

Chapter

12



## Impacts on Sakhalin Communities

# Chapter 12

## Impacts on Sakhalin Communities

### 12 IMPACTS ON SAKHALIN COMMUNITIES

#### 12.1 INTRODUCTION

This Chapter describes those major impacts, which are primarily limited to Sakhalin Island. These include land acquisition and compensation (Section 12.2), impacts to subsistence and recreational fishing and gathering (Section 12.3), and impacts to communities (Sections 12.4). Chapter 13 focuses on heritage resources. Chapter 14 describes impacts on Uilta Reindeer Herding.

#### 12.2 PROJECT LAND NEEDS AND COMPENSATION

##### 12.2.1 SEIC Supplemental Assistance Programme

###### 12.2.1.1 Introduction

Analysis of the Russian regulatory compensation system and international best practice as described in Chapter 8 identified a number of areas where there were potential 'gaps'. In response to this analysis, SEIC adopted and implemented a supplemental assistance programme. The Sakhalin Energy Leadership Team (SELT) approved the Programme in July 2002 as a major mitigation-of-impact measure.

The programme was implemented shortly thereafter with the SEIC Approvals and SA Group working closely together. As part of this effort, relevant local authorities are consulted and have been participating in the process. For further information on the actual steps in the assessment of eligibility of individual land users see Section 3.6.1. Potentially affected users on the LNG/OET site are described in Sections 5.3.4.1 and 12.2.3.2.

###### 12.2.1.2 Principles

SEIC adopted the following principles regarding its Supplemental Assistance programme. The intent is to:

- Meet the spirit of WBG ODs and international best practice, including other precedents made to these standards in Russia,
- Ensure people are the same or no worse off than before the Project,
- Satisfy Russian regulatory requirements and conditions agreed to local authorities when the PLA right-of-way was established,
- Reach mutually satisfactory compensation solutions through 'reasonable' negotiations (as they pertain to land-users recognised under the Russian regulatory system),
- Consult with Regional and District authorities on SEIC compensation solutions and implement procedures in tandem with those of local authorities,
- Ensure transparency by documenting compensation communications, approaches, and actions between users, communities and SEIC, and
- Provide land users with the ability to seek resolution of compensation-related grievances through a transparent low/no cost grievance process in addition to those means available under Russian law.

### 12.2.1.3 Integrated Russian Regulatory/Supplemental Assistance Action Plan

At the time the programme was adopted in July 2002 the following SEIC go-forward action plan was approved

TABLE 12-01: INTEGRATED ACTION PLAN

Objective	SEIC and On-the-Ground Activities	Interactions with Authorities Concerning Supplemental Assistance
Consensus on approach to background studies	<ul style="list-style-type: none"> <li>– Develop programmatic plan.</li> <li>– Develop administrative proposal for dealing with more non-conforming land use issues (e.g., compensation to individuals using lands at bankrupt collective farms).</li> <li>– Develop low/no cost grievance process for implementation.</li> </ul>	<ul style="list-style-type: none"> <li>– SEIC presentation of overall strategy to Sakhalin Region authorities.</li> <li>– Key issue – not a new precedent in Russia.</li> <li>– Continue discussion with Regional Authorities concerning Russian Regulatory compensation and PLA conditions.</li> </ul>
Collection of baseline information (first visit)	<ul style="list-style-type: none"> <li>– Hold community/group meetings concerning status of construction and land acquisition-invite participation of local authorities.</li> <li>– Update/interview potentially affected individuals/households.</li> <li>– Obtain preliminary information on economic basis and land use status.</li> <li>– Notify people of how to contact SEIC if they have any specific questions/concerns.</li> </ul>	<ul style="list-style-type: none"> <li>– Request Sakhalin Region to inform regional authorities that SEIC may provide Supplemental Assistance on a case-by-case basis after Russian Regulatory basis determined.</li> <li>– Gather information from regional authorities on individuals/households who are/are not considered eligible for compensation under Russian regulations as per PLA inventories and other information.</li> </ul>
Evaluation	<ul style="list-style-type: none"> <li>– Evaluate baseline data, compare to information obtained from local authorities.</li> <li>– Assess which households/individuals may be potentially eligible for Supplemental Assistance and compensation on a case-by-case basis.</li> <li>– Revise in-house strategy and potential estimates of magnitude of issue.</li> </ul>	<ul style="list-style-type: none"> <li>– Share information with local authorities as needed and appropriate.</li> <li>– Continue negotiations for Russian Regulatory compensation.</li> <li>– Based on information collected, address as far as possible the issues identified and incorporate as part of PLA conditions and negotiations.</li> </ul>
Confirm status (second visit)	<ul style="list-style-type: none"> <li>– Prior to this visit, establish what information local authorities have given to households.</li> <li>– For potentially affected individuals, conduct more detailed interview to confirm land use status, economic position. Update land acquisition schedule.</li> <li>– Verify the perception of potentially affected peoples as to their land use status.</li> </ul>	<ul style="list-style-type: none"> <li>– Continue PLA negotiations and preparation of compensation packages for individuals/households as per Russian Regulatory procedures.</li> </ul>
Final Assessment	<ul style="list-style-type: none"> <li>– Finalise assessment of Supplemental Assistance needs as per 'reasonableness' negotiations, and confirmation of status</li> <li>– Inform potentially affected individuals of grievance process.</li> </ul>	<ul style="list-style-type: none"> <li>– Agree on Russian Regulatory compensation due to individuals/households and non-conforming cases.</li> <li>– Specific negotiations as per other PLA conditions can continue.</li> </ul>
Compensate	<ul style="list-style-type: none"> <li>– Reach final agreement with individuals/households on Supplemental Assistance.</li> <li>– Implement programme in same general time-frame as Russian regulations.</li> </ul>	<ul style="list-style-type: none"> <li>– SEIC payment of Russian Regulatory compensation as required.</li> </ul>
Monitor	<ul style="list-style-type: none"> <li>– Monitor as appropriate to determine that people are 'the same or better off' than before the Project.</li> </ul>	<ul style="list-style-type: none"> <li>– No action.</li> </ul>

### 12.2.1.4 Land Use and Occupancy

Table 12-03 describes different types of land-users/uses potentially affected by Project land needs. Potential actions to be implemented in each case are described.

### 12.2.1.5 Forms of Supplemental Assistance

Forms of supplemental assistance vary and may include:

- Physical relocation of assets (e.g., moving household goods, farm equipment, and livestock),
- Negotiation of new land leases and rental agreements,
- Assistance in registering use,
- Provision of temporary labour to re-establish kitchen gardens, planting beds, etc.,

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- Short-term access to reliable transportation for activities such as conducting negotiations, making payments and investigating new housing,
- Access to reliable transportation to travel to alternative fishing hunting berry-picking sites during construction,
- Short-term compensation (e.g., single growing season) or equivalent losses of kitchen garden/subsistence crops, cost of summer rental of alternative housing due to short term construction nuisance, (e.g., start-up of the LNG facility),
- Small business development grants to develop sustainable enterprises, (e.g., reindeer-herding industry), and
- Provision of temporary jobs/training to establish livelihoods.

Any type of supplemental assistance implemented will be developed through consultation with the affected party.

#### 12.2.1.6 Implementation

The Programme has been implemented and SEIC has initiated consultation with local authorities and is timed in such a manner as to provide timely feedback and integration with the overall regulatory process. The final number of affected land-users in Safety/Sanitary Protection Zones will be determined only after the final design is approved, and zone sizes and minimum safe distances from the pipelines established.

#### 12.2.2 Comparison of Best Practice and SEIC Supplemental Assistance Programme

The Supplemental Assistance Programme adopted in July 2002 and as implemented is fully compliant with steps normally taken as per international best practices as described below.

TABLE 12-02: COMPARISONS OF BEST PRACTICE AND SEIC SUPPLEMENTAL ASSISTANCE PROGRAMME

Step	Best Practice	SEIC Actions
Transparent consultation with potentially affected users	Potentially affected land users are consulted early in the planning process. In Russia, land-users are first identified during the PLA processes and consultation continues at periodic intervals until such time that the land is acquired. This consultation may involve a number of individuals including movement officials, project representatives, and social assessment specialists.	Russian Authorities first sent notices to potentially affected users during the PLA. As part of the SEIC land acquisition progress both the Project Approvals Group and the SA Group are in the process of identifying and consulting with individuals. As part of the CLO Programme, potentially affected individuals will be kept regularly updated concerning the status of land acquisition.
Recording of resources eligible for compensation	In many projects both resources eligible for compensation under the laws of the country as well as other resources are recorded (e.g., non-timber forestry products). These data are used to assess potential compensation 'gaps'.	Assessments of these potential gaps are described in Chapter 8. Potentially affected users are being identified using the process described in Section 3.6.1.
Assessment of effects on economic viability	This is usually assessed through informal interviews with individuals early in the planning process followed by more detailed questionnaires after it is clear that the land will be acquired. This assessment is used to determine if individuals/households may require additional assistance to re-establish their pre-project economic base.	This assessment process is in progress and is further described in Sections 3.6.1, 5.3.4.1, and 12.3.2.3.
Grievance process	All individuals have access to legal grievance systems. However, best practice calls for implementation of a low/no cost grievance procedure. Typically examples of grievances include errors in the recording of resources eligible for compensation, damage to crops/resources by Project workers, which were not compensated. In many projects CLOs handle the minor grievances.	A low/no cost grievance process has been adopted by the Project and is described in Chapter 17. Potentially affected land users are now being notified as to this process.
Payment of compensation	Compensation may be paid in cash and/or in kind depending upon the laws of the country.	The Supplemental Assistance Programme considers both.
Compensation monitoring	In general, individuals at risk or considered economically vulnerable (e.g., the elderly or illiterate who may not understand the system) are offered additional assistance and periodically monitored at to ensure the 'the same or better off than' than they were before the project.	This concept that people should be the same or no worse off than pre-project has been adopted by SEIC. Monitoring will be carried out by the SA Group.

TABLE 12-03: MATRIX OF LAND USE, OCCUPANCY ISSUES AND SEIC ACTIONS

TERM	DESCRIPTION	EXAMPLE	SEIC PROPOSED ADDITIONAL ACTION THAT EXCEEDS RUSSIAN REGULATORY REQUIREMENTS	
			In Place at Date of PLA	New Activity after PLA
<b>KEY DATES</b>				
Preliminary land allocation (PLA) cut-off date for Supplemental Assistance	The date which the preliminary and allocation was granted. This date will vary depending upon dates of pipeline reroutes, and other land acquisition activities.		– Consider for Supplemental Assistance as per WBG OD.	– After the PLA allocation date, it became the responsibility of local authorities to regulate entitled use of PLA lands.
<b>TYPES OF LAND USE</b>				
<b>Registered land use(r)</b>	Any individual/household or entity that is a legally recognised land-user under Russian regulations.	Collective farms, dachas, privatised land, leased land.	– See below.	– See below.
– Entitled registered land use(r)	A registered land-user who is entitled to compensation under Russian regulations.	Farms, businesses, land for pastures, agricultural lands, crops.	– Address through 'reasonableness' negotiations per Russian regulations . – If a 'gap' still exists after negotiations consider for Supplemental Assistance.	
– Unentitled registered land-user	Registered land-user not entitled to Russian Regulatory compensation.	Individuals holding hunting/fishing licences (e.g., short and long-term licences held by Indigenous people).	– Consider as per WBG OD if there is a demonstrable adverse effect.	
<b>Unregistered land use(r)</b>	<b>Any entity using land in such a manner which as it is, is in conflict with or does not conform to Russian law</b>			
– Land use which has fallen out of compliance	A use of the land, which due to non-payment of taxes, etc. is no longer, considered an entitled land use.	Property taxes are not paid due to delays in receipt of pension/ registration of land use after death of registered user.	– Provide assistance to vulnerable peoples (due to poverty or other social/economic circumstances as per WBG OD) to correct errors and bring land use back into compliance. Determine through SEIC questionnaire and consultation with local authorities. – Address through 'reasonableness' negotiations as per Russian regulations – To extent a 'gap' still exists after negotiations, consider for Supplemental Assistance.	
– Non-conforming land use	Use of land, which is recognised, but due to regulatory and other changes is not in compliance with current laws and regulations.	Farmers from collective farms that have dissolved but process has not yet given them legal rights to land.	– Address through 'reasonableness' negotiations as per Russian regulations. – To extent a 'gap' still exists after negotiations, consider for Supplemental Assistance.	
– Prohibited land use	Use of land, which is specifically prohibited under Russian law.	Illegal dumping, logging without permits.	– No assistance to be provided.	– No assistance to be provided.
<b>Unrecognised land use(r)</b>	Use of land not addressed under Russian regulations.	Informal recreational areas.	– Consider as per WBG OD if there is a demonstrable adverse effect.	

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TABLE 12-03: MATRIX OF LAND USE, OCCUPANCY ISSUES AND SEIC ACTIONS (Continued)

TERM	DESCRIPTION	EXAMPLE	SEIC PROPOSED ADDITIONAL ACTION THAT EXCEEDS RUSSIAN REGULATORY REQUIREMENTS	
			In Place at Date of PLA	New Activity after PLA
<b>Traditional land use</b>	Use of land based on informal (traditional, hereditary) but recognised rights within communities but not addressed under Russian regulations. Often applied to land historically used by Indigenous peoples but could also apply to long-term recognised historical use by other entities.	Areas historically used by indigenous peoples for hunting, fishing, reindeer-herding regardless of the existence of a registered land use.	<ul style="list-style-type: none"> <li>– Compensation is calculated and paid to State agencies rather than individual users/households.</li> <li>– Consider direct Supplemental Assistance to Individuals/households in cases where there are demonstrable short- and long-term adverse effects, which cannot be adequately mitigated.</li> </ul>	Consider on a case-by-case basis.
		Berry and mushroom gathering areas. Other traditional gathering areas.	<ul style="list-style-type: none"> <li>– Consider as per WBG in cases where no other reasonably accessible sites are available.</li> <li>– Provide assistance for travel to other sites for first year following construction.</li> <li>– Consider seeding mixture for rights of way restoration to encourage rapid regrowth of berry fields.</li> </ul>	
<b>TYPES OF OCCUPANCY</b>				
– Registered users/occupants	Individuals and associated households to whom a property is legally registered and subject to an entitlement.	Dacha owners, farmers, businesses.	<ul style="list-style-type: none"> <li>– Compensation as per Russian regulations.</li> <li>– If appropriate, provide for Supplemental Assistance through 'reasonableness' negotiation.</li> <li>– Provide Supplemental Assistance as per WBG OD to vulnerable people to re-establish economic livelihoods to an appropriate extent.</li> </ul>	
– Tenants	Individuals using land with the permission and knowledge of the registered land-user.	Families living on the LNG site with the knowledge of the registered land-user.	<ul style="list-style-type: none"> <li>– This is a matter between the registered land-user and tenant.</li> <li>– In the event that the registered land use is in default or non-compliance, work with local authorities to provide for tenants using 'reasonableness' factor.</li> <li>– Apply WBG OD criteria concerning economic viability and vulnerable peoples.</li> <li>– SEIC to provide assistance only to the extent that poverty (notwithstanding other economic assistance) makes it impossible for these individuals to move and/or maintain their economic livelihood outside of Russian Regulatory compensation.</li> </ul>	
– Squatters	Individuals using land without the permission or knowledge of a registered land-user.	Recent migrants to a site, use of abandoned housing.	– Consider Supplemental Assistance as per WBG OD.	– No assistance to be provided.

### 12.2.3 Types of Impacts

The types of impacts associated with the land take vary in time and include a variety of temporary and permanent land needs. These are described in greater detail in Chapter 7 including the type of land need and number of hectares.

In general the land acquisition process includes acquisition, and reuse after pipeline construction. The only exceptions are the fixed facilities, which will be used for the life of the Project.

TABLE 12-04: DURATION OF IMPACTS DUE TO PROJECT LAND TAKE

	Types of Project Facilities	Type of Impact
1	Major permanent fixed-facility sites (e.g., LNG/OET, and OPF)	Permanent
2	Pipeline ROW	Temporary, during construction
3	Access Roads	Temporary/permanent
4	Infrastructure Upgrades (Bridges, railroad sidings, etc.)	Positive, permanent
5	Construction camps, laydown yards and other temporary facilities	Temporary, during construction

The impacts associated with the land take include:

TABLE 12-05: MAIN IMPACTS ASSOCIATED WITH THE PROJECT LAND TAKE

	Types of Impacts	Related SIA Sections
1	Major permanent fixed-facility sites (e.g., LNG/OET, and OPF)	Permanent
1	Fishing, gathering, hunting grounds	Section 12.3
2	Recreational areas	Section 12.2.5
3	Agricultural lands	Chapters 5, 7, 8, Section 12.2.4
4	Resettlement	Chapters 5, 8, Section 12.2.4.2
5	Impacts on Uilta Reindeer Herding	Chapter 14

## 12.2.4 Potentially Affected Land Users

### 12.2.4.1 Assessing Numbers of Potentially Affected Land Users

Direct and indirect impacts as a result of Project land needs are limited. As stated above, the numbers of directly affected individuals/households and enterprises is surprisingly small for a project of this magnitude. This can be most readily explained by:

- Pipeline siting requirements as per Russian regulations,
- The low population density of the Island,
- The paucity of agricultural activities, and
- The historical military use of the Island, which restricted the extent to which individuals could move/settle on the Island.

The exact number of affected land users will not be known until the FLA process is completed, but the following estimates are considered highly indicative of the final count. These estimates were based on:

- Review of the 1998 PLA records, and
- Focused surveys by the SA Group in 2002 to verify the accuracy of the PLA records.

PLA materials and SA Group surveys allowed making a preliminary estimate of the number of affected land users:

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TABLE 12-06: LAND USERS IN THE DIRECT LAND TAKE AREA

#	Districts	Households*	Agricultural Enterprises**	Forestry Industry Enterprises**	Other Industrial Enterprises**	Lands of Administrations**
1	Okha	0	0	1	2	0
2	Nogliki	1	0	1	3	1
3	Tymovsk	24	3	2	2	2
4	Smirnykh	5	3	1	3	3
5	Poronaisk	5	3	1	3	3
6	Makarov	2	2	1	3	5
7	Dolinsk	7	5	1	2	2
8	Yuzhno-Sakhalinsk	0	4	1	2	1
9	Aniva	3	4	1	2	2
10	Korsakov	9	0	0	0	0
	<b>Total</b>	<b>56</b>	<b>24</b>	<b>10</b>	<b>22</b>	<b>19</b>

\* Data is based on the SA Group survey of sensitive areas.

\*\* Data is based on the PLA materials.

Of particular concern are the 56 individuals/households affected as described in the following table.

TABLE 12-07: NUMBER OF HOUSEHOLDS POTENTIALLY AFFECTED BY PROJECT DIRECT AND INDIRECT LAND NEEDS

Pipeline Segment/Km Facility Location			Closest Community/	Confirmed A) SEIC Engineers B) Local Land Committee C) SA Group			Description	Total Households A) Registered B) Unregistered C) Structures to be Relocated		
Seg.	Start	End		A	B	C		A	B	C
<b>Nogliki District</b>										
1	-	-	Nabil River	X			IP hunting lodge*	0	1	1
<b>Tymovsk District</b>										
2	17	21	Argi-Pagi	X		-	Kitchen gardens (200-300 sq. m each)	2	0	0
2	-	-	Tymovsk		X	X	Rabbit farm	1	0	1
2	75	81	Voskhod	X	X	-	Haylands	21	0	0
<b>Smirnykh District</b>										
3	111	112	Onor	X		X	Haylands	0	2	0
3	141	142	Onor	X	-	-	Haylands	3	0	0
<b>Poronaisk District</b>										
3	238	241	Matrosovo	X	X	X	Haylands	1	0	0
3	251	-	Zabaikalets	X	-	-	Potato fields	2	0	0
3	280	282	Gastello	X	-	-	Haylands	0	2	0
<b>Makarov District</b>										
4	366	367	Porechje		X		Forest ranger hut	1	0	0
4	398	400	Pugachevo	X	-	-	Haylands (approximately 1 ha)	1	0	0
<b>Dolinsk District</b>										
5	455	456	Dudino	X		-	Ruined stone barn, house, farm structures, hothouse, and kitchen garden	2	0	1
5	461	462	Firsovo	X	X	X	Farms, kitchen gardens	4	0	2
5	483	485	Sovetskoye	X	X	X	Haylands	1	0	0



Pipeline Segment/Km Facility Location			Closest Community/	Confirmed A) SEIC Engineers B) Local Land Committee C) SA Group			Description	Total Households A) Registered B) Unregistered C) Structures to be Relocated		
Seg.	Start	End		A	B	C		A	B	C
<b>Aniva District</b>										
5	555	–	Troitskoye	X	–	–	2-3 dacha plots (approximately 1.8 ha. total area) used as potato fields, without any housing	3	0	0
<b>Korsakov District</b>										
5	587	–	Chapaev	X			Three farms - potentially in safety zone	3	0	3
597	597 LNG/OET	597 LNG/OET	Prigorodnoye	X		X	Six farms total consisting of: – Two unregistered households – Two unregistered dachas, seasonal – One registered, unfarmed in 5 yrs. – One registered active, in sanitary zone	2	4	6
			Prigorodnoye	X		X		2	4	6
<b>Total Households Affected by the Project</b>								<b>47**</b>	<b>9</b>	<b>14***</b>

\* Information from Archaeology survey report. Since there is no regular road to the area, site visit no revisited.

\*\* Total numbers, except for the last column, include households, hay meadows and kitchen gardens affected by the project. The last column shows the actual number of houses/dachas/other structures to be relocated.

\*\*\*Six households will be definitely affected, three depend on the size of the sanitary/safety zones. The remaining 5 require confirmation.

#### 12.2.4.2 Households Subject to Permanent Relocation

The exact number of households to be relocated is estimated to vary between six to 14 depending upon the final size of the sanitary/safety protection zones.

Six of the 14 households are located on the LNG/OET site. Five are directly impacted due to Project land needs. The sixth (a farmer) is located in the Sanitary Protection zone. All the six households and the two fishing businesses located on the LNG/OET site are being consulted as part of the Supplemental Assistance programme.

Of the remaining eight households five may or may not be directly affected by the Project depending upon the results of the final land marking survey and Final Land Allocation.

#### 12.2.4.3 Households Subject to Temporary Impacts on Agriculture

The remaining 42 households (registered and unregistered) will be temporarily affected during construction by the loss of their kitchen gardens, potato fields or hay meadows.

Suggested mitigation may include but not be limited to:

- Development of a checklist to help individuals record all potential costs, including:
  - Expenses associated with acquiring a new plot of land,
  - Costs of registering new land (fees, travel), and
  - Cost of improving new plot of land: tilling, fertilising, weeding, etc.
- Work with valuation teams to develop checklists and ensure individuals record all reasonable costs, and
- Development of a minimum cost per m<sup>2</sup> for kitchen gardens, calculated in a clearly comprehensible manner.

#### 12.2.4.4 Enterprises Subject to Temporary Impacts on Agriculture

For enterprises, the amount of land that will be used is not very significant, but for families this land might be very significant.

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### 12.2.5 Impacts on Public Recreation Areas

Potential temporary and permanent impacts to public recreation areas were evaluated. Questions related to leisure time activities and popular recreational places were included in the baseline data collection questionnaire. Results by community are described in Chapter 5

The purpose of the questionnaire was to assess potential impacts on local recreation facilities as a result of either Project land needs, or use by construction and/or operations personnel. Dedicated recreational facilities are not permitted under Russian regulations in safety protection zones.

Special emphasis was placed on the three long-term operations sites.

TABLE 12-08: LONG-TERM OPERATIONS SITES AND IMPACTS ON LOCAL RECREATION FACILITIES

Permanent Facility	Evaluation
OPF	No responses were obtained concerning use of the OPF site for recreational purposes. A few of the indigenous households indicated that they use Nabil Bay, north of the OPF, for sea fishing and sea mammal hunting. Due to the fact that this site is located in such a remote location, it is not readily accessible to the local population.
Booster Station	This site near the village of Gastello, is not regularly used, and according to the residents' responses, has a number of equally good alternative recreation spots
LNG/OET	The entire length of beach on the southern boundary of the LNG/OET site is a 'wild beach', and a popular recreation area for Korsakov residents. The SA Group in conjunction with the Korsakov Administration has recently conducted an intensive consultation programme concerning the beach. The response was limited (see Chapter 5). Part of the beach will be inaccessible due to construction and operations activities. The one portion of the beach, near the mouth of the river would still be accessible for fishing and sunbathing, but is not very suitable for the latter. Currently the beach is not a legally designated recreation area, and hence is not subject to compensation. However, one of the PLA conditions for LNG site put forward by Korsakov District Administration and Sanitary Authorities stated the need to compensate the community of Korsakov.

### 12.2.6 Use of Timber/Firewood from Logging

Many of the surveyed rural communities use firewood for heating (Table 5-11). Shortage or high cost of firewood was identified as an issue by many of the communities (Table 5-08). At the same time, some Project sites require significant timber removal.

This issue is being addressed on a site-by-site basis. For example, SEIC approved the contractor clearing the LNG/OET site to haul commercial logs for the benefit of the Korsakov State Agricultural Company (an affected user), and to the nearby villages of Chapaevo and Razdolnoye for use by local residents.

### 12.2.7 Induced Access

The issue of induced access as it relates to social issues is quite different than induced access strictly for environmental issues. In most cases, improvement of access roads is considered a benefit with the exception of the area north of Val in the areas used by Uilta Reindeer herders for spring and summer pastures (Chapter 14). The impact is considered moderate to significant in this area. However, due to current environmental conditions, it is very difficult to reduce existing access to this area by alternative tracks.

The issue of induced access is most sensitive in the Nogliki and Tymovsk Districts, primarily due to the limited commercial hunting. Induced access in these areas is considered an issue of moderate concern. It primarily affects the commercial hunters.

North of Nogliki much of pipeline ROW crosses areas which were heavily burnt. Many areas along the Okha-Yuzhno - Korsakov Road are criss-crossed by old seismic lines and roads to on-shore oil facilities and recreational tracks. New tracks can be easily made. Unmaintained roads are characterised by tracks made around boggy areas. Many of these areas are accessible only by four-wheel drive vehicles or when the road bed is dry.

Between Nogliki and the Tymovsk and Smirnyk District boundary more areas are forested, although there are some heavily burnt areas, and there are fewer existing access roads.

Existing access roads and paths form important paths that people either walk or drive down in order to reach fishing areas and berry/mushroom gathering areas. In fact, some communities were concerned that fencing of some of the proposed construction campsites would limit public access to these areas. Design changes were made to accommodate these concerns.

South of the Tymovsk and Smirnyk District boundary induced access is considered minor or insignificant issue. There is very little subsistence hunting and there are abundant alternatives for berry picking.

Improved access roads, which are maintained on a regular basis and not gated, will make it easier to obtain access to some areas. This may potentially increase the risk of summer forest fires and a number of secondary impacts, such as increased pressure on berry and other wild plant resources. In general, the impact is considered minor.

## 12.3 FISHING, GATHERING AND HUNTING

### 12.3.1 Introduction

Fishing, gathering, and to a much lesser extent, hunting are integral parts of the lives of many Sakhalin residents. Recreational fishing and gathering is popular throughout the Island although of less importance to urban than rural populations. In rural communities, especially in the central and northern portions of the Island, personal use subsistence fishing, gathering, and some hunting are important elements of many households. These resources are also sold to generate cash for other household necessities.

Commercial fishing is of major importance with up to 40,000 people employed during the fishing season (Chapter 4). The Island's commercial fishing industry provides over a quarter of the region's total industrial output and export volume. An average of about 21,000 people are employed year-round over 8% of the Island's industrial workforce.

Commercial species caught in the Okhotsk Sea include Pacific salmon, herring and pollack. Fish and fish products (processed/frozen) are sold to domestic and foreign markets, including Japan, South Korea and China. The EIA provides detailed information.

Potential impacts to local fisheries and secondarily to berry fields have been a major concern identified since the initial consultation effort. Hunting was mentioned less often. Concern was first expressed by indigenous peoples in the Nogliki area, and later by a broader cross-range of individuals. The significance is greater in northern rural communities, and there are certain issues of particular significance to the indigenous populations of the northeast.

The majority of information on recreational and subsistence activities was gathered during the resource use mapping study completed as part of the Indigenous Peoples' consultation programme. This information was further supplemented by several questions in the household questionnaire that was administered by the SA Group in February/March 2002.

People engage in fishing, hunting and gathering all year round. The calendar of subsistence/recreational activities is important for assessing potential impacts associated with Project-related construction activities.

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TABLE 12-09: TYPICAL SUBSISTENCE CYCLE

Type of Resource Use	Harvesting Period
<b>Fishing</b> Salmon Saffron cod	August, September Winter, also other times
<b>Gathering</b> Burdock, fern, wild onion Seaweed, scallop and other seafoods Berries Mushrooms	Springtime Summertime July, August, September August, September
<b>Hunting</b> Forest mammals Marine mammals	All year round, especially Winter Winter, Spring, Summer

#### 12.3.2 Commercial Fisheries

##### 12.3.2.1 Introduction

One of the socio-economic issues raised is the effect of Project construction and operations on Sakhalin's commercial fishing industry. Potentially affected areas off shore closure zones during construction and operations associated with the Piltun-Astokhskoye and Lunskoye fields of the north-eastern coast, and LNG/OET site and Aniva Bay in the south.

There is a well-established Russian regulatory system to calculate compensation for damage to fisheries and mitigation measures to be implemented. Both the closure zones and commercial fisheries compensation calculations are discussed in the EIA. Compensation is not paid to individual commercial fishing enterprises.

Major issues expressed by fishing industry representatives concerning the Project are:

- Effects of a spill on the offshore fisheries,
- Effects of pipeline construction on salmon spawning rivers, and
- Drilling waste disposal at sea.

Fishing is regulated by 11 pieces of federal and regional legislation, including the Russian Federation Law on the Animal Kingdom (1995), the Russian Federation *Law On the Continental Shelf* (1995), the Russian Federation *Law on Territories of Traditional Natural Resource Use* (2001) and others.

Fishing quotas are determined annually for all regions of the Russian Federation by the State Committee on Fisheries. The fisheries department of the Sakhalin Regional Association together with the Sakhalin Fishing Council distributes fishing quotas among the districts on the basis of annual reporting completed by the fishing enterprises.

##### 12.3.2.2 Sakhalin Association of Fishermen

SEIC has regularly consulted with the commercial fishing industry, mainly through the Sakhalin Association of Fishermen (ARS) since 1997. ARS is an NGO, whose objective is to protect the rights of Sakhalin fishermen. The number of businesses varies by year but generally ranges between 100 and 140. ARS also communicates regularly with the Association of Hokkaido Fishermen.

SEIC consultation has included regular meetings with ARS. Minutes of these meetings are available to the public. A summary of these meetings is given below:

TABLE 12-10: MEETINGS BETWEEN SEIC AND SAKHALIN ASSOCIATION OF FISHERMEN (ARS)

	Meetings Held
1997-2000 (Vityaz complex)	<ul style="list-style-type: none"> <li>– Quarterly meetings between ARS and SEIC from 1998 to present.</li> <li>– SEIC participation in ARS-organised presentations, exhibitions, and publications.</li> <li>– ARS participation in SEIC events - Oil spill response training, workshops, and drills.</li> <li>– June 2000: ARS delegation visits Vityaz complex to see Molikpaq operation.</li> </ul>
March-December 2001	<ul style="list-style-type: none"> <li>– Four meetings between ARS Chair and SEIC Deputy CEO/Technical Director concerning: <ul style="list-style-type: none"> <li>– Project plans/design and schedules,</li> <li>– Supervisory Board meetings and approvals of SEIC plans and budgets;</li> <li>– SEIC shareholder/lender requirements,</li> <li>– LNG sales, and</li> <li>– Communications with Japanese fishermen.</li> </ul> </li> <li>– ARS informed of the Principals' visit to Sakhalin, ARS Chair attends official presentation in Prigorodnoye on the LNG plant project/plans.</li> <li>– ARS informed of purpose, schedule and progress of Phase 2 public hearings and provided with a copy of a TEO-C 2001 PEIA.</li> <li>– SEIC sponsored trip to Shell the UK, Norway, and the United States for representative of Sakhalin fishermen and Russian fishery authorities. SEIC invited the Russian State Fishery Committee but they did not respond to the invitation.</li> <li>– ARS updated on SEIC environmental performance.</li> <li>– Monthly communication with ARS.</li> </ul>
2002	<ul style="list-style-type: none"> <li>– SEIC and ARS continue regular meetings.</li> <li>– SEIC Deputy CEO/Technical Director meets with Hokkaido Government and Hokkaido Fishermen in Hokkaido in mid-January.</li> <li>– ARS participated in an external auditing programme.</li> <li>– ARS provided with SEIC press releases, brochures and other materials.</li> <li>– Latest version of EIA document sent to ARS.</li> </ul>

### 12.3.2.3 Commercial Fishing Enterprises at the LNG/OET Terminal

The Project will affect two onshore commercial fishing enterprises due to Project land. These enterprises have the 'right to use' or rights to fish from on-shore at the LNG/OET site. These rights do not expire, but they are subject to renewal due to project land needs.

Both enterprises had small seasonal fishing camps at the site, with each employing about 10-15 fishermen. The camps are on land leases, one of which expired in 2002, the other lease is for one year. Both enterprises are headquartered in Korsakov.

One enterprise seasonally employs 85 people in Korsakov processing fish caught from the Prigorodnoye sites, as well as catches purchased from other fishermen. This enterprise has stated that if they cannot find a new site, they will close the enterprise. Poor catches in 2002 failed to produce any profits.

These enterprises are not subject to the land code and do not own the land they use. As a result they are not eligible for compensation under the Russian regulatory system. This is considered a potential 'gap' and hence discussions are being held.

### 12.3.2.4 Fishing Enterprises in Nogliki District

There are both indigenous and non-indigenous commercial enterprises in the district. Due to concerns expressed during the initial scoping effort additional information was sought through the consultation process on Native and non-Native fishing enterprises. As part of the 2002 consultation effort, fishing enterprises were consulted, including all of the 15 Native clan enterprises.

All enterprises are allowed to fish for non-salmon species using commercial quotas. Salmon is caught commercially in Astokh, Chaivo, Nyivo, Nabil and Lunsky bays using special permits. Enterprises are generally prohibited from fishing rich salmon stocks in the bays.

The fishing collective Vostok uses 'scientific quotas' to fish in Nyivo Bay based on an agreement with the Sakhalin Institute of Fisheries and Oceanography (SakhNIRO). The Kuril Islands are their main fishing grounds. This enterprise employs local indigenous and non-indigenous residents from Nogliki District. The enterprise fishes all year round and processes some of the catch. Several other enterprises fish on behalf of Vostok under arrangement.

Individuals are also allowed to fish for salmon in specifically allocated areas if they have a licence and the appropriate permitted equipment.

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Differences in fishing rights between Native and non-Native residents causes tension. Because of their Native status, they are allowed to fish their 'personal' salmon quotas (100 kg per person) in specific fishing grounds in the bays in addition to any commercial quotas. Several have been allocated fishing grounds in the bays for temporary or unlimited use with inheritance rights,

Most Native enterprises fish for salmon using mainly personal use quotas from family or from the local community. The enterprises 'collect' the personal use quotas from individuals who cannot fish and in some cases charge up to about 30% of the catch to cover costs of transportation, food and labour. Any additional surplus is sold. Only three hire seasonal workers.

Few Native enterprises fish for non-salmon species using commercial quotas. Some hunt marine mammals for personal consumption and for giving away to relatives. About half of the fishing and hunting grounds are allocated according to an agreement with the Nogliki District forest service (leskhoz), hunting is mostly for large forest mammals and fur-bearing animals.

#### 12.3.3 Recreational and Subsistence Fishing

##### 12.3.3.1 Consultation Summary

Subsistence and recreational fishing are popular, particularly in rural communities. With the economic decline in the 1990s, fishing became an even more important part of many household economies.

During consultations, local residents expressed concern over potential Project impacts on subsistence and recreational fisheries. Fishing is of particular interest to indigenous people due to its importance in their subsistence strategies. The following concerns were expressed:

- Offshore oil development may result in the risk of oil spills during the operations, which may threaten the coastal waters and particularly the sensitive coastal bays,
- Household fishing areas and areas used by fishing enterprises may be damaged,
- During pipeline construction, salmon spawning grounds may be disrupted,
- Pipeline construction and operation can cause ecological damage.

For more information on recreational and subsistence fishing and indigenous populations, refer to Chapter 6.

##### 12.3.3.2 Concerns Relating to Health of Local Fish Resources in the Nogliki Area

In recent years local people in the Nogliki area have expressed concerns about the safety of their subsistence food. Of particular concern are the following:

- Fish in some local rivers have been reported to have begun to smell of oil and other chemicals,
- Winter catches of saffron cod have dropped considerably, and
- The 1999 mass die-off of herring in Piltun Bay has never been adequately explained.

Some local people believe that Molikpaq and offshore exploration, production and seismic testing are responsible for these phenomena and a perceived general accelerated environmental degradation in the area. They are concerned about disposal of drilling mud at sea and its effects on local fisheries and other marine life. They do not trust the scientific research carried out on the state of local fisheries for SEIC by SakhNIRO.

In order to collect more specific information, people were asked about their own concerns, observations and locations of pollution during the IP resource use mapping effort. A sample of the observations made by questionnaire respondents are listed in the following table:

TABLE 12-11: OBSERVATIONS ON LOCAL CHANGES IN THE NOGLIKI ENVIRONMENT

Observation	Location	Notes
Oil on water surfaces	In shallow waters of Chaivo Bay, opposite Evay River estuary	Spots of oil observed on surface of shallow water.
	Certain stretches of the Ossoy, Botasino, Val, Askasay Tym rivers	Oil slicks observed especially after rains by residents of Nogliki and Val.
	Nyisky Bay	Oil spots noticed during salmon run; disappeared at low tide.
Physical damage to fish	Chaivo Bay	Peculiar smell, porous meat, sores on the bodies of fish.
	Nyisky Bay	Decrease in fish size noted by residents of Venskoye and Nogliki.
	Nabil Bay	Fish are smaller.
	Lunsky Bay	Sores on pink salmon noted by Nogliki residents.
	Chir-Unvd	Chum salmon from Tym River are smaller and weaker; fish deformed: hump-backed, red-eyed, balls on back, spots, etc.
Decrease in fish population	Nyisky Bay	Decrease in fish noted by residents of Venskoye and Nogliki.
	Nyisky and Nabil Bays	Can no longer catch saffron cod here.
	Nabil Bay	Fish population have declined. Observers blame this on seismic testing and impact of oil platform.
	Lunsky Bay	Salmon run sometimes stops according to Nogliki residents.
Degradation of water bodies	Chaivo and Nyisky Bays	These are becoming shallower.
	Tym River	Silting up, as noted by Chir-Unvd residents.
Unusual environmental phenomena	Katangli	In 2001 residents observed a red fog that came from the Okhotsk Sea. The next day the mountain pine went yellow and shed its needles, potato plants and berry bushes rotted. A similar fog was observed in the 1950s.

### 12.3.3.3 Extra Regulatory Fishing

The consultation effort documented that many households depend upon fishing activities, which may not be fully compliant with Russian fishing regulations. In the Nogliki District most Native people are permitted to fish in either the bays or in the Tym river estuary as specified on their permit. Fishing for salmon is illegal on all rivers.

Both Native and non-Native households practise extra regulatory fishing. This includes salmon as well as other fresh water species. A number of households subsistence fish on rivers that will be crossed by the pipeline ROW. This may result in a temporary short-term construction related impact.

### 12.3.4 Gathering

Gathering of berries, nuts and other wild plants (*i.e.*, mushrooms, wild onion, fern, burdock, and/or medicinal plants), seaweed and seafood are important to many families' subsistence strategy, especially in rural communities. It is also a popular recreational activity, particularly for rural populations.

Gathering is regulated by the Russian Federation *Forest Code* (1997, 2001), additional federal legislation permitting and regulating various forms of non-timber forest use, and a Sakhalin regional forest regulations of 2002. According to the Sakhalin regulations, one person is allowed to gather free of charge and for personal (non-commercial) use: 10kg of each type of berry; 20kg of each type of mushroom; and 10kg of other edible forest resources such as fern, burdock, wild onion, or bamboo shoots. Red Book and rare and endangered species may not be collected.

According to the responses to the IP questionnaire, women in all households preserve berries such as cloudberry, blueberry, red bilberry, cranberry, and blackberry as well as wild plants such as wild leek, wild lily bulbs, birthwort, and nuts. They walk to nearby berry fields or travel by car to those more distant. The berries are consumed fresh by the family, preserved and/or sold.

About 230 berry thickets have been identified by Project biologists along the pipeline ROW. Earthmoving works related to pipeline construction will take place on the berry harvesting grounds used by the indigenous residents of Val, Venskoye, and Nogliki. The main issues related to gathering are:



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- Access to gathering grounds during harvest time (either access increased because of access roads, or access will be limited because of something being built there),
- Temporary or permanent damage to the resource base and regeneration, and
- Increase in demand for these kinds of products, which could damage the resource base.

Concerns were also expressed in Leonidovo, Mitsulevka and Sovetskoye about construction-related impacts to berry picking grounds, but less concerns over access.

#### 12.3.5 Hunting of Land Mammals

Construction of the pipeline and other sites will affect some hunting grounds, including those of several Native clan enterprises that hunt in Nogliki District. However, there are very few hunters on Sakhalin as a whole. There is a regional society for sport hunters and an organisation for commercial hunters.

Hunting is regulated by Russian National and Sakhalin regional legislation. The main law is the Russian Federation law *On the Animal Kingdom* (April 24, 1995).

Any Russian citizen or enterprise can apply for hunting grounds to the hunting service *Sakhalinokhotupravlenie* (SOU). The user and SOU map the proposed boundaries, which are then approved by the forest service and district administration. The user then signs a contract with SOU allocating the land.

Users obligated to protect their licence areas, monitor various species and hunt only species permitted by law. Hunting licences specifying a quota are also needed for specific bird and animal species, for example 10 deer, two bears, or 30 fur-bearing animals.

The Russian federal hunting department determines quotas and hunting seasons on the basis of animal population figures provided by SOU.

Sakhalin regional hunting regulations (1997, 1998) provide for a special exception for Native hunters. This exception is made only if hunting is an integral part of their subsistence strategy. The number of licences issued is based on the hunter's family size and size of the species population.

In districts with indigenous populations, Native hunters are permitted to hunt year-round for all species of animals and birds except endangered and Red Book species. They are issued hunting licences and yearly hunting passes free of charge. An unlimited number of hares can be harvested. They are not allowed to sell or exchange their harvest.

Six enterprises have hunting grounds in the Nogliki District of which project-related construction will pass through three.

Reindeer herders and other individual Native people do not have hunting grounds but subsistence hunt year-round, particularly in the winter. According to IP questionnaire responses, these households hunt for fur-bearing animals such as fox, squirrel, sable, hare and otter, as well as deer, duck, partridge and other birds. Animal fur is used for family needs and souvenir making. Meat is used for food. Hunting grounds are far away from communities.

Concerns raised by local residents about hunting during the consultations included:

- Temporary withdrawal of hunting grounds from hunting use,
- Disturbance of animals,
- Destruction of animal habitat by excavation work,
- Limitation of movement for wild animals and hunters,
- Noise, dust and night-time light from construction works, and
- Lack of legislation to entitle hunters to compensation.

Hunters who may be affected by construction are offered alternative hunting grounds by law. For indigenous people this may not be an alternative as their hunting sites have spiritual significance and are places where their ancestors hunted. There is an extensive discussion of the range of and potential impacts on fauna (including land mammals) in Chapters 3 of Volumes 3, 4, 5, 6 of the EIA.



### 12.3.6 Marine Mammal Hunting

Construction work may have an indirect impact on the marine mammal hunting grounds of several clan enterprises that hunt in Nogliki District. This would be due primarily to disturbance of haul-out areas and waters where marine mammals are hunted, an increase in marine traffic, and in a few cases, temporary use of beaches for construction access.

These enterprises hunt in the winter, spring, and summer. During the 2002 interviews residents of Nogliki, Venskoye and Chaivo reported catching largha, ringed and ribbon seals and sea-lions.

Indigenous people traditionally used seal meat and liver for food and made clothes and footwear out of seal-skin. Today many Natives use seal fur in souvenir-making.

The types, distribution, and abundance of sea mammals is discussed in the EIA (Volume 2, Chapter 1).

## 12.4 SEIC POLICY ON HUNTING, FISHING AND GATHERING

### 12.4.1 Background to Proposed SEIC Policy

As a result of concerns identified during the initial scoping and early baseline data collection efforts a preliminary No Fishing, Gathering and Hunting policy was drafted as a potential mitigation-of-impact measure. During the summer 2002 consultation effort, individuals were requested to express their opinions regarding the draft policy (Chapter 5).

A policy was proposed because many people living in communities close to proposed construction sites depend upon year-round fishing, gathering, hunting for their basic subsistence needs. Unprocessed and processed products are used for personal consumption as well as sale. Income from these sales are used for a variety of purposes, including purchase of less expensive food, school supplies, or and tending to medical needs.

North of the Dolinsk district boundary most individuals expressed the wish that SEIC not allow Project workers to fish, gather, or hunt near their communities. However, because the sale of products is an important source of income they expressed the desire to sell products to workers, or that workers should allowed to use licenced tour services. South of Dolinsk people are less concerned.

### 12.4.2 SEIC Policy on Fishing, Gathering and Hunting During Construction

Community consultation during the SIA demonstrated a significant level of concern among central and northern rural populations regarding project impacts on fishing and berry/mushroom gathering and in some cases wild game. If Project workers engage in recreational fishing, gathering, or hunting, during unassigned work periods, it could have a significant impact on the livelihood of local people.

Company commitments regarding fishing, gathering and hunting are clearly communicated to project employees, contractors and sub-contractors and are reflected in appropriate environmental and procedural documentation. All new construction employees will be provided this information during the initial training period and it will form part of their terms and conditions of employment.

#### SEIC NO FISHING, GATHERING AND HUNTING POLICY DURING CONSTRUCTION

During the construction phase all SEIC, Contractor, and Subcontractor employees will adhere to the following policy:

**North of the Dolinsk and Tomari District boundaries:**

- No fishing, gathering, or hunting will be permitted.

**In Dolinsk and Tomari District and south:**

- Fishing will only be permitted with a licence issued by the relevant Russian authority.
- No gathering or hunting will be permitted.
- SEIC will annually review this policy with the relevant Russian authorities to identify any potentially adverse effects. The SEIC CLO organisation will independently monitor community responses to the SEIC policy.
- If necessary, any changes to this policy will be managed through the SEIC change management process.

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- This information will be provided to all employees of SEIC and SEIC contractors and subcontractors.
- Disciplinary measures, up to and including dismissal will be used for employees who do not abide by this policy.
- To ensure adherence with these restrictions compliance monitoring activities such as random searches of SEIC and Contractor vehicles (cars, trucks, and planes) may be implemented in selected locations where local fishing, gathering or hunting is prohibited.

#### 12.5 COMMUNITY SOCIO-ECONOMIC ISSUES

##### 12.5.1 Improvements to Public Infrastructure

Much of Sakhalin's public infrastructure is in need of repair due to deferred maintenance. Repair, refurbishment and upgrade of a number of bridges, parts of the rail system, ports and airports are needed to transport supplies and materials for Phase 2 and to accommodate the increase in construction workers. These are described in greater detail in the EIA.

In order to meet this need SEIC is investing approximately US\$250 million in infrastructure upgrades. Some of these upgrades are being made in partnership with the Sakhalin I Project, primarily in Nogliki District.

The vast majority of these upgrades were already scheduled or anticipated as a future need by the Sakhalin authorities, regardless of the Phase 2 construction programme.

##### 12.5.2 Communities Considered

Assessment of potential Project impacts on Sakhalin communities was one of the primary objectives of the SIA. Consultation efforts have included 52 communities located along the pipeline corridor. A subset of these communities, those in which proposed construction camps or permanent facilities were sited or near, were the focus of intensive consultation and baseline data collection.

Impacts to communities were a major focus of the SIA, primarily impacts during construction. This was particularly an issue early in the consultation process when issues related to contractor camp management were less well known. Depending upon the management scenario it was recognised that major adverse impacts might occur. This is especially true in rural communities where the influx of a large number of a construction workers has the potential to overwhelm the existing infrastructure.

Little has been written on Sakhalin rural communities and few statistical data are available. Most statistical information is reported at the level of the Oblast or District, rarely individual communities. This SIA represents the first systematic effort to collect information on and characterise individual Sakhalin rural communities. Baseline information was made available directly from the files of local authorities; in some cases data were not available or could not be provided. These communities are discussed in more detail in Chapter 5 and in Appendix D.

##### 12.5.3 Impacts due to Siting Criteria

Many impacts to communities were minimised due to careful siting of proposed sites and permanent facilities. Whenever feasible, sites were selected on existing brown field sites, the clean-up of which will ultimately benefit communities. To the extent feasible, camps were sited to minimise construction traffic through communities and to minimise potential nuisances. Siting requirements, following Russian Federation SNiP requirements ensure that local communities' water supplies, nearby fisheries and other sensitive areas are protected. Siting criteria are discussed in more detail in Chapter 5.

#### 12.5.4 Impacts Due to Construction Camps

One major area of assessment was potential impacts to communities due to temporary construction camps. Pipeline construction camps, housing anywhere between 500-1000 people, are in or near rural communities. The actual size will depend upon the number of sites selected by the pipeline contractor. The largest camp will be at the Liquefied Natural Gas/Oil Export Terminal where an average of two to three thousand workers may be housed.

It was recognised that open camps would place far more demands on communities than closed camps. Conversely, closed camps would limit some of the potential benefits to these communities through the sales of snack foods or other products and services to camp residents.

In order to assess potential impacts, information was gathered on 'hard' community infrastructure such as housing, water, and heating systems, as well as 'soft' community infrastructure such as number of police, food shops, and recreational facilities. After these data were collected, each category of data was evaluated in relation to infrastructure categories.

The analysis indicated that existing housing, water, and power supply in the majority of communities would not meet SEIC HSE or Russian SNiPs for construction housing supply without an investment in upgrading and/or repairing the existing services. In a few cases, camps and/or other facilities may utilize existing public services, but only when there is sufficient surplus.

Camp workers have the greatest potential to impact soft community infrastructure. Although camps are designed to be largely self-contained, workers may visit nearby communities during off-duty hours. In consideration of these potential impacts, SEIC implemented a number of key policies which SEIC will monitor and construction contractors will manage for their own work force. These are discussed in more detail in Chapter 16.

#### 12.5.5 Impacts to Enclaves of Indigenous Peoples

The indigenous peoples consultation programme focused on enclaves of indigenous peoples in Val, Nogliki, and Chir-Unvd among others. In general their concerns mirrored those of the general population in the same communities. Unemployment is high and many people depend upon subsistence fishing and gathering. These impacts are addressed in the section on fishing, gathering, and hunting below. Special concern has been expressed concerning Uilta reindeer herding and is addressed in Chapter 14.

#### 12.5.6 Impacts Due to In-Migration and Individuals in Search of Jobs

In addition to the impact of workers housed in construction camps some concerns relating to camp followers in search of work and/or to provide services have the potential to adversely affect people in local communities.

This is not perceived to be a major issue in the majority of communities consulted. There is already substantial intra-island migration with individuals migrating to District centres or Yuzhno-Sakhalinsk in search of work. There are few employment opportunities in most communities, and hardly any surplus infrastructure to accommodate camp followers. Bitter weather and lack of housing accommodation limit the potential of people to be camp followers during a large part of the year in many locations.

##### 12.5.6.1 Historical Migration Patterns on Sakhalin Island

A high rate of population migration is typical for Sakhalin. People either leave the island for the mainland or move from smaller communities to Yuzhno-Sakhalinsk in search of jobs. In most districts, out-migration is greater than in-migration. The only exceptions over the last few years are Yuzhno-Sakhalinsk and Nogliki where more jobs are available.

A lack of opportunities in the local communities has resulted in young people leaving and the remaining population gradually aging. As a result, the government has begun to close schools, clinics and post-offices/telecommunications services, leading to the continuing decline of rural communities.

Within-island migration might result in a decrease of unemployment in the communities left by the individuals, a positive impact for these communities. On the other hand, this might cause family separation and social instability.

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#### 12.5.6.2 Potential Project Effects

There are not enough skilled individuals living on Sakhalin Island to fill the estimated number of the short-term construction jobs. As a result, non-resident skilled workers will be hired and housed in short-term self-contained construction camps. Almost all employees will be hired on a single/unaccompanied status and live in camps. It is possible that a small number of families may choose to live independently in independent accommodations but this is not expected to be the norm.

Increased housing demand may occur in some communities as a result of:

- Inter-regional migration of people in search of jobs to communities, where main project works will be undertaken,
- Migration of people seeking to open service establishments, *e.g.*, restaurants, bars, food kiosks, and
- Off-island workers and workers from other Districts of the Region housing their accompanying families in local communities.

People searching for jobs may result in in-migration from other parts of Russia. These are most likely to be or former Sakhalin residents or people who have relatives in the island.

#### 12.5.6.3 Social Changes

In general, the direct social impact from construction camps is expected to be minimal, due to the fact that they are designed to be self-contained. However, nearby communities may be indirectly affected depending upon the way the camp is operated (*e.g.*, as an open camp where workers are free to move beyond the camp boundaries, potentially with time restrictions, or closed camp which restricts such movement).

In the case of open camps, communities may enjoy positive short-term benefits from increased local spending by workers and demand on local services. On the other hand, there is the potential for associated increases in nuisance crimes and inappropriate public behaviour adversely affecting the communities.

The presence of an incoming workforce may have an effect on the values of local populations. The newcomers may bring new traditions such as celebration of different festivals, which could be a positive effect. However, local people may be offended by the behaviour of outsiders. These kinds of problems are manageable, the company Code of Conduct and other measures (see below) can address such issues.

One issue that is particularly sensitive and of concern to local populations is the potential increase in prostitution and changes in traditional family values. There is a particular concern that these kinds of problems will evolve in larger settlements. Local residents are particularly concerned about young people, many of whom are unemployed and/or have very little to do in their spare time. Lack of spare time activities (sports/social events) is also an issue for school-children.

Social conflict may be caused by:

- Social inequality (in coming workers will be perceived as receiving greater wages, having better opportunities, *etc.*),
- Incoming workers may demonstrate a lack of consideration for local traditions and norms of behaviour,
- Difference in traditions, and
- Prejudice and ethnic conflict.

#### 12.5.6.4 Crime

There is likely to be an increase in crime due to the following factors:

- Increase in standard of living for some people, a general increase in the wealthy sector of the population, *etc.*,
- Increase in opportunities for crime,
- High youth unemployment and lack of job opportunities,
- Lack of leisure activities, especially for young people (sport, social activities, *etc.*),

- Changes in local values,
- Increase in drug use and alcohol abuse, and
- Possible arrival of new criminal structures from outside.

#### 12.5.6.5 Local Recreational Infrastructure

The Project is likely to have an impact on local recreational infrastructure. New bars, cafes and other facilities are likely to open in response to demand. In some cases there is likely to be a shortage of recreational facilities. There may not be enough provision of sports facilities to satisfy demand of incoming workers, and local residents may experience reduced access to facilities as a result. This kind of effect is likely to be more apparent in district centres than smaller villages.

#### 12.5.6.6 Local Boom-Bust Cycles

Local boom-bust cycles due to temporary construction camps are expected to be limited. This is due to the fact, that existing services are extremely limited, and that temporary construction camps will be largely self-contained.

The most likely areas of impact are in communities nearest to large construction camps where economic opportunities are already greatest.

#### 12.5.6.7 Housing

The difference between social groups is already growing, as a result of income increases and the subsequent layering of society. This is particularly noticeable in Yuzhno-Sakhalinsk. Expected Project impacts on housing are described below.

TABLE 12-12: EXPECTED IMPACTS ON THE SAKHALIN HOUSING MARKET

Type of Impact	Expected Impacts of this Type
Indirect positive effects	<ul style="list-style-type: none"> <li>- Demand for housing will rise as a result of expected increases in salaries and budget incomes.</li> <li>- Increase in high quality private construction, mostly private houses, but in some cases high quality apartment blocks. This increase will be facilitated by private financial resources and investment attracted from outside.</li> <li>- Increase in quality and maintenance of housing, as a result of increased demand for better quality housing.</li> <li>- Improved utilities.</li> <li>- Development of new hotels of various kinds (newly constructed or conversions of existing buildings).</li> </ul>
Direct negative impacts-	<ul style="list-style-type: none"> <li>- Increase in the cost of housing as a result of local expectations of the Project.</li> <li>- Increase of housing demand due to the influx of people from other settlements and return of former residents.</li> </ul>
Indirect negative impact	<ul style="list-style-type: none"> <li>- In some settlements (Yuzhno-Sakhalinsk, Nogliki, Korsakov) a noticeable increase in housing prices can be expected as a result of an increase in demand.</li> <li>- Lack of hotel rooms due to their limited supply. This has already been experienced.</li> <li>- Decrease in opportunities for the poorer sector of the population to buy housing.</li> <li>- Increase in price of renting accommodation as more in people seek to rent. A small number of SEIC and contractor workers currently rent and increases in rent are already evident.</li> </ul>

#### 12.5.7 Construction Nuisances

Construction works for the project will take place between 2002 and 2008, with peak periods of activity from 2003 to 2005. The construction process will generate traffic, air emissions, dust, light and noise to those along the major transport routes affecting local communities living adjacent to unsurfaced roads, for example, connecting Yuzhno-Sakhalinsk with Nogliki and Aniva. SEIC is recommending that contractors use the rail system as much as possible as well as the pipeline ROW.

Increased project-related traffic may also lead to an increase in road accidents. Construction will also pose a number of other safety hazards (e.g., open trenches, the presence of heavy construction equipment).

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### 12.6 SUSTAINABILITY OF COMMUNITIES

Baseline data collection and interviews documented that many of Sakhalin rural communities potentially affected by the Project are not currently sustainable. Discontinued, lack of jobs, and deferred maintenance of public utility systems have left local authorities lacking the income needed to maintain the existing infrastructure. The SIA describes some of the problems faced by these communities and actions, which are being taken both on Sakhalin, and elsewhere in Russia.

### 12.7 CONCERNS OF COMMUNITY RESIDENTS

During the course of the consultation process individuals expressed a wide range of concerns related to the Project. The most frequently mentioned items included jobs, impacts on fishing and berry gathering areas, and compensation. In the following sections SEIC commitments and programmes to address these issues are discussed.

### 12.8 MITIGATION MANAGEMENT AND MONITORING IMPACTS TO COMMUNITIES

A key mitigation measure is the SEIC requirement that contractors prepare for SEIC review and approval, a socio-economic action plan, which describes how the contractor will implement mitigation measures in the SIA. The success of this programme will be monitored by the SEIC Community Liaison Officer (CLO) organisation as described in the section on Social Impact Management and Monitoring below.

In addition to these measures, SEIC will independently monitor potential impacts on these communities. This includes regular monitoring of food and medical essentials, as well as housing prices. Communities will also be made aware of the grievance process through which concerns may be addressed directly to SEIC.

### 12.9 MITIGATION AND MONITORING MEASURES RELATED TO IMPACTS ON COMMUNITIES

#### 12.9.1 Contractor Mitigation/Monitoring Actions

The following section describes SEIC actions, which will be incorporated as Contractor (and subcontractor) requirements as a condition of project award.

<b>CONSTRUCTION CONTRACTOR MEASURES</b>	
The Contractor will develop as part of Contractor's socio-economic plan a description of:	
Management of Social Issues and Monitoring	– How contractor CLO and/or community relations staff will interact with local communities and SEIC. The description should include procedures to be used by contractor to maintain reports of interactions and any follow-ups as needed.
SEIC Policies and Procedures	– The contractor shall describe SEIC social policies and procedures will be incorporated into overall project and planning. Key policies include the Code of Conduct and the No Fishing, Gathering and Hunting Policy. This information will be included in contractor's socio-economic action plan for review and approval by SEIC.
Land Acquisition and Compensation	– Steps to be taken in the event that contractors acquire land independently of SEIC. Contractor will assess potential socio-economic impacts to neighbouring communities similar to the scope and depth described in this SIA. Results of community consultation measures and concerns will be submitted to SEIC for review and approval prior to final land acquisition. Contractor will further describe measures to be taken to reduce identified impacts to acceptable level. Further, contractor will describe methods to enhance benefits to communities. – How contractor will adopt the principles and procedures of the SEIC Supplemental Assistance Programme.
Use of Wood Cleared from the Project Footprint	– How, if practicable and possible, wood cleared from sites could be used/offered to local communities to use as firewood and building materials. CLOs will assist in identifying appropriate pick up points for the wood off the ROW, through discussions with the community. Access to wood for heating purposes is a positive benefit for communities, since this is already an important source of energy for communities on the pipeline route.
Livestock	– Areas where movement of livestock may need to be considered and methods to be taken to ensure access across or around the construction areas in a timely manner.

<b>CONSTRUCTION CONTRACTOR MEASURES</b>	
The Contractor will develop as part of Contractor's socio-economic plan a description of:	
Damages Outside Designated Work Areas	<ul style="list-style-type: none"> <li>– How contractor will compensate for any inadvertent construction-related damages outside designated work areas.</li> </ul>
Fishing, Gathering and Hunting	<ul style="list-style-type: none"> <li>– How contractor intends to implement SEICs No Fishing, Gathering and Hunting Policy and the steps to be taken in the event that camp residents do not adhere to the policy. If contractor seeks a change to such policy they will request such a change through the Change Management Process. If contractor seeks a change, consultation with potentially affected communities will be required.</li> </ul>
Community Socio-economic Impacts	<p><b>Siting</b></p> <ul style="list-style-type: none"> <li>– Considerations as to camp siting and mitigation of potential community concerns are mitigated in the event that previously unidentified land is acquired, access roads modified, etc.</li> </ul> <p><b>Camp Management</b></p> <ul style="list-style-type: none"> <li>– Contractor's review of issues related to community soft and hard infrastructure and potential construction related impacts as per camp management issues. Actions to be taken to ensure that contractor actions/workforce do not place additional demands on local systems and/or methods to mitigate any potential adverse effects.</li> <li>– Key management strategies and procedures.</li> </ul> <p><b>Indigenous People</b></p> <ul style="list-style-type: none"> <li>– Any proposed focused orientation contractor intends to provide concerning specific issues and concerns of indigenous peoples and workforce interactions.</li> </ul> <p><b>In-Migration and Related Social Issues</b></p> <ul style="list-style-type: none"> <li>– Procedures to be followed to meet SEIC intentions concerning recruitment of workers and use of businesses as described in Chapter 11.</li> <li>– Circumstances under which Contractor would house people in local communities, and measures to be taken to ensure that adequate housing stock are available.</li> <li>– Management of other identified issues as appropriate to specific communities.</li> </ul> <p><b>Nuisances</b></p> <ul style="list-style-type: none"> <li>– Plans and procedures to be adopted including a waste management plan, dust control measures, traffic management plan, etc. as identified in the EIA.</li> </ul> <p><b>Community Concerns</b></p> <ul style="list-style-type: none"> <li>– How potential construction-related concerns will be identified and managed through a consultation process.</li> </ul>

### 12.9.2 SEIC Mitigation/Monitoring Actions

TOPIC	SEIC ACTIONS
Land Acquisition and Compensation	<p><b>Supplemental Assistance</b></p> <ul style="list-style-type: none"> <li>– Implementation of the SEIC supplemental assistance program in addition to meeting the requirements of the Russian Regulatory system should reduce this impact to a moderate by acceptable level.</li> <li>– The overall transparency and fairness of the Compensation Process will be assessed by monitoring: <ul style="list-style-type: none"> <li>– The qualitative analysis of disputes (minor or difficult to manage) and the time in which they were settled,</li> <li>– The affected person's feedback on the process and their satisfaction with the results, and</li> <li>– The type of compensation selected and reasons for the selection.</li> </ul> </li> <li>– If, as a result of monitoring, it is clear that the overall goals of the Plan are not being met, as indicated by measures above, changes to the plan will be considered, as part of the change management process.</li> <li>– Monitor as appropriate to determine that the affected people are 'the same or better off' than before the Project.</li> </ul> <p><b>Recreation areas: Prigorodnoye Beach</b></p> <ul style="list-style-type: none"> <li>– Consultations with local residents and Korsakov District Administration.</li> <li>– Discussion of alternative recreation sites/support for improvements of the existing beaches or alternative recreational areas.</li> </ul>
Fishing, Gathering, and Hunting	<ul style="list-style-type: none"> <li>– Implementation of the SEIC No Fishing, Gathering and Hunting Policy.</li> <li>– Consideration of grievances concerning Project-related impacts on subsistence fisheries, gathering areas through the low/no cost grievance process.</li> <li>– Continue to consult with potentially effected communities on the success of the implementation and any related community concerns.</li> <li>– Provide alternative transportation if people are not able to access their usual berry fields during harvest time due to pipeline construction.</li> <li>– As per Chapter 14, assess the potential to revegetating portions of the pipeline ROW and temporary access roads after construction is complete. Regeneration of berry fields and/or reindeer pastures and involve local residents in the re-cultivation programme.</li> <li>– Work with local communities to ensure access is not blocked to roads and paths historically used to access fishing areas and berry/mushroom gathering areas.</li> </ul>
Community Socio-economic Impacts	<p><b>General Issues related to Siting, Camp Management, and other Issues</b></p> <ul style="list-style-type: none"> <li>– SEIC will implement measures described in this SIA as discussed in Chapters 9-15. Implementation of these measures, coupled with the contractor management of social issues (Chapter 16) and the SEIC social management and monitoring measures (Chapter 17) should mitigate these issues to a minor-moderate level.</li> </ul>

# Chapter 12

## Impacts on Sakhalin Communities

### 12.9.2.1 Residual Impacts

IMPACT	RESIDUAL
<b>Construction and Operations</b>	
Land Acquisition and Compensation	– Residual impacts related to land acquisition and compensation are expected to be minor. This is primarily due to the implementation of the SEIC supplemental assistance programme as well as contractor requirements.
Fishing, Gathering and Hunting	– No residual impacts are expected due to implementation of the No Fishing, Gathering and Hunting policy during construction. Post-construction all Project-employees may freely fish, gather and hunt according to applicable Russian regulations.
Community Socio-economic Issues	<ul style="list-style-type: none"> <li>– Residual impacts are expected to be minor as a result of mitigation and consultation measures implemented.</li> <li>– Additional cash injected into communities are expected to be a positive impact.</li> <li>– The key residual impact is likely to be unmet expectations regard jobs and other construction-related benefits. This impact is expected to be moderate.</li> </ul>