

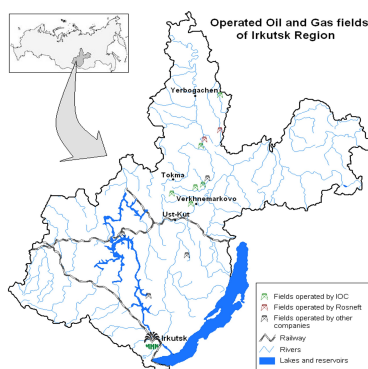
Emerging Benefit Sharing Frameworks in the Irkutsk Oil Region, Russia

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Finnish Academy Project: **Oil Production networks in the Russian Arctic: societal impacts and potential for partnership (2015-2018)**. The aim of the project is to examine the institutionalization of benefit-sharing standards through an analysis of the governance of oil production networks and their implications for global rules and local practices related to indigenous communities.

Benefit Sharing Modes and Mechanisms in Oil Sector of Irkutsk Oblast

Irkutsk Oil Company Case Study



Results

Sub-Arctic communities are not equally benefiting from oil and gas extraction. Despite a considerable variety of existing arrangements, no benefit sharing mode or mechanism prevalent today ensures sustainable development of local communities. This may stem from the incompatibility between post-Soviet legacies, corporate social responsibility principles and local institutional frameworks. Although focused on a particular region, this research is indicative of general benefit sharing patterns in modern Russia and beyond.



Oil Drilling



Tokma



Verkhnechertkovo

Mode	Structured	Negotiated	Semi-formal	Trickle-down
Paternalistic	Tax revenues distribution: oil production taxes are collected by the federal government, and partly transferred back to the region; if a company is registered locally, other taxes it pays (income, property, etc.) are retained in the region; the regional government transfers some revenues to municipalities.	State-imposed agreements with regional and district authorities. Annually concluded socio-economic cooperation agreements with the regional government and municipal governments in oil-producing districts.	"Plea-and-take" sponsorship system: semi-formal or informal arrangements, in which the companies respond to individual requests from community actors, local authorities or private citizens. Support to social and civic initiatives (clubs, music bands, veterans organizations, schools), responses for emergency needs (equipment breakdowns, disaster response)	New jobs (company, public, retail, transportation). Income growth. Development of infrastructure (roads, pipelines, educational and public health facilities, equipment for schools and medical establishments).
Company-centered social responsibility		Direct socio-economic agreements with Indigenous enterprises (obshchinas) concluded annually to provide payments and in-kind support for negotiated community needs	Sponsorship and charitable contributions: Support of sport activities, festivals, charitable funds, NGOs, etc. (sometimes the preference is given to the location of the company headquarters).	New jobs (company, public, retail, transportation). Income growth. Development of infrastructure (roads, pipelines, educational and public health facilities, equipment for schools and medical establishments).
Partnership				