton 2005; Gibson 2006;
MVEIRB 2007; O’Faircheallaigh 2013). Russian CSR researchers (Bataeva 2010; Blagov 2008) also contribute to the discussion of consideration of IP interests in corporate strategies.


The paper aims to develop a framework for business accountability in relation to IP interests and suggests a new approach to incorporating IP interests into regional and corporate strategies through a set of indicators for measuring the quality of life of indigenous peoples at a household level.

The major parties to oil and gas developments in the Arctic regions

Oil and gas corporations

Reserves of mineral and hydrocarbon resources of the Russian North have not been fully explored and exploited. For instance, in the Republic of Sakha (Yakutia), a north eastern region of Russia, only 16% of estimated deposits of natural gas are being developed and only 3% of the oil and gas extracted are obtained through the application of economically efficient technologies and in accordance with principles of environmental management. The proponents of oil and gas developments in the North argue that application of efficient technologies to the existing fields could significantly increase oil recovery rate and satisfy growing energy demands (Vysotsky and Dmitrievsky 2008). Given that the Russian economy is largely dependent on exploitation and trade of hydrocarbon resources, exploration and further exploitation of these resources in the North have become a priority for the state economic policy (Aron 2013).

Oil and gas companies have to take into account a variety of organizational, legal and economic issues throughout the life cycle of resource developments. In Russia, due to current economic climate and high costs of geological research, the evaluation of deposits is conducted with reference to extraction rates, levels of expected economic efficiency, and readiness of hydrocarbon deposits for exploration. In addition, companies must deal with the procedures for obtaining licenses, participation in tenders, and obtaining permits for extraction, including production sharing agreements.

Another important aspect of oil and gas developments is the negotiations between developers of hydrocarbon resources and various authorities on technical, economic and logistical issues. Matters of environmental security and conservation of natural resources at each stage of the complex lifecycle of hydrocarbon developments from exploration to extraction, transportation and processing also need to be taken into account. When managing a large-scale oil and gas project, companies need to consider various aspects of social and environmental impacts of industrial and related activities.
Local population residing around hydrocarbon projects, if not involved in decision-making, may experience negative impacts related to environmental change. For example, levels of excessive concentration of nitrogen oxide (NO) and ammonia (NH3) that are dangerous for human health have been identified within 15 kilometres of gas flaring. Oil and gas industrial facilities are among the largest sources of environmental contamination which discharge more than a half of the total volume of pollutants into the atmosphere, 27% of waste waters, about 1/3 of solid industrial waste and up to 70% of the total output of greenhouse gases (GSG).

Economic damage of environmental degradation and resource depletion resulting from hydrocarbon developments is also significant. For instance, gas flaring results in a loss of valuable non-renewable natural resources. Currently, the cumulative volume of gas lost in flaring in Russia significantly exceeds the limits established by the Kyoto Protocol and equals the annual level of gas consumption of some countries in Central and Eastern Europe (Bocharov 2009).

The Russian oil and gas sector is extensive and has numerous industrial and infrastructure facilities spread throughout the country. It has been extracting natural resources in northern areas, such as Yamal, and transporting them through long distances to other regions since the 1950s and 1960s. The environmental and social impacts arising from oil and gas developments registered since the Soviet times have been significant and detrimental to the natural environment and livelihoods of IP (Yakovleva 2014). The Russian oil and gas companies have no intention of withdrawing from the northern regions; instead their advance into the Arctic region is to grow. This geographical spread of industrial activities and associated physical infrastructures will impact the IP territories.

The question arises about the extent of attention given by oil and gas companies to environmental and social concerns and interests of IP in the areas of industrial operations. Following the legacy of Soviet industrial development, these topics are not high on the industry’s agenda though many environmental laws apply (Yakovleva 2014). Oil and gas companies are called to improve their accountability and social responsibility globally and exercise approaches of free prior informed consent when entering into IP territories (Buxton and Wilson 2013). Similarly, oil and gas companies need to strengthen their accountability for social and environmental impacts caused by operations in the Arctic region. Social and environmental considerations could be introduced into corporate strategies through the following channels:

- Programmes targeted at improving the quality of life and employment opportunities of local communities (including IP);
- Measures for environmental protection and minimization of risks of industrial accidents and their impacts on the environment;
- Plans for development and implementation of innovative technologies and solutions to guarantee sustainable and efficient resource management, extraction and transportation operations.

It should be emphasized that these requirements are stipulated in a range of international standards, including ISO 14000 (ISO 2009) and ISO 26000 (ISO 2010). Compliance with these initiatives is continuously monitored by a variety of stakeholders such as media, non-governmental organisations, watchdogs and the global community in general.
Though the Russian and foreign oil and gas companies operating in Russia (Sakhalin and Eastern Siberia) engage in public consultations over planning decisions and the environmental impact of major pipeline projects (Yakovleva and Munday 2010), there is still a need to strengthen the oil and gas sector’s approach to the IP rights and interests. Aspects of hydrocarbon projects form part of national and regional development programmes. For instance, programmes for extending oil and gas pipelines throughout the country, improving road network and housing relate to the overall development of oil and gas sector. The influence of these large-scale programmes on the Arctic territories cannot be ignored (Platonova and Soloviev 2006).

**Governmental structures**

The national economic policy in Russia is implemented through a variety of national programmes involving the development of regions, industries and institutions. These are supported by a complex mix of federal and regional regulations, including laws, decrees and decisions. There are many concerns about the effectiveness of regulation protecting the IP rights in Russia, these are specifically pressing in the context of expanding oil and gas developments. Firstly, in view of recent land property legislation, there are many irregularities in distribution of land between different levels of authorities and uncertainties in land property and usage rights of IP in the northern territories. Secondly, the recent land reforms have affected the procedures for licensing and permits, the participation of hydrocarbon developers in tenders, and the conditions of exploration and extraction operations. Thirdly, there are concerns about the rights for geological information and their utilization. Fourthly, there is a need to reform national legislation to meet international standards on petroleum exploitation, quality management, health and safety, and environmental management. Finally, there is a necessity to update legislation on socio-economic impact assessment (referred to as ‘ethnological expert review’ in Russia) and environmental impact assessment (referred to as ‘ecological expert review’ in Russia) with relation to oil and gas developments.

The distribution of land rights between different levels of authorities (federal, regional and local) affects the outcomes for the indigenous peoples and their influence in the relationship with the oil and gas companies. It seems that if the land for hydrocarbon developments belongs to regional and local authorities, the indigenous peoples’ views and concerns are taken into account as part of regional and local governance. The indigenous peoples in the Russian North do not have property right over territories on which they carry out traditional economic activities of reindeer herding, fishing, hunting and plant collection. Instead, they have user rights over land that belongs to the state (federal government, regional government or local municipal authorities). Though there is private property on land, these can be exercised mostly within urban areas. Thus, rural areas where the indigenous peoples of the Russian North lead their activities are under state property.

A land owner, on whose territory groups of the indigenous peoples carry out traditional activities, controls the allocation of land for industrial uses, including proposed oil and gas developments. And thus, benefits from these developments in the form of socio-economic development programmes though negotiated agreements with oil and gas developers. Such agreement had been formed between Lukoil and the Yamal-Nenets Autonomous Okrug tht specified funding of the Synsko-Voykarsky Regional Natural Park worth 50 million roubles (approximately 1.1 million Euros), funding for improvements of Nakhodka settlement, and
the construction of medical and obstetric centre and other similar activities (Soloviev et al. 2013).

*Indigenous People of the Russian North*

Local communities residing in areas of proposed oil and gas developments (including the local IP communities) represent another major group of stakeholders of oil and gas projects. The Russian legislation defines the indigenous people (referred to as ‘small numbered indigenous nations’ in Russia) as ethnic communities of not more than 50,000 people in number and who identify themselves as indigenous peoples and maintain culture, traditions and lifestyle. Based on the data from the Russian census of 2010, there are more than 40 indigenous nations living in Russia. They range from very small numbered indigenous nations with up to ten persons (such as the Kerek, the Votes and the Enets), to large nations comprising tens of thousands of people (such as the Nenets, the Khanty, the Abazins and the Evenkis). It is important to note that the size limitation excludes other large ethnic communities such as the Yakut, the Komi and the Buryat from the IP category. However, the latter ethnic groups also preserve their traditional culture and form an important part of ethnic population in the North, Siberia and the Russian Far East. The Russian regulation does not protect the interests of these large ethnic communities who live in the similar conditions and face similar challenges of when changing their traditional environments and the way of life. Apart from the Russian conditioning of the size of IP groups, their approach does not differ significantly from international approach to the protection of the IP (Kryazhkov 2010).

Traditional culture, lifestyle and wellbeing of indigenous peoples in the Russian North are closely linked to the quality of the natural environment (Yakovleva, 2012). Living spaces of indigenous peoples in the Russian North typically comprises of: a) family settlements, seasonal camps surrounded by the vast territories for reindeer pastures and migration routes; b) hunting grounds and tundra forests used for collection of food and medicinal plants; and c) fishing areas – lakes, rivers and sea shores.

The IP represent an important stakeholder group of the oil and gas projects. Areas, occupied by the IP communities, amount to a substantial part of the vast northern territories of Russia. For example, the Tazovsky Cooperative formed by the IP uses up to 40% of the territory of the entire Yamal-Nenets Okrug. This Cooperative was formed by the Nenets, an indigenous nation that represent approximately 10% of the regional population in the Yamal-Nenets Okrug. The need to preserve the unique culture and interest of the IP draws attention of the international community and requires effective measures from the government and business. It is widely acknowledged that the approach to the IP issues involves consideration a wide range of social, cultural, economic, and environmental factors (Forbes et al. 2011).

Land property rights of indigenous peoples in Russia with respect to territories they use for traditional economic activities, such as reindeer pasturing, hunting, fishing and gathering, still remains unsolved. Whilst *UN Declaration on the Rights of Indigenous Peoples* (UN 2007) calls for greater rights of indigenous peoples for land, natural and mineral resources, Russia still does not offer land and mineral resource rights to indigenous peoples. Thus, the principles for compensation to landowners from industrial activities for damages caused to the land, property and other activities do not apply in Russia. However, the indigenous peoples in the Russian North are land users and have certain rights for compensation for damages caused by industrial activities (Yakovleva & Munday 2010; Yakovleva 2012).
The structure of IP interests

It is important to understand the range of concerns, interests and impacts that industrial activities in the North have on communities and households of indigenous peoples. In order to shed light on the extent of impacts of industrial activities the lives of indigenous peoples, we first want to identify the interests of indigenous peoples and capture the details of the quality of life of households of indigenous peoples. This section identifies the structure of IP interests and develops a set of indicators to measure the quality of life of the households of the indigenous peoples. This paper starts at a household level, expanding to regional and then national levels. The focus on the household level ensures that interests of individuals are studied. It is considered that the focus on individual interests benefits social and economic programs and improves community wellbeing. The paper utilizes the themes for measuring wellbeing adopted by Human Development Index by measuring health, education and income (UNDP 2013).

The household’s interests could be defined as a balance of certain values which define the quality of life. This paper adapts the set of Human Development Index indicators and the literature on measuring household incomes and other social categories for the IP interests (Sen 1999; Townsend 2010; Alkire and Foster 2010; Soloviev et al. 2013). This paper proposed a set indicators divided into two main groups (see Table 1):

I. Household income and corresponding outward financial flows.
   Level of incomes (in comparison with other groups of the population in the region, country, and other nations) and balance of income and outcome flows.

II. Social consumption and the corresponding outward financial flows.
   Level of social consumption and services (in all sectors of the IP livelihoods), infrastructure and environmental quality.

Following from this, each stakeholder group is capable of contributing to the protection of the quality of life of the IP communities. The state can develop policies and programs that support social and economic projects that result in socio-economic development of the IP communities. Governmental structures should ensure fair and efficient process for securing and protecting land rights and user rights of the IP communities. Oil and gas companies can develop strategies to improve social responsibility of their projects in the region, involving the IP communities in planning, monitoring and implementation of their projects, ensuring the respect for the IP interests, and identifying their activities through fair and transparent process. The IP communities can develop and communicate projects for socio-economic development of their territories in accordance with the principles of sustainable development, environmental protection, and preservation of traditional culture and trades.

Table 1 details participant interactions and sets out how to progress towards the protection of the IP interests through the indicators. All parameters listed in the Table 1 can be measured quantitatively to allow for continuous monitoring. While the focus is predominantly on measurable income, it is also important to support social and technological innovation to improve the quality of life of the IP communities.
Table 1. Structure of the “Interest Balance” for the indigenous family

<table>
<thead>
<tr>
<th>INCOME-OUTCOME FINANCIAL FLOWS</th>
<th>I. Corresponding outflows</th>
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</thead>
<tbody>
<tr>
<td>I. The IP-family income flows</td>
<td>I. Corresponding outflows</td>
</tr>
<tr>
<td>• Salary</td>
<td>• Taxes</td>
</tr>
<tr>
<td>• Sales of traditional products</td>
<td>• Hired labour, rent and other payments (for lands, property, machines, and other inputs.)</td>
</tr>
<tr>
<td>• Subsistence farming incomes (as substitution of financial expenditures)</td>
<td>• Working capital for traditional activity</td>
</tr>
<tr>
<td>• Loans: consumer loans for family needs and project loans for the support and development of traditional businesses</td>
<td>• Loan repayment plus interest: standard or privilege conditions of payments</td>
</tr>
<tr>
<td>• Investment incomes (from property, lending, interest on deposits, dividends on shares, etc.)</td>
<td>• Other expenses to meet the criteria required to receive the loans</td>
</tr>
<tr>
<td>•Compensations from industrial corporations for losses of natural resources (applicable to the family level)</td>
<td>• Capital invested in real estate, bank deposits, corporation shares, other investments: sources &amp; conditions</td>
</tr>
<tr>
<td>• Receipts from administrative bodies (IP budget support, pensions, capital, etc.)</td>
<td>• Consulting &amp; similar services payments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. The IP-family social consumptions</th>
<th>II. Corresponding outflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOODS &amp; CONSUMER GOODS</td>
<td></td>
</tr>
<tr>
<td>• Food and consumer goods and services available in the IP settlements (stable and nomadic)</td>
<td>• Spending on the food and consumer goods and services</td>
</tr>
<tr>
<td>HOUSING - LIVING SPACE</td>
<td></td>
</tr>
<tr>
<td>• Access and use of habitats and traditional living space</td>
<td>• Expenditures for purchase, rent, maintenance, repair and development of housing and traditional living space</td>
</tr>
<tr>
<td>• Centralized support and development (building, maintenance, repair and improvement) for dwellings: contemporary and traditional living spaces</td>
<td>• Tariff of communal payments</td>
</tr>
<tr>
<td>• Communal-engineering systems: providing, support and development</td>
<td></td>
</tr>
<tr>
<td>INFRASTRUCTURE (TECHNICAL)</td>
<td></td>
</tr>
<tr>
<td>• Access and using different kinds of transport infrastructure (individual, local, regional and interregional)</td>
<td>• Tariff payments for infrastructural access and use</td>
</tr>
<tr>
<td>• Access and using communication and informatics: individual means, local / regional nets, etc.</td>
<td></td>
</tr>
<tr>
<td>• Access and using the energy of different kinds and scale (individual, local, regional)</td>
<td></td>
</tr>
<tr>
<td>EDUCATION</td>
<td></td>
</tr>
<tr>
<td>• Education at all the standard levels: pre-school, school, tertiary, postgraduate</td>
<td>• Possible payments for the education process</td>
</tr>
<tr>
<td>• Professional education</td>
<td></td>
</tr>
<tr>
<td>HEALTHCARE</td>
<td></td>
</tr>
<tr>
<td>• Health (prevention / prophylactic, monitoring, treatment, etc.)</td>
<td>• Spending on the health needs</td>
</tr>
<tr>
<td>• Specialized medicine utilities, e.g. mobile help and healthcare services</td>
<td></td>
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<tr>
<td>SOCIAL-CULTURAL</td>
<td></td>
</tr>
<tr>
<td>• Cultural, religious, recreational &amp; tourism, sporting activities</td>
<td>• Possible payments for preparing, supporting and participation in activities</td>
</tr>
<tr>
<td>GENERAL SERVICES</td>
<td></td>
</tr>
<tr>
<td>• Banking services</td>
<td>• Bank fees &amp; commissions</td>
</tr>
<tr>
<td>• Juridical services and other administration</td>
<td>• The services’ tariff or payments</td>
</tr>
<tr>
<td>• Personnel services, e.g. address goods delivery</td>
<td></td>
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<tr>
<td>• Security services</td>
<td></td>
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<tr>
<td>• Information services, etc.</td>
<td></td>
</tr>
<tr>
<td>NATURE (ECOLOGY) ENVIRONMENT</td>
<td></td>
</tr>
<tr>
<td>• Using traditional living space</td>
<td>• Possible expenditures for more detailed environmental information, special analysis, and to attract public attention</td>
</tr>
<tr>
<td>• Using the environmental and ecology (soil, water, air, biomass quality, etc.)</td>
<td></td>
</tr>
<tr>
<td>• Local (individual) tools and means to check environmental changes</td>
<td></td>
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</tbody>
</table>

9
Corporate social responsibility and accountability to protect the IP interests

CSR covers a wide range of issues including the interaction of businesses with their stakeholders including the IP communities. Various guidelines have been developed to promote CSR in business and industry, including the AA1000 standard (AccountAbility 2008) and ISO 26000 guidelines (ISO 2010). The ISO 26000 provides for further development of voluntary initiatives that are built upon the guidelines but contain more detailed clarifications on the principles. The Chapter 7.8 of the ISO 26000 guidelines refers to Voluntary Initiatives for Social Responsibility (VISR).

The VISR are generally understood as a programme or activity aimed at certain CSR goal, developed by an organization. It is important to note that there are no limitations with respect to the type of organization that can initiate a VISR. However, to comply with the ISO 26000 principles, any VISR should meet the following criteria: a) it should be based upon the CSR topics listed in ISO 26000; b) it should be relevant to more than one country and / or organization; c) it should be available for other entities to join and base their CSR practices on the initiative in question. The list of the most popular existing VISR is contained in Annex A of the standard.

The ISO 26000 guidelines do not particularly focus on the IP agenda. There are certain references to indigenous communities in Chapter 6.8 Community Involvement and Development which deals with a broader category of issues such as the implication of business activities for the lives of local people. Among the list of VISR dealing with the local communities, two initiatives can be mentioned:

(1) Voluntary Principles on Security and Human Rights which, as it is stated in the document preamble, was “designed to help extractive companies maintain the safety and security of their operations within the framework that ensures respect for human rights and fundamental freedoms and, when applicable, for international humanitarian law” (Voluntary Principles 2012). It is important to mention that this initiative was adopted by International Petroleum Industry Environmental Conservation Association (IPIECA);

(2) Good Practice Guide developed by the International Council on Mining and Metals Indigenous People and Mining (ICMM 2010) focusing on the interrelations of IP communities with the mining industries and providing companies in this sector with clear guidelines on CSR directions.

Conclusions

The interaction between oil and gas companies and the IP communities in the Arctic region is characterized by a number of specific factors. Operations of the oil and gas industry affect the IP through impacts on the natural environment and the social sphere. Global hydrocarbon developments in the Arctic conflict with the widely acknowledged principles of protection of IP interests. Though some states protect the rights of indigenous peoples, by securing their rights for land and natural resources, some states such as Russia are lagging behind. In order to ensure the effective protection of indigenous peoples’ rights and interests in the Arctic region, where industrial activities affect their livelihood, tradition and culture, further legislative and voluntary industry initiatives are called for.
Several voluntary initiatives have been developed by the industry with the focus on local communities and human rights; these are promoted under the banner of CSR. However, more attention is required for the protection of the indigenous peoples of the Arctic. Existing CSR mechanisms allow for development of further voluntary initiatives such as VISR under ISO 26000: 2010 that may take into account the impact of businesses on the IP interests and demonstrate accountability for these in corporate sustainability reports.

Further expansion of the global oil and gas industry calls for a greater consideration of environmental matters and indigenous peoples in the Arctic. Understanding their priorities, interests, goals and aspirations of the indigenous peoples in the North is important and may influence further policies and activities of states, industry and other stakeholders. Further guidance for the industry and other stakeholders in engaging with the indigenous peoples communities on the principles of accountability, transparency, fairness and respect can be generated. These engagements may potentially benefit the indigenous communities in social and economic terms, but also provide the foundations of their future development and self-determination. There are many problems and unresolved issues in the Arctic around indigenous peoples’ rights and interests for land, natural resources and mineral resources from legal perspective, state policies and industry approach.

Some oil and gas companies demonstrate willingness to invest in the development of the IP communities on the principles of mutual benefit. For instance, Russia’s leading oil and gas company, Gazprom, during 2007-2011 has invested approximately 500 million RUR (11.5 million Euros) in the construction of gas infrastructure in the Yamal-Nenets Okrug that benefits the company and the livelihood of local and indigenous communities. Furthermore, Gazprom invests in social projects such as sport centres (in Novy Urengoy and Nadym), indoor ice rink in Pangody and other facilities were constructed under a corporate initiative programme ‘Gazprom to the Children’.

Other Russian companies are engaged in similar initiatives. Rosneft and Lukoil are planning to enter into agreements with regional authorities for the support and development of the IP communities (Soloviev et al. 2013). It must be noted that these companies have been operating in the areas with the IP communities for many years and there is a great need for these companies to demonstrate social responsibility and accountability to local communities and indigenous peoples’ communities. However, the practice of impact and benefit agreements developed with indigenous communities themselves is yet to come to Russia. There seem to be an interest with the state authorities to invest in the improvement of the quality of life of the indigenous communities of the North and promote traditional activities of the indigenous people. The state and regional authorities emphasize the priority for the protection of IP interests in their strategies (such as Russian Federation Strategy 2020 and Yamal-Nenets Autonomous Okrug Regional Strategy). However, on their own, these state programmes are not enough to secure the prosperous living for these communities. Other, more robust mechanisms, including legal property rights, secure user rights and thorough consideration of the indigenous peoples’ interests and concerns in planning, industrial activities, infrastructure projects, other activities and natural resource use projects in the Arctic are required. Amongst these, a certain place will be taken by reliable and effective voluntary initiatives undertaken by the industry and other stakeholders interacting with the indigenous peoples in the Arctic region.
References


