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Partnership from conflict: the search for a balance of interests among an oil company, regional authorities and the indigenous population (the case of ‘Numto’ nature preserve).

Draft Abstract

The paper explores relationships between the company Surgutneftegaz, indigenous population and local authorities in the Numto nature preserve in Khanty-Mansi Autonomous Okrug – Yugra (KMAO). The data for the paper is derived from two research expeditions, in which semi-structured interviews with representatives of different ‘parties’ of the conflict were conducted (August 2014, #49, and December 2014, # 51). The interviews were used for the conflict analysis of rezoning of land management in the Numto nature preserve in 2014-2015. We also used the documents provided by Wetlands International and OAO Surgutneftegaz regarding the legal status of the Park, environmental expertise reports on the Park territories and licensed areas, GIS mapping of the territories of the Park, letters and appeals to different organizations and institutions. Additionally, we analyzed publications in press and Internet, materials on the historical background of the Park creation, economic and social statistical data.

1. The study: conflict-analysis of re-zoning of the ‘Numto’ nature preserve

Nature park "Numto" (Park) was created 28.01.1997 in accordance with the decree of the Governor of Khanty-Mansi Autonomous Okrug – Yugra (KMAO). The establishment of the Park contained potential conflict between the oil company Surgutneftegaz, local population and regional authorities because of the oil deposits located on its territory. In this regard, there have been concerns that the upcoming change of zoning boundaries and ‘regimes’ of use of particular areas of the Park could lead to aggravation of the conflict. The study was aimed to define the ‘parties’ of the potential conflict, to analyze their motives, reasons, and likelihood of entry into the open opposition.

The analysis of the contextual profile of the conflict was conducted on the two levels: the regional level, including socio-economic situation in KHMAO and decisions of the regional authority, and the more specific context of Numto nomadic reindeer herding settlements, the traditional life of which would be directly affected by the rezoning of the Park.
2. Surgutneftegaz – characteristics of the company and its role for the economy of KHMAO

- Surgutneftegaz is one of the major oil companies operating in KHMAO

KHMAO is a leading oil-producing region of Russia, which produces more than 50% of all extracted oil in Russia. As in most other oil producing regions, the economy of KHMAO has a mono-profile character that defines the direct dependence of the regional budget from the oil production. Although the region is the largest donor to the federal budget, the funding of social and economic development from the regional budget is insufficient. This is a common problem of oil-producing regions, which in the case of KHMAO is enhanced by high social burden on the regional budget (compared to, for example, the neighboring Yamal-Nenets region). A decrease in oil production over the last 5 years has negatively affected the revenues of the budget in KHMAO. According to regional statistics, in 2010, 266 million tons of oil were extracted in 2011 it decreased to 262 million tons, in 2012- to 260 million tons, in 2014 (prognoses) 252 million tons (http://www.znak.com/hmao/news/2014-03-18/1019737.html)

- "Surgutneftegaz" plays determining role in the formation of the regional budget

Unlike most of the developers of the local oil deposits (like Rosneft and others), Surgutneftegaz is registered in the region, and according to experts, "generates 40% of the income of the district budget" (representative of the company Surgutneftegaz OAO).

- The contribution of the company to the regional economy is not limited to tax deductions. It includes significant amounts of financial and material assistance based on the agreements concluded with the regional and districts’ administrations. Additionally the company provides compensations to the indigenous people in the form of direct material support based on social contracts with the reindeer herders that designated territories of traditional nature use on the ancestral (tribal) lands, currently belonging to the state.

3. Numto nature preserve (Natural Park)

- The history of Park creation is complicated. Two basic purposes of the Park creation were mentioned in the interviews: 1. to preserve unique nature (wetlands), protect watershed area; and 2. to preserve traditional culture of indigenous people – forest Nenets and Khanti.

- The Park was initially created with violation of Federal legislation; the legal status of the Park today is problematic. In 1999, zoning and regimes were developed followed by re-zoning in 2012.

- Surgutneftegaz received a license to drill in the National park with violation of federal legislation in 2002

- High ecological value of the park is generally recognized by all experts, however, there is no unanimous opinion regarding the level of ecological value of the debatable territories;
- The Park has a large number of cultural heritage sites such as archaeological sites (the old settlements), historical monuments, ethnic and cultural objects, and cult objects including sacred places and cemeteries.

4. Numto reindeer herding settlements

- Numto village is located on the territory of the Numto nature preserve. Transport accessibility is poor. In winter, snowmobiles are used to get to the Surgutneftegaz workers' bus routes; in summer, the main transportation mean is helicopter. In the village, there is no permanent electricity or running water. The nearest hospital is located in the town of Kazim (district administrative center); in the village, there is only a medical center. Childcare and educational institutions (kindergarten, school) are also located in Kazim. Food supplies and household goods are available from the village shop.

- The overall population of the Numto Park is inhabited by 212 people. The majority of the Numto inhabitants live outside the village in sheds adjacent to the pastures within a radius 80 kilometers from the village (only about 20 people, constantly reside in the village). Among the Numto residents, only about 70 people are of the working age. In fact, the overwhelming majority of the village inhabitants live and work outside the village being spread around the territory of the Park and can be attributed to the village only in official documents.

- The economy of the Numto settlement is traditional, informal and enclave-type. Among the basic traditional economic activities are reindeer herding, hunting, fishing, and collecting mushrooms and berries. Reindeer herding is used not for business but as a way of economic survival and traditional way of life. A very small part of the population is employed - 6 people work as inspectors in the Park "Numto", 7 persons work as linemen in the Company "Surgutneftegaz. In order to be employed it is necessary for the village inhabitants to move to the town. The only way to combine traditional way of life with official employment is the work as inspectors in the Park or as lineman in the company, but the number of these job positions is very limited.

- The dominance of the informal economy is the main feature of the economic context of the village. Most of the reindeer grazing areas are not allocated legally and are used on the basis of verbal agreements and traditions. Currently, only six tribal lands have legal status. This distinguishes the village Numto from other areas where tribal lands have legal registration as traditional nature use territories.

- The Numto settlements provides joint habitat of Nenets and Khanty people. It has the largest concentration of Forest Nenets in KHMAO. In addition, according to the unanimous opinion of experts and local residents, the village remains perhaps the last stronghold of the Khanty authentic (not ‘for tourists’) indigenous culture.

- Numto community is characterized by good self-organization and strong informal leaders (spouses Pavel and Natalia Vylla) who are experienced in representing interests of indigenous people in negotiations with the company and regional authorities.
5. Social partnership as CSR model (Surgutneftegaz)

- The company representatives and local authorities label relationships between Surgutneftegaz and local population as ‘social partnership’. In practice, social partnership implies exchange of material and financial support for the loyalty of the authorities and population towards the company’s activity in the area. As in other CSR models, there are three main forms of support provided by the company to the local population: compensations for using tribal territories (when the territories of traditional nature use are designated); support for the development of economic and social sphere; direct charity donations to the community and individuals. The existing model of social partnership is based on ‘neo-paternalistic’ pattern of interactions between local population, authorities and oil companies typical for the post-soviet period (see manuscript by Tysiachniouk et al. 2014)

- Considerably low amount of support is coming to Numto Park residents who did not designated traditional use territories as Surgutneftegaz money is used for other villages in the region by Beloyarski administration.

- In general, the company positions itself as a socially responsible business. Social partnership for supporting Numto settlements is held between Surgutneftegaz and District administration in Beloyarski and the administration decided in what means and how to support Numto Park residents.

Therefore, the district administration in Beloyarski plays the role of intermediary between the villagers and the company. This suits the company that does not have to deal with Numto residents individually, and the local administration that receives access to desperately needed resources. At the same time, this causes discontent of the village inhabitants and especially community leaders who express doubts that redistribution of funds is unfair and does not meet the real needs of the village inhabitants.

- in 2003-2004 first agreements about socio-economic cooperation and compensations to indigenous population were concluded between the company and local authorities; since that time the attitudes towards the company in the region has been improving. Every year the company provides about 20 million rubles to administration of the Beloyarsk district (to which the Numto Park belongs). Two thirds of this money goes to the Numto residents. The company provides 7 working placed per year for local citizens. The agreement with local administration implies support of indigenous population with fuel (2 barrels of gasoline per family). Additionally, the company provides snowmobiles for some individuals, helps with communication and transportation, construction of the houses (4 houses had been constructed), financial support for the education of the children from indigenous families (via the state progams), support of the cultural events, such as reindeer festivals etc. Besides the main agreement, the company provides transportation support for the population in extreme
situations, subsidies to support traditional economy of the village (helping in sale of venison reindeer, buying berries, mushrooms etc.)

The company developed the memo to its employees with the rules of behavior on the territory of Numto Park. The memo was developed with the participation of representatives of indigenous community; also, the attempts have been undertaken to draw a map of sacred places on the territory of the Park;

- There is a number of civil society institutions intended to represent interests of indigenous people in the region. In our study they were represented by the Assembly of Indigenous people in regional Duma (“a sort of council of national intelligentsia” (Int. with a members of the Assembly), public organization “Save Yugra” (district subdivision), and the “Youth Organization of Ob-Ugri Peoples.” As it follows from the interviews, the activity of civil society organizations in defending rights of indigenous people in recent years has been formalizing and declining. The number of Assembly members has been reduced from 7 to 3, the Assembly is often used in election technologies to promote deputies to regional Duma; the “Save Yugra” organization today is focused rather on culture preservation than on the defense of indigenous peoples’ rights and institutional representation of their interests in legislative bodies.

6. Conflict: participants and interests

- The situation around Numto nature preserve has always contained covert conflict. With the rezoning of the Park, the conflict may become open. At the time of the study, the open conflict had emerged between the company and the Department of Protected Natural Territories in regional (okrug) administration to which the Numto Park is subordinated.

- Different parties possess both overt and covert interests in entering into open conflict:

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<tr>
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<th>Overt interests</th>
<th>Covert interests</th>
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<tbody>
<tr>
<td>Company</td>
<td>Bringing the legal status of the Park (including the territory of the licensed area of the Company) in accordance with the current legislation</td>
<td>To increase oil production through the development of new deposits; get the legal basis of oil production in the Park; preservation of positive image of the Company as a law-abiding businesses</td>
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<tr>
<td>Administration</td>
<td>To protect the unique and ecologically important area of the Park from the invasion of oil company; To save the disputed land for traditional nature use of the indigenous population</td>
<td>To preserve the right of control over the park territories; to recall the Company “who’s boss” on these territories</td>
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<tr>
<td>Numto</td>
<td>Save territory untouched for</td>
<td>Demonstration of protest</td>
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<tr>
<td>inhabitants</td>
<td>indigenous people to preserve the environment</td>
<td>potential for strengthening the position of indigenous people as the masters of the area.</td>
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</table>

- The ideology of social partnership implies the mode of relationships between different parties, which is opposite to conflict, and based on conciliation of interests through negotiations (or bargaining). The partnership can be effective only when the parties possess relatively equal bargaining powers provided by different sources. The existing context does not provide proper conditions for social partnership:

1/ neo-paternalistic mode of CSR of the company, which treats indigenous people rather as victims then equal partners, eligible to influence decision making process

2/ growing dependence on Surgutneftegaz of the regional administration leads to situation when in resolving the conflicts between the company and locale people “the administration is always on the side of the company” (Interview with the representative of the local NGO)

3/ at the district level, local administration is interested in donations from the company to fill the gaps in the budget and realize economic and social programs;

4/ weak institutional representation of interests of indigenous peoples by civil society organizations