

## Negotiation strategies and agreement-making models in large-scale resource development projects in Yamal, Arctic Russia

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**Abstract:** Based on ethnographic fieldwork material and other data collected during 2006–2009, this article examines contemporary models of agreement-making and partnerships negotiated between the local communities, government, and resource corporations in the Russian District of Purovsky (Arctic Yamal). The Yamal region has Eurasia's richest oil and gas reserves, and is an important crossroads region where various geopolitical and financial interests intersect. With the opening up of new gas and oil fields, and construction of roads and pipelines, Yamal is experiencing rapid changes and is being challenged to reshape its many 'frontiers' in which people, energy, and decisions are closely linked to one another. Since the late 1970s, resource development projects have had significant impacts on the lives of the local people in the Purovsky tundra. Along with experiencing negative consequences, such as water and soil contamination and other impacts on land, society and wildlife, local communities have also developed creative ways of adaptation, decision-making, and self-organization.

### Introduction

The models of agreement-making analysed in this article inherit many unique traits, embedded in the Yamal region's particular socioeconomic and geopolitical environment. However, these models also allow for clear linkages with other parts of the Arctic, both neighbouring (Kasten 2002; Tuisku 2002; Crate 2006) and distant (Nuttall 2006, 2012), where negotiations between industry-government-corporations continue to take place. Much current anthropological research carried out in Russia's Yamal-Nenets Autonomous Region (YANAO) is focused on the Yamal Peninsula District – the north-eastern tip of the larger Yamal Region – where the major stock of reindeer

herds are located (Forbes 1999a, 1999b, 2008; Stammler & Forbes 2006; Stammler & Wilson 2006). This vast sub-region above the Arctic Circle (Figure 1) is only relatively disturbed (in its lower part) by the quickly emerging – and sporadic until recently – gas industry. Almost no oil is developed there yet and little data is available to provide an informed retrospective analysis of interrelations between industry and local communities.

The Purovsky District, on the contrary, has been the centre of active processes of industry-community engagement (both oil and gas) for the last 30 years. Since the 1970s, major resource development projects have had significant impact on the lives of Tarko-Sale and Kharampur



Figure 1. Purovsky District and Yamal District.

Nenets communities on the Purovskaya tundra, where my ethnographic research was conducted during 2006–2008. What I discovered, however, is that these impacts have brought to life not only the negative consequences that have been widely documented in circumpolar regions (Kasten 2002; Tuisku 2002; Stammler 2005; Roon 2006; Feit 2009), but also fostered novel and creative ways of decision-making,

dialogue, and self-organization resulting in reformulated forms of governance and law-making around which this study is centered.

The Purovsky District is both unique and indicative in resource development debates for a number of other reasons. It has served as a testing ground for the development and implementation of industry-community interaction models since the late 1990s.

Results of these engagements have been widely rolled out elsewhere in the Yamal region. Now, other Northern regions of Russia are closely looking at this experience. The timeline for industry-community interactions allows a sufficient period of time to justify retrospective analysis of the progress of these processes (unlike locations elsewhere where industry is just beginning projects). As a result, this account contributes to a greater understanding of contextualized forms of public participation, local activism, leadership, rural development, and corporate social responsibility in the Arctic context, shaped by the active resource development over a substantive period of time.

How do decision-making processes work, and what forms of participation are available to the local people in ongoing energy projects? What are the current forms of dialogue? Who are the major stakeholders in the negotiation processes and what legal, power, and organizational means do they have to address their interests? What role does the state play in the negotiations? Is there a cooperation ‘model’ that has developed in Yamal? Do communities have a say in projects? What are the benefits and challenges of entering into agreements for companies and communities? These are the major questions I address in this article.

## **An agreement-making model in Purovsky**

The first end-to-end analysis of the workflow, end product model, and multiple actors in and of agreement making processes was undertaken by Ciaran O’Faircheallaigh

(2008), who generalized the relationship model for development that came into existence in Cape York, Australia. He followed the decision-making process from beginning to the end, in the context of Australian institutional frameworks and collective actions available to local residents. O’Faircheallaigh argues that, in the absence of agreements between the industry and communities, public participation may become a hostage of i) a company’s good will, ii) willingness of the government to either become an arbiter (ideal situation) or support one of the sides – usually industry (worst situation), and iii) capabilities of the community to generate enough leadership and resources for protest and other activities aimed at building alliances on the public front to force companies into dialog, or go to the courts. All of these processes (Figure 2) are entirely in the political sphere, and very few are in the judicial or contractual sphere of the continuum.

He further concludes that agreements in place benefit both parties in the way that political clout is replaced by the negotiations and agreement terms which are being enforced by and committed to by law. The involvement of the state in the role of intermediary is the most important and sometimes the key element in compromise-making. The legal framework is certainly important; however, political willingness and motivated participation of these three main parties in the community-industry-government triangle becomes a basis for successful co-existence (Figure 3).

In the circumstances of agreements in place, there are several means that become available to local/indigenous groups in addition to the previous model. Namely,

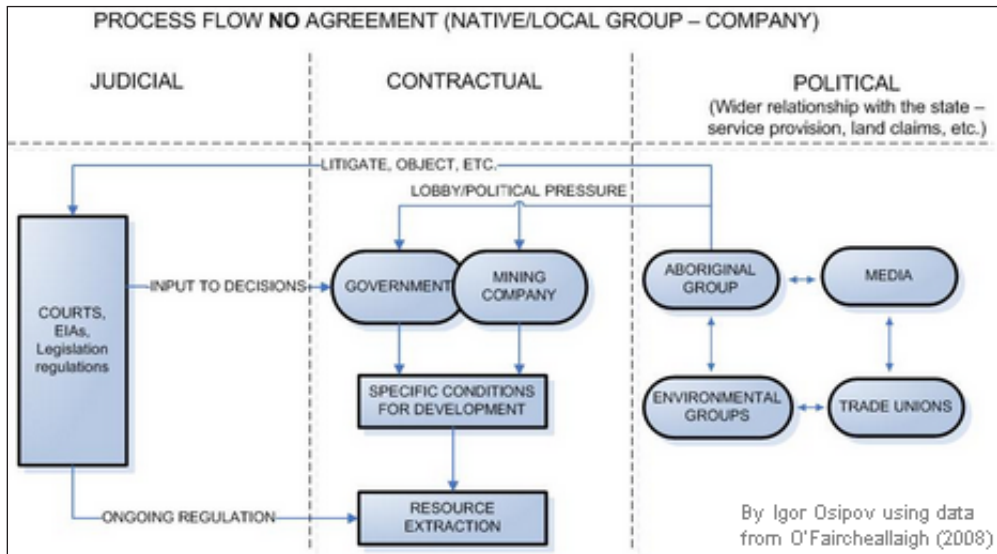


Figure 2. Agreement process flow with no contract in place. Drawn by author using data and process flow pictures from: O’Faircheallaigh 2008.

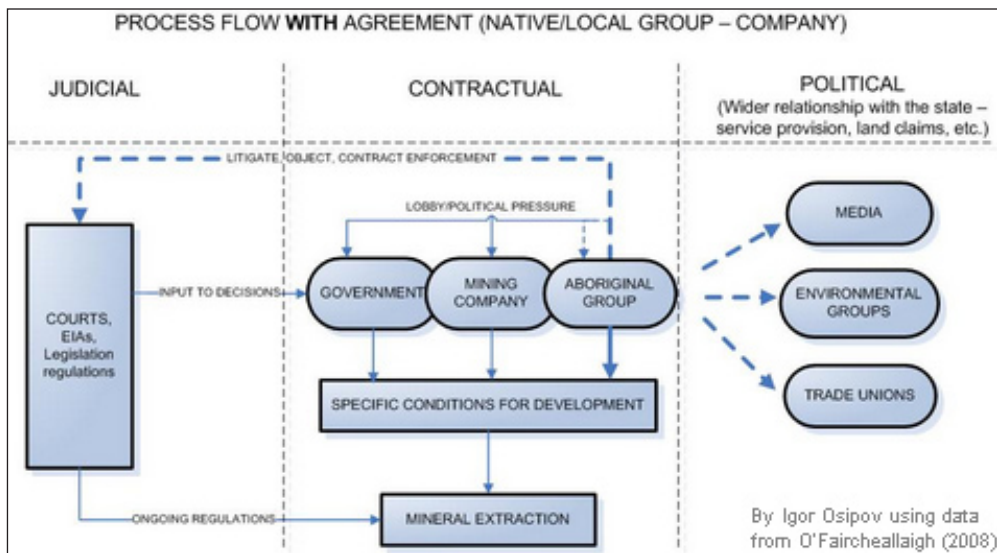


Figure 3. Agreement process flow with a contract in place. Drawn by author using data and process flow pictures from: O’Faircheallaigh 2008.

the agreement legally binds the company to provide or negotiate with local people in case any changes to the initially agreed resource (such as project scope, or if new fields, or lands are needed in the process of the project lifecycle). The shift to the contractual sphere enhances the very ability to litigate and put political pressure on resource companies.

At the same time, companies also have a clear vision of their involvement and are able to benefit from having a clearer understanding of the environment on the ground. The government, in its turn, does not have to deal with unplanned actions of social unrest and is able to guide the talks and issues in a settled manner, having a legal contract as a framework for further arrangements over conflicting issues, if those arise between the parties. Therefore, at the principal level, the situation with

an agreement is much more beneficial than a situation without it, for all parties involved.

Taking such an agreement-making model as a starting point, I argue that it is possible to explicate decision-making and agreement-making processes that have taken shape over the last several years in Yamal in a similar way and, more precisely, in the Purovsky District (Figure 4). My research provides clear support to the key argument of O’Faircheallaigh in the Russian context – which is the intermediary role of the state government – and adds a number of important revisions to the institutional framework of the process.

One of the key differences is due to the role that is played by the Native non-governmental organization “Yamal-to-Descendants” (referred to as YTD further in this text). Its contribution and authority

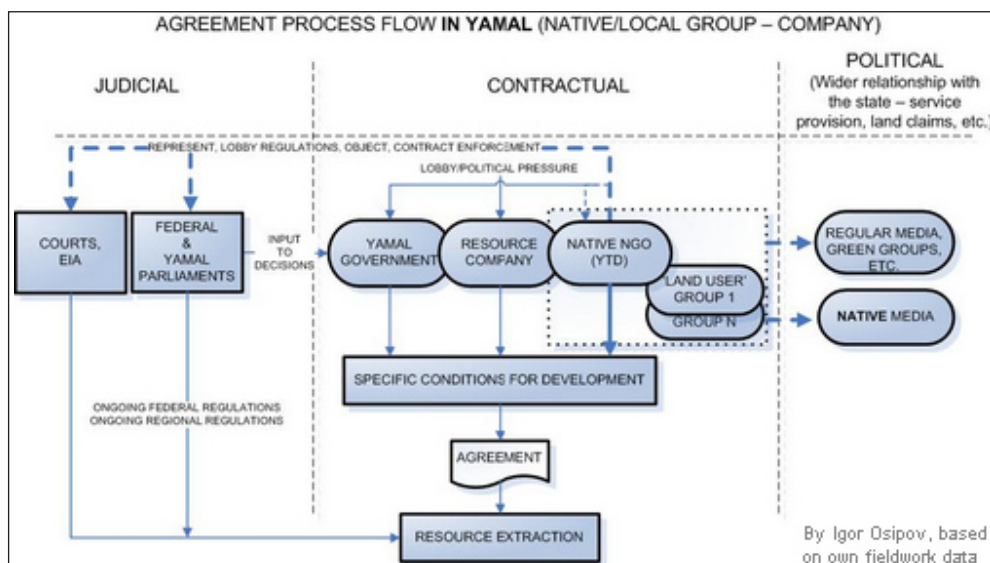


Figure 4. Agreement-making process flow in Yamal (Regional level). Drawn by author based on PhD dissertation fieldwork data.

is prominent at both the regional level – in the Yamal capital, Salekhard – and at the municipal level, where strong branches of YTD exist across Yamal. One of the most active branches is also in place in the Purovsky District. Therefore, it creates a unique situation, where not a single community or relatives from the same clan are lobbying the interests of individuals from within it, but of a larger organization that monitors all incoming requests and concerns through its on-the-ground branches, and addresses these requests with both industry and government leadership for resolution.

An institutional-level difference is similarly significant. Although the instrument of independent environmental impact assessment (EIA) is replaced in Yamal by the “project requirements” collected from the locals living on the tundra for each major project, there is a much more influential decision-making toolkit available to Nenets and other indigenous peoples in the region. Through their strong representation and leadership in the Yamal Parliament and Yamal Government, Nenets have direct access to the legislature and often use it to lobby for laws that address their interests. Through this kind of access, Nenets and other local people gain from the implementation of regional laws protecting the environment, the land, reindeer and traditional economic activities such as fishing and hunting.

At this point, Yamal has laws protecting virtually all aspects of nomadic cultural interests – from water, land, and environmental protection, to laws on reindeer herding and laws that are supportive of traditional economic activities. Access to the Federal Parliament is ensured through elected rep-

resentatives of the region sitting in both chambers, the State Duma and the Council of the Federation. Land and subsurface rights; however, remain the property of the state, like everywhere else in Russia.

*“- [YTD] is consolidating the opinion of people living in a particular district or local territory – the native people. And what they are trying to do is to make sure this opinion is heard at the highest possible level – it is a non-governmental organization... They have an office in Moscow, they have direct route to Federal Parliament, there is Sergey Kharyuchi, so there are certain tools this organization can use... They can address things with Committee of Federal Parliament, or they can work with municipal head – it does not really matter. I would say they are pushing forward and protecting the interests of the local people quite objectively and actively, consolidating public opinion.” (Yamal Government Representative, personal interview).*

The agreement model itself works on three levels: regional, municipal, and local. The most important is the regional level – the Governor’s office. I deliberately take out the federal/national level, because the subsoil licenses are granted at auctions in Moscow and serve as a basis for negotiations between the Yamal Governor’s office and the company headquarters (Oil Company analyst, personal communication, Osipov field notes 2006). In other words, there is no room for negotiation, agreement, or decision-making over the license terms that define very generally what the proposed territory can be and how many hydrocarbon blocks are anticipated to be developed and within which time period. However,

many things within the licensed territory can be modified based on ‘on-the-ground conditions’, including negotiations and public hearings with the communities and nomadic families impacted.

At the very first step, authorities in the Yamal capital, Salekhard, ensure that the company which wants to be working in the region has all the necessary documents, licenses, and federal level project requirements approved. Then specific requirements and feedback from the local communities, including native communities being impacted are sought. The overall process is managed by the Department for Numerically Small Peoples of the North, which is incorporated as a fully-fledged part of the Yamal Regional Government and led by a prominent Native politician, Lydia Vello. These requirements are then incorporated into a major Agreement between Yamal and the company. Requirements are collected with direct involvement of the NGO “Yamal-to-Descendants” that seeks on-the-ground comments and feedback from individuals, families, and reindeer herding communities (Fieldnotes, Osipov 2007–2008).

After the conditions have been collected and approved, the deal-making takes place between the representatives of Yamal and the company, which both form a special commission, sometimes traveling back and forth between Salekhard and Moscow (where the company headquarters are). Such a commission has guaranteed representation from YTD. After arranging the strategic conditions, the deal is submitted for final comments to all responsible departments within the Yamal government, including the Native Affairs Department.

Negotiations then take place on the basis of the commission. After the strategic agreement is achieved, including the budget items, the deal then needs the Governor’s signature. The actual decision, based on the conditions, already approved ‘at large’, is made between the Governor and the CEO of the company willing to enter the region (President of YTD, personal communication 2007). In the words of a Yamal administration representative: “both sides have to be ready for the deal. I would not say it is the only reason for Agreements, but one which is quite important” (Yamal Government Representative, personal interview, 2008).

Once a ‘political’ deal has been concluded, it is transferred to the ‘practical’ level – the municipal district. Districts in Yamal, such as Purovsky and others, then negotiate a direct arrangement with the local branch of that company operating in their District. This is when a NGO becomes, figuratively speaking, a ‘show stopper’ party to the agreement.

*“Administration of the Purovsky District has a special Commission which is responsible for management of lands allocated and licensed for oil and gas development. And I have to say that none of the companies working here, even if everyone else signed the approval, but the YTD signature is absent, they stop the process... If people agree, they would have their conditions for agreeing. If they disagree, the process has to stop and deal has to be nurtured, so everyone is ready...” (Maria, NGO YTD Purovsky Branch Leader, personal interview).*

NGO “Yamal-to-Descendants” is approached from four sides in the negotiation process (Figure 5):

1. The regional government at the political level negotiations—to ensure the proper representation of the crucial Northern political stakeholders;
2. The company, which receives a recommendation to approach the Native NGO (YTD) from the Yamal government. YTD is viewed as a key stakeholder and the main local political actor on the ground;
3. Local communities that will be impacted or are nearby the prospected licensed areas, and;
4. The municipal government that represents the local population as a whole and also propels the use of agreement-making via utilization of the YTD as one of the main tools in the process of achieving solutions to social and economic agenda issues by wisely ‘making to partner’ the key public and key economic parties.

Provided the principal agreement is in place, it is nevertheless crucially important to build the right relationships on the ground. All four major stakeholders understand the importance in building partnerships and have their own interests in the process. The very essence of the agreement-making process has been captured by the Head of the Purovsky District:

*“The main constituent of our interaction is human factor. It is very effective. A company comes to me and I usually send them to YTD*

*Regional Leader in our Purovsky district. They have all their time to negotiate and come to an agreement. Once they’ve reached a mutually acceptable deal, they come to me. At this point, we all sign an agreement, in which interests of the local and native people have been identified and addressed. And this is an approach which does not raise any further questions, really.” (Head of Purovsky District, personal interview, 2008).*

Compensation and benefits agreements are negotiated at the municipal level. What is more interesting is that companies are not obliged to provide any extras since there is no legal requirement for them to do so. Business pays significant taxes already, and has an Agreement with Yamal at the regional level. The total number of companies in Purovsky is several dozen and annual aggregated figures for investment into local communities under these agreements equal dozens of millions of dollars annually, to say the least.

There are two forms of agreements negotiated and signed at the municipal level. One type is the most common; this is when four parties are on equal sides of the agreement:

1. NGO “Yamal-to-Descendants”,
2. The local community or, in legal terms, the Land User (for example, JSC “Obschina Kharampurovskaya”),
3. The Company; and
4. The Purovsky District Municipality.

Less common, but also practiced is the three-sided agreement, where YTD acts on behalf of a particular community, group or local people representative.



The change which is brought about by the companies is mitigated by the sense-making process utilizing several key messages. The most important message comes from the ‘state interest’ and makes sense based on patriotic rhetoric and feeling that has been an important part of the Russian, Soviet, and now democratic education systems. *Tundroviki* (the local name for tundra dwellers) have been continuously called by their peers ‘one of the biggest patriots of their country’ (Ezyngi interview and personal communication 2007, Evay interview 2008, Aivasedo, personal communication, 2008). They give up their lands for the societal good, with clear understanding that Russia needs natural resources for its well-being as a country. This rhetoric is “talked into existence” (Weick 1995) by the very actors of this change.

What is also important, is that Nenets clearly understand and make use of the positive sides of the engagement with the resource industry, where “everyone understands that incoming oil and gas companies do not mean problems, but also significant improvement in social and economic situation” (Peskov 2003). One of the success factors allowing Nenets in YANAO to effectively explore the venue of agreement-making is high social mobility, which many Nenets leaders enjoy. For example, Maria, like many other municipal and regional-level Nenets politicians serves multiple roles from Advisor to State Parliament Senator, to Assistant to the Purovsky District Head. This unique situation is a typical social mobility feature, found throughout Yamal decision-making circles from the Native side. There are more forms of interaction and co-existence, as

well as peculiar forms of partnership, that have been developed over the years in the Purovsky District.

## Concluding remarks

The daily routine of negotiating northern resource frontiers constitutes a divergent dynamics of interests that have to be reconciled for the citizens of the same country. Northern relations, mutual respect and community development play crucial roles in the process. Most of the time, the actual interests of the local people are indeed being accounted for. I have witnessed this myself many times, by listening to the key decision-makers during their meetings, reading multi-million dollar agreements which are solely devoted to the local communities’ economic and social development and sitting around the fire with locals and government officials discussing options and decisions. The very nature of divergent interests in some situations means that the compensation agreements, based on the law, come in, pipeline passages are built (if no re-routing is possible), and when there are untouchable sites, they are kept as such and no work is done there, to which I received multiple confirmations from a variety of information sources, including the local communities, governmental officials and the companies’ representatives.

Where economic interests are at stake – pastures or routes of *kaslanie*, rivers to be dumped or lakes to be impacted – this is where the negotiations and tensions appear. Communities and tundra families and brigades do say “no”. However, the spirit



of the process is to take time and exercise the principle of no pushing. Life is more complex in Purovsky District than black and white. This was the lesson I had to learn after seeing how people, government, and industry interact in determining the last northern resource frontiers. On the one side of this frontier are reindeer, chums, fish, lakes, and tundra. On the other side there are pipelines, roads, schools, houses, and economic prosperity and infrastructure for all – locals, regions, Russia, and ultimately Europe, which buys and consumes almost all the gas Yamal develops.

Integrating Yamal into a larger picture of Arctic hydrocarbon development, it is important to understand the two fundamental differences which Nenets themselves find important in comparison to similar situations in North America. “Yamal to Descendants” is well aware of the dynamics in land claims and resource development in Canada and Alaska and is also keen to know more about the Sámi experience in northern Fennoscandia. Moreover, several of my informants from the “Yamal to Descendants” leadership traveled to Canada and Alaska to exchange experiences and opinions with North American local groups.

In North America, the whole idea of engagement between companies, the state and Native people, is based on land ownership or land claims concepts and settlements. Native groups make it explicitly clear to developers that they were living on the land prior to the arrival of colonists, and land claims in Alaska and parts of Canada have gone some way to recognize indigenous rights to lands and resources, while land claims are still being negotiated

in many regions of Canada. In Russia, such historical distinction is much less vibrant as a variety of settlers came to Northern lands almost one thousand years ago. Since then, land has always been in the state’s hands and hydrocarbons below the surface have been considered the country’s strategic security asset. This situation creates a fundamentally different legal and socio-cultural environment, which, therefore, can hardly be compared to other regions in the global North.

As Nenets view it, the main trend in North America is incorporation of Native people and their economic activities following resource development into the mainstream economy by providing service jobs and establishing joint ventures, which ultimately results in loss or deterioration of a pre-development lifestyle, where daily occupations are linked to the language and traditional activities associated with the environment. Nenets do not want to merge into the mainstream economy and they have clear support on that from Yamal regional and district governments. Nenets deliberately choose to continue living in a traditional economy, with reindeer herding, fishing, and hunting as the main year-round activities.

Summing up, Purovsky District and the Yamal Nenets Autonomous Region were able to develop i) a model of interaction, based on several adaptation strategies and informal Northern relationships that are effective enough to address the agendas and needs of the parties involved, and ii) a willingness to listen to each other on their way to co-existence and neighbourhood in Yamal. With Dmitry Kobylkin, now being Governor of Yamal, it is very likely that

these practices of agreement will be applied and decision-making to be rolled out to all engagements between industry, districts, and local communities across the entire region, in a way that has happened in the Purovsky District. The future is always an open-ended question.

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