

Oil spills and CSR in the Russia's Pechora River Basin

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Introduction

Oil spills are negative externalities of oil extraction and transportation operations worldwide (Jernelöv, 2010). Frynas (2012) studied a global perspective of the evolution of oil spills management and established causality between the improvements in offshore oil spills prevention and advances in international mandatory regulation. He argues voluntary corporate initiatives pursued under the banner of Corporate Social Responsibility (CSR) also have a potential to enhance oil spills prevention and response.

Companies do have a responsibility for their impact on the natural environment and society. With regards to onshore oil spills, environmental impacts are borne by ecosystems, as well as society who are not involved in industrial operations and who didn't consent to bear the impacts (O'Rourke and Connolly, 2003). This is critically important in the territories of indigenous and subsistence-oriented communities, whose livelihoods are dependent on the quality and the access to natural resources, and who has strong emotional and spiritual ties to it. The impacts extend beyond the boundaries of concessions and result in conflicts.

Unlike offshore oil spills, onshore oil spills are subject to national and local regulations. Addressing onshore oil spills is problematic if good institutions are not in place. Indeed, the evidence in oil-producing regions suggests that effective oil spills prevention and response and achieving improvements in CSR practice are challenging when institutional capacities are low, there are power asymmetries and negligence (e.g., Orta-Martínez, Napolitano et al., 2007; Idemudia, 2010). Similar in Russia, various studies emphasized the limitations of existing regulations in delivering environmental outcomes in oil producing areas (Tulaeva, 2014; Tiainen, Sairinen et al., 2015; Kelman, Loe et al., 2016). CSR in Russia has been evolving, however, there is no agreement on its boundaries neither in theory, nor in practice (Kuznetsov, Kuznetsova et al., 2009; Fifka and Pobizhan, 2014; Henry, Nysten-Haarala et al., 2016).

This paper analyses the evolution of CSR strategies and practice in the Timan-Pechora oil and gas province (TPP), with a specific focus on its role in onshore oil spills prevention and response. The study site is Izhma and Usinsk regions in the central TPP. The methods of inquiry include a review of corporate CSR instruments, five agreements of cooperation with government and representatives of rural communities (2009-

2016), six protests resolutions (2013-2016) and notes from four meetings of negotiation of the problematic (2015).

Context

Historically, the TPP is the first Russia's oil producing region with intensive development of the industry in the 1970s and recent rapid expansion (Borozinets, Zelikina et al., 2004; Report, 2016). Onshore oil spills and discharge of produced waters have been a prominent feature of oil exploitation, including the 1994 oil spill disaster in Usinsk region (Report, 2016). They involve continuous and uncontrolled release of unknown volumes of oil, oil products and produced waters in rivers, swamps and soils (Walker, Crittenden et al., 2006a; Walker, Habeck et al., 2006b). This is due to the high wear of the extensive pipeline system built in 1970s and 1980s and insufficient speed of its replacement among other managerial and technological reasons (Walker et al., 2006a). The pollution affects traditional land use by rural Komi and Komi-Izhma people who rely on traditional livelihoods of reindeer herding, fishing, hunting and gathering (Habeck, 2002). There are health and human security concerns (Stuvøy, 2011).

Regional government recognises the absence of an efficient system to mitigate oil spills, contain them, and to respond rapidly (Report, 2016). This indicates a low capacity of mandatory regulations and government institutions to deliver sustainable environmental outcomes, due to limited authority to influence corporate practice, lack of resources and knowledge, as well as negligence.

Over the last decade, as environmental impacts have been intensifying, the awareness of environmental degradation has been growing. There has been an increasing resistance from local population and environmentalists (Pierk and Tysiachniouk, 2016). Communities have been involved in several forms of resistance (demonstrations and protests, outreach, legal actions). The protests occurred in 2002 and 2004 in Izhma, and increasingly since 2013 in the villages of Izhma (Izhma, Shelyaur, Krasnobor) and Usinsk region (Ust-Usa, Novikbozh, Mytnii Materik). In 2017, the initiative for a referendum to ban the exploitation of oil pipelines commissioned prior to 2000 was registered in regional Election Committee.

The evolution of CSR strategies in the TPP

Oil spills prevention and response in the TPP is addressed by corporate programs of ecological security and plans for prevention and elimination of oil spills. The main actions include pipeline replacement, soils remediation, sludge tailings remediation, floods work, multilevel system for river protection, waste handling. Cooperation with official and public organizations is highlighted, as well as the relevance of the main operators' policies towards contractors and sub-contractors. These initiatives have been largely developed in response to national regulatory requirements, e.g. government decrees 613 "On urgent measures for the prevention and elimination of oil

spills and oil products” (2000) and 240 “On the procedure for measures to prevent and eliminate spills of oil and oil products on the territory of the Russian Federation” (2002).

The negotiated social responsibility is streamed through three channels: agreements of cooperation with regional and local administration; charity projects; targeted assistance to individuals and communities. The content analysis of ten agreements of cooperation with local administrations of Izhma district and Usinsk district demonstrates that the CSR strategies cover predominantly funding of construction and renovation of social facilities (hospitals, schools, cultural houses, kindergartens, sports infrastructure, churches) and charity to support social initiatives and cultural events. They strictly define objects of financing and establish the procedure for obtaining funds, spending and reporting. These agreements are renewed on the annual basis and contribute to the goals set by the municipal plans and strategies of socio-economic development in rural areas. Oil spills and broader environmental impacts are not mentioned in this kind of agreements.

In the context of limited opportunities and resources, any contribution of the industry for socio-economic development of villages appears significant. This puts local municipalities and local communities in the situation of having little negotiation power. Indeed, the issue of oil spills appeared during many community meetings with the companies, local and regional governments. However, no formal agreements that address environmental pollution have been achieved.

The analysis of six resolutions of recent protests reveals that the concerns of local populations refer to the responsibility of the operating companies for clean rivers and swamps, access to forests, to hunting and gathering, important for traditional livelihoods. Arguments in these documents also evoke themes of justice by reiterating that development of the industry and its impacts are unjust and come at the expense of a few villages and future generations. Their arguments question technologies and managerial approaches of the industry demanding meaningful communication and dialogue.

Wilson (2017) argues that to prevent the trading of social benefits for environmental damage, ‘social license’ needs to be redefined by local people in the region. Another strategy for local populations is to enhance their negotiation power and achieve inclusion of environmental measures and claim their rights to compensations.

In the face of emerging social resistance that challenges the social license to operate, the companies have been, indeed, open for negotiation with local communities. There has been a tendency towards individual negotiation of the content of agreements between companies and ethnic movements and indigenous ‘obshinas’ (clans). Agreements of cooperation have been achieved with reindeer herding cooperatives (‘Izhemskiy Olenevod’) and movements of Komi people (‘Komi voytyr’) and Komi-Izhma people

('Izvatas'). They establish a framework for possible mechanisms of cooperation between the actors. For example, based on such agreement, 'Izvatas' has negotiated support towards higher education of rural youth between 2014 and 2016. This was provided as a charity donation without reporting. Communities gained the chance to decide on their own what kind of knowledge and skills are required. Such instruments provide more flexibility for the scope and the nature of initiatives, and thus, have a potential for incorporation of environmental concerns.

Addressing oil spills in the region is politicised and complex. Komi-Izhma people are not recognised as indigenous in the Russian legislative system, and their rights to traditional land use are not legally secured. Instead they are left with little legal power, and a degrading local environment that once supported their traditional livelihoods. Instability of the regulatory environment, constant change of leadership in both government and the industry, disattachment of staff from local rural issues, have all influenced the development and practice of CSR in the region (Wilson, 2015; Pierk et al., 2016).

Improving CSR practice – Hybrid forms of governance and involvement of local people

Some of the CSR initiatives provide evidence of emerging forms of cooperation between the private sector and government. One example is the initiative of the Lukoil-Komi and the Ministry of Natural Resources to establish a set of reserve equipment needed for oil spill response. The oil booms, special wipes, tanks and skimmers have been given by Lukoil-Komi under the management of the Republican government commission for the emergency prevention and response in 2016. This was in response to the failed actions to address an oil spill in 2013 by RusVietPetro. More evidence of cooperation is seen in the development of Recommendations for reclamation and liquidation of oil sludge collectors together with the Komi Republic's scientists, government representatives and companies' experts. Joint exercises on liquidation and localization of emergency oil spills have been organised.

The practice can be further improved when local populations are involved or consulted. Examples of integration of local and traditional knowledge in the environmental management that can strengthen oil spills prevention and response measures are participatory environmental monitoring (Orta-Martínez and Finer, 2010) and ethnological expert review (Murashko, 2006). For example, there is an emerging trend of monitoring of oil spills and the processes of soils remediation by local communities. Emerging as the activities of environmentalists in response to the practice of concealment and negligence of oil spills, this trend has a potential to evolve in participatory environmental monitoring. These instruments can identify areas of significant importance for local livelihoods and non-material values and thus, stress where oil spills prevention and response needs to be prioritised.

Conclusion

The case of the TPP presented in the paper tends to support the theory that CSR has a potential to improve environmental management and oil spills prevention and response in the environment where mandatory regulations and institutional capacities cannot cope effectively (Frynas, 2012). There is an emerging evidence of this trend in the TPP, including direct negotiations with affected communities and hybrid governance arrangements.

The results demonstrate that CSR has embraced some of the challenges, however, there has been a failure to seek, understand and integrate community concerns and knowledge over the environment. Considering low negotiation and legal power of local communities, there is a need to assist rural communities in claiming their rights and to create awareness among local and broader population on the scale of the incidents and their implications, for example through mapping.

The CSR practice requires substantial improvements if the nature of the north to be remained in its original form as obtained for future generations. The improvements in the current oil spills prevention and response are also important if operating companies are to achieve the global best practice in terms of oil spill prevention and response, e.g. established by The International Association of Oil & Gas Producers and The International Petroleum Industry Environmental Conservation Association.

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