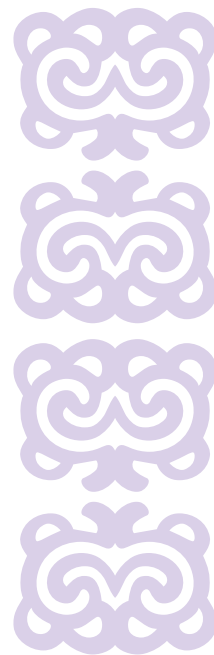


SAKHALIN
INDIGENOUS MINORITIES
DEVELOPMENT PLAN

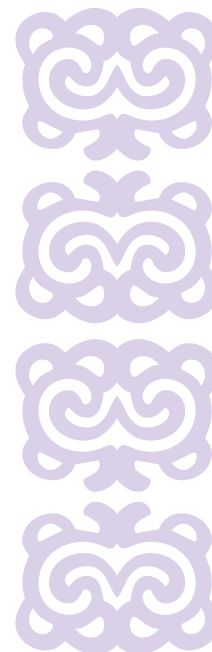


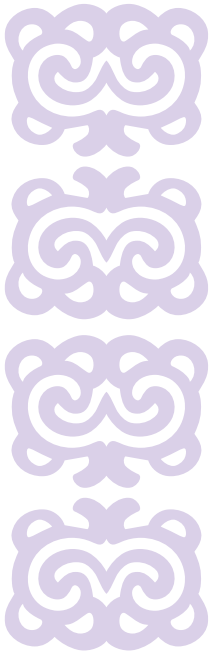
FIVE-YEAR SIMDP3 (2016–2020)

Sakhalin-2 Project
Sakhalin Energy Investment Company Ltd.

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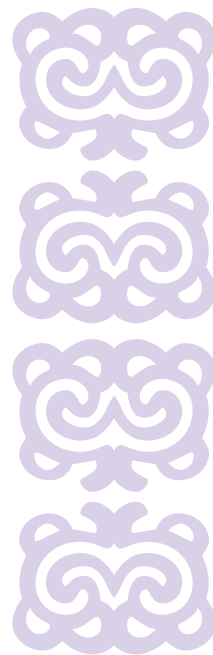
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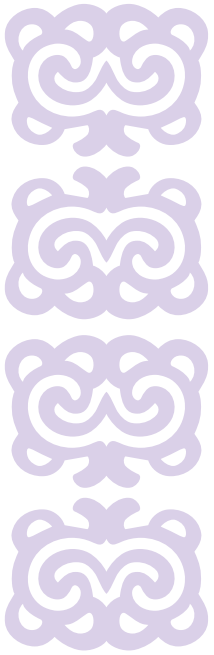




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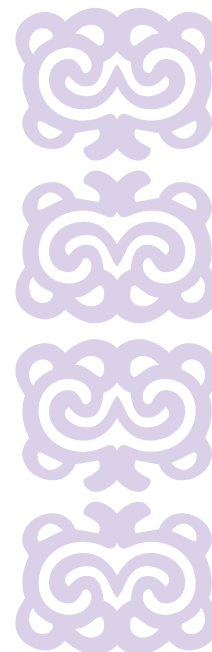




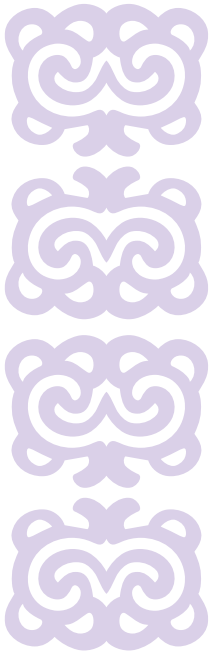
LIST OF ACRONYMS

ABR	Aquatic Biological Resources
CLO	Community Liaison Officer
EBRD	European Bank for Reconstruction and Development
EC	Executive Committee
EM	External Monitor
FPIC	Free, Prior and Informed Consent
ICP	Informed Consultation and Participation
IFC	International Finance Corporation
IP	Indigenous Peoples
IPO	Indigenous Peoples Organisation
ISO	International Organisation for Standardisation
GB	Governing Board
GRI	Global Reporting Initiative
LNG	Liquefied Natural Gas
MGF	SIM Mini-Grant Fund
NGO	Non-Governmental Organisation(s)
OD	Operational Directive
OET	Oil Export Terminal
OP	Operational Policy
OPF	Onshore Processing Facility
PCER	Plan Completion Evaluation Report
PCET	Plan Completion Evaluation Team
PSA	Production Sharing Agreement
RAIPON	Russian Association of Indigenous Peoples of the North, Siberia, and the Far East
RCAR of the SIM	Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin
RF	Russian Federation
SDF	Social Development Fund
SDP	Social Development Programme
SIA	Social Impact Assessment
SIM	Sakhalin Indigenous Minorities
SIMDP	Sakhalin Indigenous Minorities Development Plan (aka "the Plan," "the Development Plan")
SOG	Sakhalin Oblast Government
TEASP	Traditional Economic Activities Support Programme
UN	United Nations
WG	Working Group for the Formation of SIMDP3

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NOTE ON PREPARATION OF SIMDP3

The Third Sakhalin Indigenous Minorities Development Plan (SIMDP3) has been prepared within the framework of the Tripartite Agreement signed in December 2010 by the Sakhalin Oblast Government, the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin, and Sakhalin Energy Investment Company Ltd.

At the end of 2014, the above three Parties established the Working Group for the Development of SIMDP3 (see Section 1.3). Throughout the year, the Working Group had held consultations in the areas of traditional residence and traditional economic activities of the SIM, the results of which served as a basis for the preparation of the document «SIMDP3», a programme for 2016–2020.

MEMBERS OF THE WORKING GROUP:

F. S. Mygun, Chairperson of the Working Group, Chairperson of the RCAR of the SIM;

G. N. Savchenko, a member of the RCAR;

E. A. Koroleva, Deputy Director of the Department of Interethnic, Interfaith Relations, and Work with Public Associations of the Sakhalin Oblast Governor Office and Government; Head of the Indigenous Peoples Department/ **R.V. Fedulova**, Acting Head of the Indigenous Peoples Department of the Department of Interethnic, Interfaith Relations, and Work with Public Associations of the Sakhalin Oblast Governor Office and Government;

G. N. Moiseenko, Head of the Competition and Entrepreneurship Subdivision of the Sakhalin Oblast Ministry of Economic Development;

Z. L. Ronik, a member of the Public Chamber of the Sakhalin Oblast;

V. V. Agnyun, SIM representative in the Sakhalin Oblast Duma;

Yu. A. Zavyalova, Head of the Indigenous Peoples Group of Sakhalin Energy;

N. V. Gonchar, N. V. Gonchar, Head of the Social Performance Subdivision of Sakhalin Energy; and

G. P. Ledkov, President of the Russian Association of Indigenous Peoples of the North, Siberia, and the Far East (RAIPON); / **L. N. Peshperova**, RAIPON Vice-President / **Yu. S. Khatanzeiskiy**, RAIPON Vice-President.

NON-VOTING MEMBER OF THE WORKING GROUP:

G. E. Guldin, expert and external monitor for SIMDP2 implementation; President of Cross-Cultural Consulting Services, PLLC.

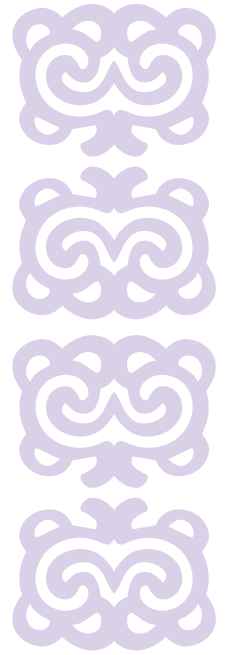
S. N. Sangi, Secretary of the Working Group, Coordinator of SIMDP2, participated in the meetings of the Working Group.

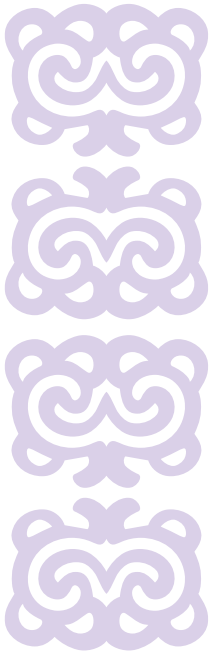
SIMDP3 was developed by the Working Group, with primary responsibility for writing the text of the document given to Yu. A. Zavyalova, N. V. Gonchar, and G. E. Guldin.

In December 2015, a new Tripartite Agreement on the Implementation of Sakhalin Indigenous Minorities Development Plan 3 was signed by the three Parties in Moscow (see Annex 1).

The background data for the formation of the Plan were obtained from various sources, including:

- recommendations received during the two rounds of consultations with the community, conducted by the Working Group in February and October 2015 (see Sections 1.3 and 3.2 and Annexes 8-9);
- recommendations set out in the Plan Completion Evaluation Report of the SIMDP2 (PCER), which includes the lessons learned during the implementation of the previous Plan; and
- advice received from each of the SIMDP Partners based on their individual assessments of the strengths and weaknesses of the SIMDP2.





1

ORIENTATION

1.1 HISTORY

Beginning with its first activities on Sakhalin in the 1990s, the Sakhalin Energy Investment Company Ltd. (“Sakhalin Energy” or “the Company”)—the developer of the major oil and gas project Sakhalin-2—has sought to be a responsible corporate citizen and has pursued socially and environmentally appropriate strategies for avoiding/minimizing the negative consequences of an industrial project while expanding the opportunities for providing the benefits of development to local communities. Since 2006, an important part of this effort has been the preparation of a series of Indigenous Peoples Development Plans—the Sakhalin Indigenous Minorities Development Plans (SIMDP).¹ These have been the products of a collaborative effort that began when Sakhalin Energy, the Regional Council of Authorized Representatives (RCAR)² and the Sakhalin Oblast Government established a joint partnership.³ The partners sought to develop a series of sustainable development initiatives that would carry the Indigenous Minorities of Sakhalin (“Sakhalin Indigenous Minorities” or “SIM”) well into the 21st Century, and which would contribute materially to an improvement to their lives and livelihoods.

SIMDP1 (2006-2010), launched in May 2006, was the trial run of the Plan. This first initiation was composed of three programmes: the Social Development Programme (SDP; with components for Health, Education, Culture and Capacity-building); the Traditional Economic Activities Support Programme (TEASP; with Self-Sufficiency and Business-Planning components, as well as a modest Reindeer Herding Support Programme); and the SIM Mini-Grant Fund (MGF), the governing Committee of which was constituted exclusively of SIM, unlike for the other two Plan programmes. Additionally, an Experts Group was instituted to advise the SDP Committee’s decision-making and an administrative Plan Assistant was also appointed. Funding for SIMDP1 was set at US\$300,000 per year.

SIMDP2 (2011-2015) sought to make use of lessons learned during the running of the First Plan. One key innovation was to declare the MGF a successful piloting of the principle of SIM self-management. This principle was extended to the Second Plan’s SDP Committee (which was renamed the Social Development Fund [SDF] Council) and to the TEASP Committee, both of which were reconstituted as all-SIM bodies. The MGF itself was terminated and its annual cultural competition turned over to the SDF to manage. The Second Plan also instituted an additional Experts Group to advise the TEASP Committee, while the administrative position of Plan Assistant was formalized into a “Plan Coordinator” role. Funding for the Second Plan was set at US\$312,000 per year.

SIMDP3 (2016-2020) will continue to build on the lessons learned over the past decade. To bolster district-level SIM inputs and to anchor the Plan fully in Sakhalin’s seven districts of concentrated SIM residence, new District Committees have been added to the governance structure. Capacity-building, a Plan objective and component somewhat neglected during earlier Plans, has been strengthened with its own components during the Third Plan, included in both the SDF and TEASP Programmes. Funding for the Third Plan has been set at US\$320,000 per year.

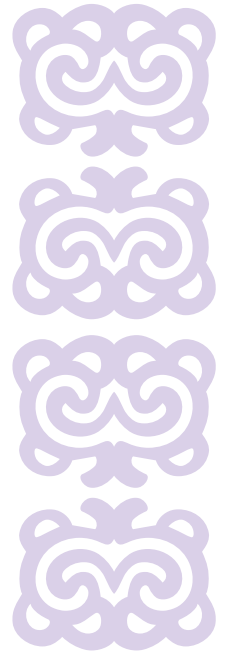
¹ The official legal name of Sakhalin Indigenous Minorities is “Indigenous Minorities of the North of Sakhalin Oblast.”

² The RCAR is the official body representing the Indigenous Minorities of the Sakhalin Oblast; members are elected by a quinquennial Congress.

³ Up till 2010 the official name of the Sakhalin Oblast Government was the Sakhalin Oblast Administration.

1.2 OBJECTIVES OF THE THIRD SAKHALIN INDIGENOUS MINORITIES DEVELOPMENT PLAN (“SIMDP3”)

The Plan objectives have—like the Plans themselves—undergone a progression from the First Plan to this current one. The Capacity-building objective has been made the top priority, while sustainable development has also been given added emphasis. The SIMDP partners have agreed to pursue the below four key Plan objectives:



- **Capacity-building.** Enhancing the capacity of Sakhalin’s Indigenous Minorities to actively participate in the self-management of their own affairs. Such capacity-building could range from leadership training, to technical skills enhancing (e.g., for accounting, report-writing, budget preparation, traditional economic and cultural activities, business planning), to heightened cultural and ethnic self-awareness.
- **Social, cultural, and economic development.** Improving the lives and livelihoods of the Indigenous Minorities of Sakhalin Oblast through the implementation of social and economic development plans in a culturally appropriate manner. Cultural revival, economic viability of traditional economic enterprises, and improved social conditions will be targeted areas for support. Long-term strategic planning with the concept of sustainable development as an objective will also be emphasised.
- **Independent fund preparation.** Assisting Sakhalin’s Indigenous Minorities to prepare for the eventual establishment of an independent Indigenous Minorities development fund.
- **Project environmental effects disclosure.** Providing timely, objective and complete information to the Sakhalin Indigenous Minorities’ community of the actual and/or potential impacts of the Sakhalin-2 project on the environment, and the measures taken to prevent and/ or minimize any potential negative impacts.

1.3 SIM COMMUNITY ENGAGEMENT APPROACHES

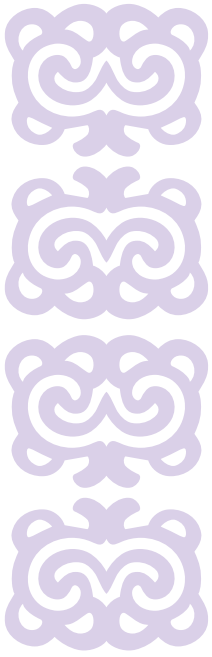
1.3.1 PROCESS FOR OBTAINING FREE, PRIOR, AND INFORMED CONSENT (FPIC)

Early in 2015, at the very start of the concluding year of the SIMDP2, a Working Group was formed to guide the preparation process for the Third Plan. This Working Group was composed of members from the three partners (RCAR, SOG, and Sakhalin Energy), the SIM representative to the Sakhalin Oblast Duma, the SIM representative to the Sakhalin Public Chamber, and a representative from RAIPON. The SIMDP2’s External Monitor and the SIMDP2 Coordinator were non-member participants in the Working Group activities. Seven out of the nine Working Group members were indigenous. The goals of the Working Group were to collaboratively prepare for consultations with Sakhalin’s indigenous communities, to respond to their concerns and desires regarding SIMDP3, and to write the Plan itself.

In June of the same year, the Working Group formally confirmed their earlier assumption that their SIMDP3 preparations would apply the Free, Prior, Informed Consent (FPIC) principle, embodied in the “United Nations Declaration on the Rights of Indigenous Peoples” of 2007. This followed in the footsteps of SIMDP2, which had achieved the noteworthy status of becoming the first private sector Indigenous Peoples (Development) Plan to have secured FPIC from the indigenous communities affected by a project. This success was later noted at a special workshop jointly hosted by the International Finance Corporation and the World Bank in Washington, DC, USA in May of 2011, and again at a United Nations Permanent Forum on Indigenous Issues Side-Event in New York later that month.

The Working Group for SIMDP3 determined that the attempt to achieve FPIC would require at least two rounds of consultations to be held in every significant SIM community on the Island.

The first round of consultations was held in February 2015 in all SIM districts. The second round of consultations during which draft SIMDP 3 was presented to community was held in October 2015 (see Section 3.2.).



Following the conclusion of the second round of consultations, the Working Group held a meeting in Nekrasovka where they incorporated some of the changes suggested by community members during the consultations. A revised SIMDP3 draft was distributed to community members and organizations two weeks prior to a conference held to enable the SIM to render decisions on the content of specific sections, on the appropriateness of giving their approval to the Plan as a whole, and to an implementation structure.

On 26 November, 2015, a special conference attended by SIM representatives from the seven districts of concentrated indigenous residence was held in Yuzhno-Sakhalinsk to consider granting consent to the draft SIMDP3. The assembled delegates discussed, raised questions, and offered recommendations as to the content and implementation of the SIMDP. At the end of a day-long gathering, a solid majority voted to grant their consent both to the SIMDP3 and to authorise the RCAR to join with the SOG and Sakhalin Energy to implement the Plan. See Annex 2 for the text of the FPIC Statement and Section 2.1.2 for further details on the effort to achieve FPIC for the Plan).

1.3.2 INFORMED CONSULTATION AND PARTICIPATION (ICP)

DURING PLAN PREPARATION AND BEYOND

The Plan partners have been committed to the principle and process of “informed consultation and participation (ICP)” and have followed it during Plan preparations and built it into the Plan itself. The SIM were formally consulted during two rounds of consultations and their suggestions and critiques were incorporated into the draft SIMDP3 (see Annexes 8 and 9 for examples of community inputs considered by the WG). Ongoing consultations that started during SIMDP2 will be continued during SIMDP3 with annual visits by the Plan partners and the Plan Coordinator to all indigenous communities. In addition, the Plan includes annual internal and external monitoring visits, as well as visits of working groups directly to local communities to handle grievance complaints. Local meetings will also be held to increase awareness of the Plan and its procedures, and SIMDP3’s addition of District Committees is expected to greatly expand the participatory dimensions of the Plan.

KEY PARTICIPATION PRINCIPLES

SIMDP3 continues the adherence of previous Plans to fundamental participation principles, including:

- **Emphasise transparency**

To aid the process of inclusion and mutual trust, the preparation and implementation of the SIMDP both rely on an open process of discussion and disclosure. The SIMDP3 aims at timely information sharing regarding grant applications and contests and all reporting mechanisms.

- **Arrange culturally appropriate consultations and meetings**

Customary cultural practices and subsistence activities should influence participatory approaches. The dynamics and timing of SIMDP meetings, community consultations and activities will not contradict with local indigenous customs.

- **Plan an inclusive approach**

In approaching SIMDP3 implementation, attentiveness to ethnic, geographic, generational, social, organizational, and gender inclusivity will continue to be critical.

- **Recognise the need for non-interference in indigenous internal affairs**

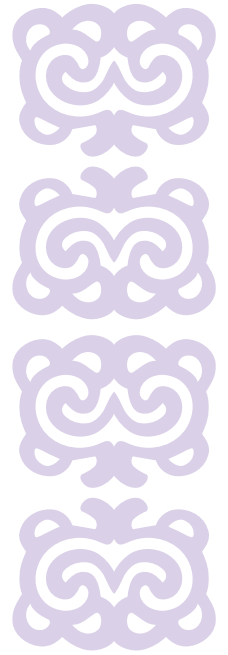
Those responsible for implementing SIMDP3 and interacting with SIM communities recognise the importance of a principled stand to allow indigenous communities to decide on their own their representatives to the SIMDP coordinating bodies and similar organisations and to not interfere with their internal matters.

- **Keep communications open and responsive**

Those who participate in consultations and Plan activities need to receive feedback regarding the results of their suggestions for Plan improvement, the results of their grant applications, as well as the responses to filed grievances. Such feedback should be timely, practical, and accessible.

- **Recognise that decision-making and consensus-building takes time**

Implementation planning for SIMDP3 recognises that planned agreements and understandings with Sakhalin’s Indigenous Minorities need to be given flexible time frames, so that the many divergent views and perspectives of a wide range of community members and different communities can be acknowledged.



1.4 SAKHALIN-2 PROJECT SUMMARY

1.4.1 GENERAL INFORMATION

Sakhalin Energy is the operator of the Sakhalin-2 project. The company was formed in 1994 to develop the Piltun-Astokhskoye oil field and the Lunskoye gas field in the north-eastern shore of Sakhalin Island in the Russian Far East. The Company shareholders are Gazprom (50%, plus one share), Shell (27.5% minus one share), Mitsui (12.5%) and Mitsubishi (10%) (See Fig. 1).

Sakhalin-2 is one of the world’s biggest integrated offshore projects for the production and export of hydrocarbons. The Project is being implemented under the first production-sharing agreement (PSA) in the Russian Federation.

Under the Project year-round production of oil and gas is being conducted from three offshore platforms in the North of Sakhalin.

Oil and gas are then shipped via surface pipelines to the Onshore Processing Facility (OPF), as well as via trans-Sakhalin pipelines to the natural gas liquefaction plant (LNG) and oil export terminal (OET) in the south of Sakhalin Island (See Fig. 2). It is one of the world’s most technologically advanced projects ever implemented over the last decades in the oil and gas industry.

Through production of Sakhalin-2 LNG Russia has become one of the key players in the markets of Asia Pacific. More than 4% of global LNG supply comes from Sakhalin Energy LNG plant.

The Russian Federation and the Sakhalin region continue to benefit directly from the Sakhalin-2 project in a variety of ways, including:

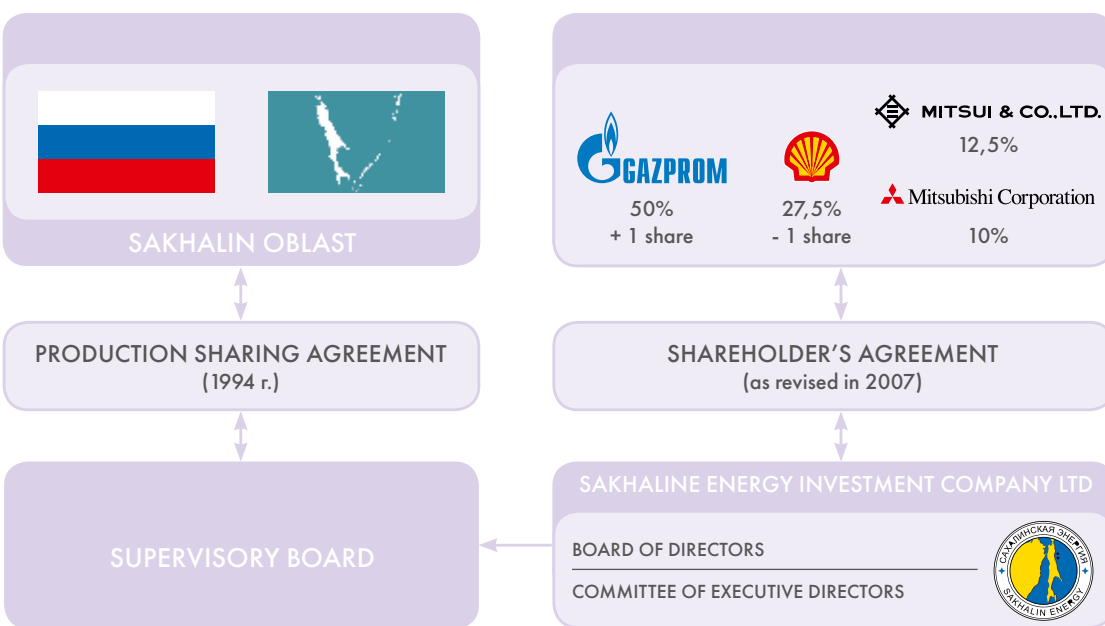


Figure 1. Sakhalin Energy Corporate Governance Model

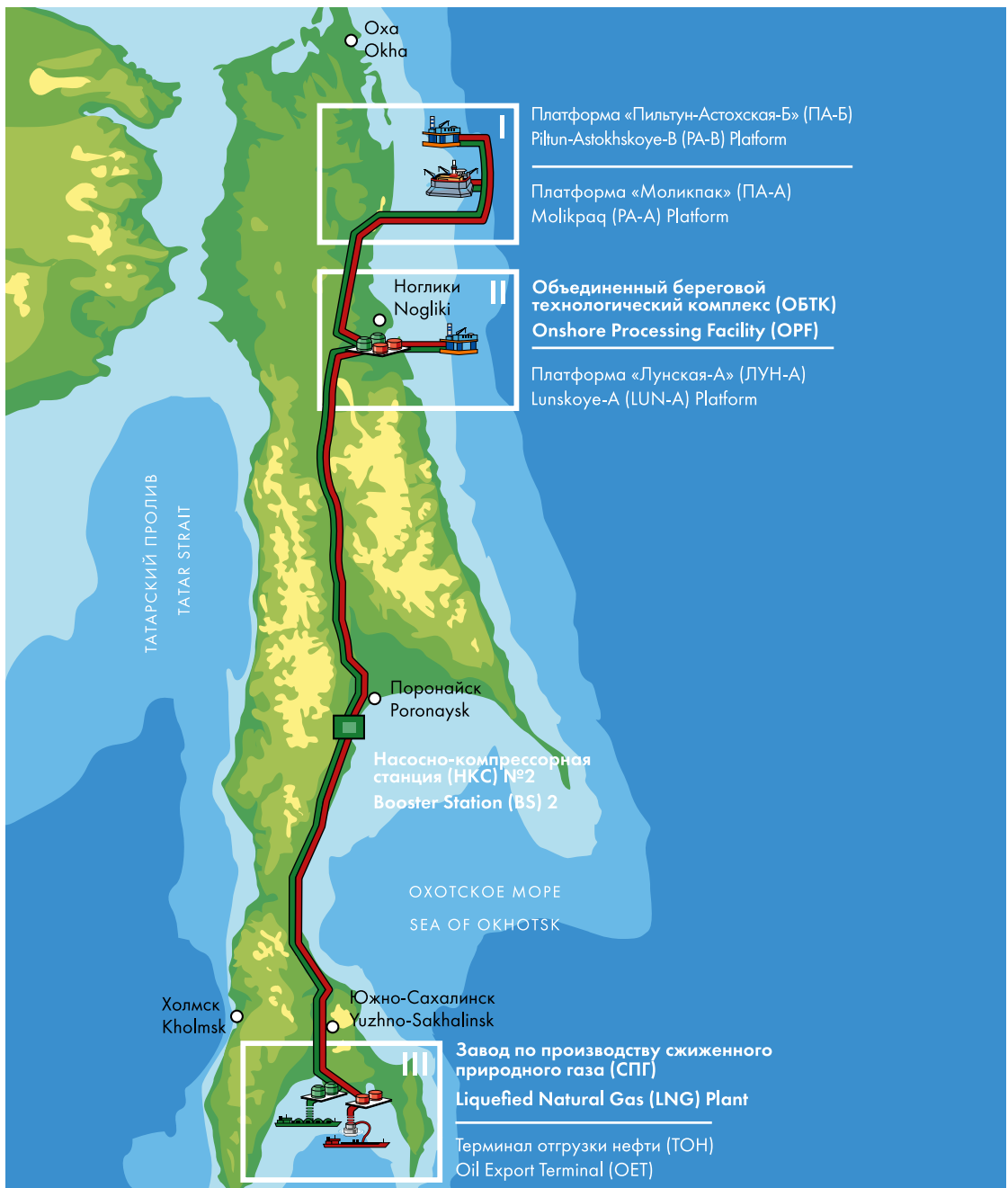
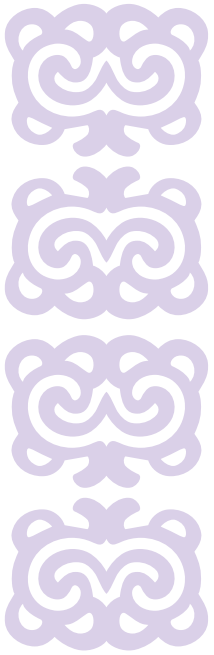
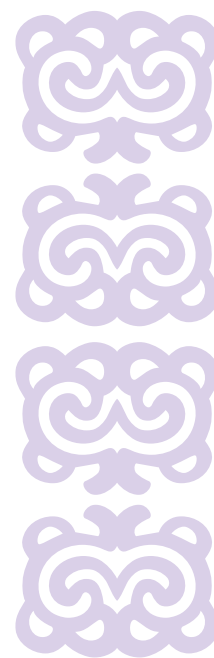


Figure 2. Location of Key Assets of the Sakhalin-2 Project

- Since Sakhalin Energy started its operations, the Russian Party's proceeds from the Sakhalin-2 project have totalled almost US\$13.6 billion including US\$4.3 billion transferred to the Sakhalin Oblast budget (as of the end of 2014).
- Russian companies have gained access to new technologies and business development opportunities.
- Over US\$18 billion worth of contracts have been awarded to Russian companies and organisations (as of the end of 2014).
- The infrastructure on Sakhalin Island has been upgraded on a large scale (over US\$600 million was invested by the Company).
- There has been a notable increase in local employment (both direct and indirect effect) and rise in local workforce quality.



- Salaries and living standards for the local population have risen.
- Many contracts and subcontracts have been awarded to Sakhalin companies that took part in the Sakhalin-2 project, which dramatically enhanced their capacity and competitiveness.
- The Company has carried out extensive social and public initiatives on Sakhalin Island.
- Russia has gained valuable experience in managing complex high-tech projects in remote locations and in sub-arctic conditions.

Detailed information on Sakhalin-2 project is available at the Company's web site (<http://www.sakhalinenergy.com>—in English, <http://www.sakhalinenergy.ru>—in Russian).

1.4.2 STANDARDS THAT GUIDE SAKHALIN ENERGY IN DEALING WITH SOCIAL ISSUES AND ISSUES RELATED TO INDIGENOUS PEOPLES

Sakhalin Energy recognises the importance of regular interaction with the population, including the SIM, in the areas of the Company's operations. The Regulations on the Company General Business Principles include a commitment to society: Sakhalin Energy strives to create good relations with the local population, constantly improving opportunities for the direct or indirect promotion of the general welfare of the communities of the settlements where the Company operates. The Company pays due attention to the control over the social impact of its business activities and cooperates with the other parties to increase the benefits for the local population and to mitigate any negative impact caused by the Company's activities.

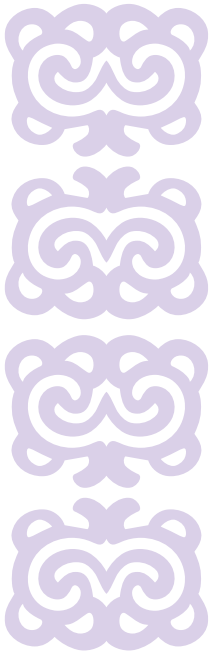
Sakhalin Energy strives to meet the highest requirements in addressing social issues, including those related to Indigenous Peoples. These requirements are based both on the legislation of the Russian Federation and international standards, including those of the International Finance Corporation (IFC), the International Organisation for Standardisation (ISO), the Global Reporting Initiative (GRI), etc.

The Company has special obligations regarding the issues of the SIM. They are listed in the Health, Safety, Environmental, and Social Action Plan, which is available to the public.

The Sakhalin-2 project complies with RF legislation with respect to the SIM. Since 2001, Sakhalin Energy has been implementing an active programme of consultations with the SIM based on the principle of transparency and involvement, developed as part of the Social Impact Assessment (SIA) of Phase II of the Project (see SIA, Chapter 6). Detailed information on the consultations held as part of the SIMDP is contained in the Public Consultation and Disclosure Plan, which is updated annually, the corresponding annual report on the implementation of the Plan, and Section 3.2 of this Plan (all these documents are available to the public).

1.5 BRIEF DESCRIPTION OF STAKEHOLDERS INVOLVEMENT IN THE SIMDP PREPARATION

At the beginning of 2015, the Parties to Sakhalin Indigenous Minorities Development Plan 2 began the preparation of SIMDP3 for the period of 2016–2020. For this purpose, the Working Group was established on the basis of equal partnership. The group consisted of representatives of the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin, Sakhalin Energy, the Sakhalin Oblast Government, a SIM representative in the Sakhalin Oblast Duma (the legislative assembly), the Public Chamber of the Sakhalin Oblast and the Russian Association of the Indigenous Peoples of the North, Siberia, and Far East (RAIPON—a key national-level organisation of the Indigenous Peoples of Russia). Seven of the nine members of the Working Group were SIM representatives. The purpose of the Working Group was to prepare recommendations for the development of SIMDP3, taking into account the experience gained during the implementation of SIMDP1 and SIMDP2 and its generalisation as



well as the results of two rounds of consultations held in the seven districts of traditional residence and traditional economic activities of the SIM (see Sections 1.3 and 3.2).

The Working Group coordinated the preparation of SIMDP3 and submitted it for review to the representatives of the Indigenous Peoples in the seven districts of traditional residence of the SIM. During the first half of November 2015, the preliminary version of SIMDP3 was distributed in the areas of traditional residence of the SIM for consideration by the indigenous population. On 26 November a special conference organised by RCAR of the SIM with a view of approval of the Plan and/or its amendment was held in Yuzhno-Sakhalinsk.

At the conference, SIM representatives voiced their consent—by a vote of 29 yesses out of a total of 52 delegates eligible to vote—to both the content of the draft SIMDP3 and its implementation by means of a corresponding Tripartite Partnership Agreement (see also Section 3.2.2 and Annexes 1 and 2).

1.6 SCOPE OF SIMDP3

1.6.1 SAKHALIN-2 PROJECT SCOPE AND THE GEOGRAPHICAL LOCATION OF THE INDIGENOUS MINORITIES SETTLEMENTS

Fig. 3 shows the location of the Sakhalin-2 project assets and the seven municipalities, officially recognised as the areas of traditional residence and traditional economic activities of the Sakhalin Indigenous Minorities:⁴

- Okha Municipal District;
- Nogliki Municipal District;
- Tymovskoye Municipal District;
- Aleksandrovsk-Sakhalinsky Municipal District;
- Poronaysk Municipal District;
- Smirnykh Municipal District; and
- Yuzhno-Sakhalinsk Municipal District.

1.6.2 DEFINING THE SIMDP SCOPE

All members of the four main officially recognised SIM ethnic groups: the Nivkh, the Nanai, the Uilta, and the Evenk (as well as several dozens of other Indigenous Minority groups living in the Sakhalin Oblast), fall within the scope of SIMDP3. The total number of these SIM is 4,109 people (see Table 3).

- **The Nivkh.** The Nivkh are the most numerous recognised SIM group (currently comprising 3,091 people and amounting to three-quarters of the total number of Indigenous Peoples on Sakhalin). They, along with the no longer resident Ainu community, are the original inhabitants of the island⁵. Today, almost two-thirds of the Nivkh concentrate in two settlements: Nekrasovka in the Okha District and Nogliki—the administrative centre of the Nogliki District. Although the main traditional occupations of the Nivkh were fishing and hunting, by the 1980s most of the Nivkh population had already moved to small urban-type settlements. Today very few practice hunting, but many still fish for subsistence and are part of small fishing enterprises as well.
- **The Uilta.** In pre-revolutionary times, the Uilta (also known as «Orok») had a diversified subsistence economy based on hunting, fishing, and reindeer herding. Early in the 20th century, this changed as reindeer herding was selected by the authorities to become the primary activity of the Uilta. Now,

⁴ As per the list provided for by the Russian legislation (RF Government Decree No. 631-R dated 8 May, 2009).

⁵ The Ainu were mostly repatriated to Japan after World War II and the termination of Japanese administration of southern Sakhalin (Karafuto).

one of the smallest Indigenous Peoples in the Russian Federation, the Uilta number 430 and are concentrated in the village of Val and the towns of Nogliki and Poronaysk.

- **The Evenk.** The Evenk of Sakhalin are a small branch (numbering 323) of the Evenk (aka Tungus) who are also found in Siberia, Mongolia, and China. The Evenk came to Sakhalin Island in the late

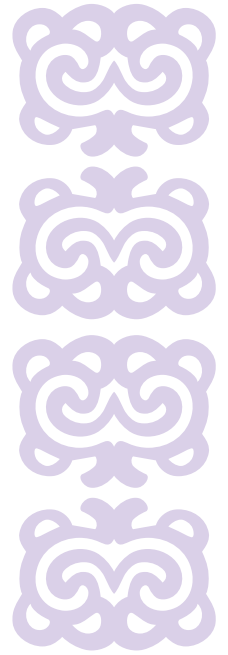
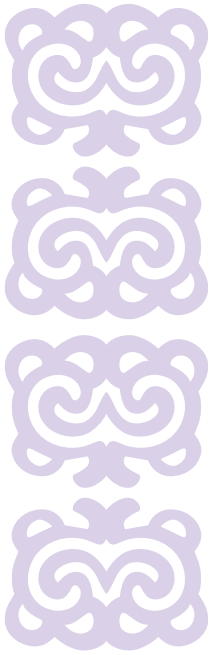


Figure 3. Areas of Traditional Residence and Traditional Economic Activities of the Sakhalin Indigenous Minorities and the Assets of the Sakhalin-2 Project



19th century and have been closely associated with the Uilta, with many also engaged in reindeer herding. Most of the Evenk are now to found in the Aleksandrovsk-Sakhalinsky, Nogliki, and Okha Districts of Sakhalin.

- **The Nanai.** As well as the Evenks, Sakhalin Nanai are a small branch of the continental Nanai. Several Nanai families moved from the mainland to Sakhalin in the wake of World War II. The Poronaysk District is home to the bulk of Sakhalin's 205 Nanais.

1.6.3 RELATION OF SIMDP TO OTHER PROGRAMMES AND DOCUMENTS OF SAKHALIN ENERGY

- **Social Investment Programme**

In addition to its direct contribution to SIMDP implementation, Sakhalin Energy is implementing other projects and activities aimed at facilitating the development of the Sakhalin Indigenous Minorities (see Annex 5).

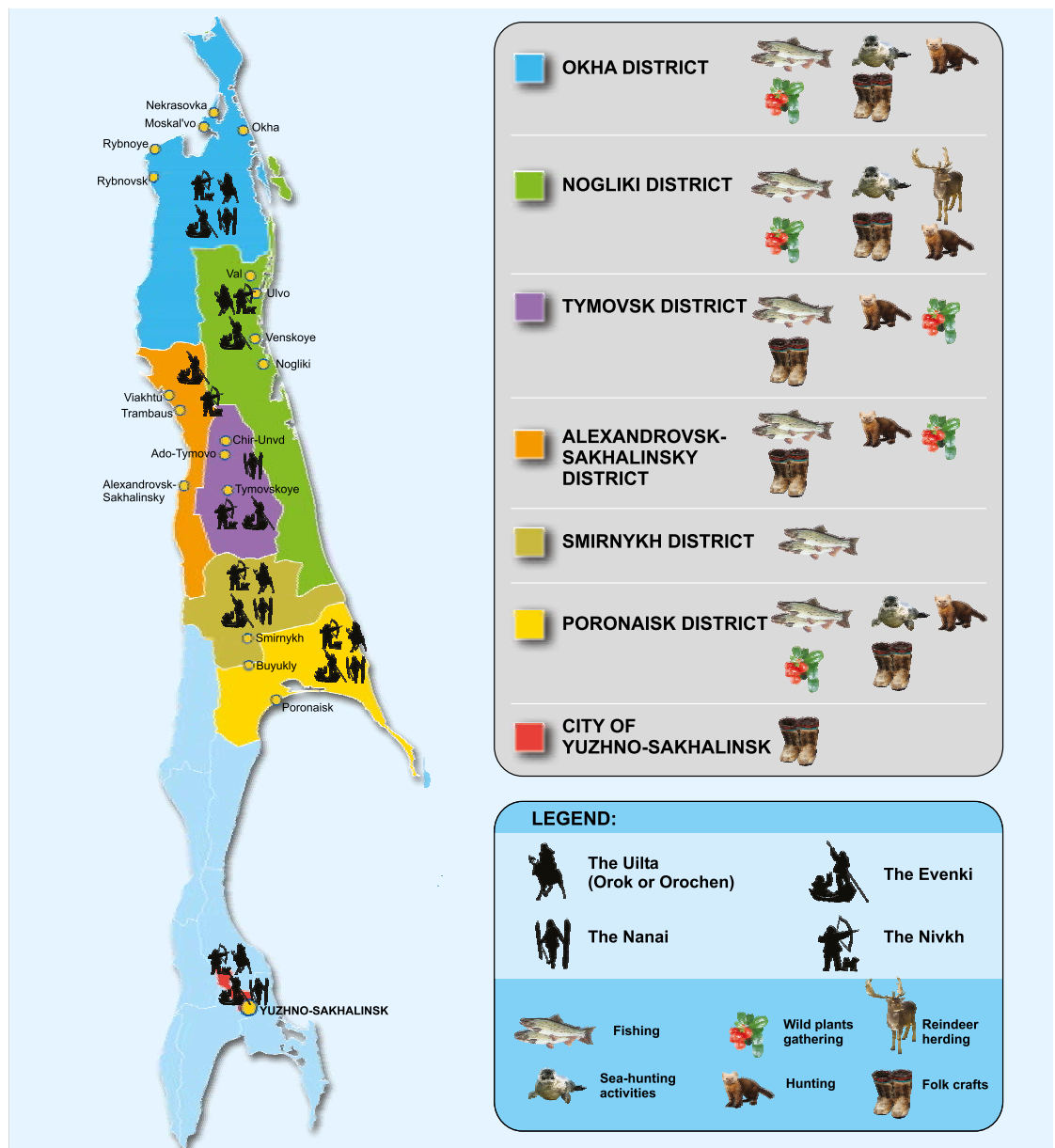


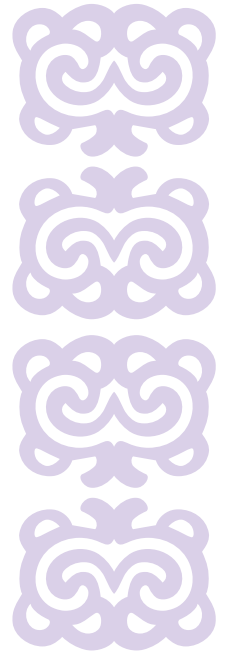
Figure 4. Areas of Concentrated Residence and Traditional Economic Activities of the Four Main Ethnic Groups of the Sakhalin Indigenous Minorities

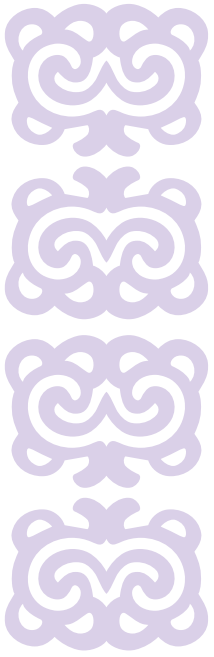
- **Project documents**

Other Company documents that contain sections dealing directly with the issues of the Sakhalin Indigenous Minorities, including those which subsume Indigenous Peoples as part of the general population affected by the Project, are:

- Human Rights Policy;
- Sustainable Development Policy;
- Hunting, fishing and gathering during construction;
- Documents on social impact assessment;
- Oil spill response documentation;
- Resettlement Action Plan;
- Public Consultation and Disclosure Plan (updated annually);
- Brochure on the Sakhalin Energy Grievance Procedure, which describes the channels for submitting grievances and the procedure for their review;
- Health, Safety, Environmental, and Social Action Plan; and
- Annual sustainable development reports, etc.

All the above documents are available on the website of Sakhalin Energy (<http://www.sakhalinenergy.ru>, www.sakhalinenergy.com). In addition, the Company regularly informs the public and other stakeholders of the Grievance Procedure.





2

BACKGROUND

2.1 LEGAL FRAMEWORK

2.1.1 LEGAL STATUS OF THE SAKHALIN INDIGENOUS MINORITIES⁶

Analysis of the legal status of indigenous minorities of Russia indicates that in addition to general constitutional rights, liberties and obligations of Russian citizens, there are special rights and obligations exclusively pertaining to the representatives of indigenous minorities. These special rights and obligations are specified by industry-specific legislation and guaranteed by the Constitution.

The Federal legislative framework provides the basis for protection of traditional ways of life of Indigenous Peoples. In addition to Article 19 of the Constitution it includes three special laws:

- Law No. 82-FZ dated 30 April 1999, On the Guarantee of the Rights of Indigenous Peoples of the Russian Federation;
- Law No. 104-FZ dated 20 July 2000, On General Principles of Establishment of Clan Enterprises (Obshchinas) of the Indigenous Peoples of the North, Siberia and the Far East of the Russian Federation; and
- Law No. 49-FZ dated 7 May 2001, On the Territories of Traditional Nature Use of the Indigenous Peoples of the North, Siberia and the Far East of the Russian Federation.

To safeguard the rights of Indigenous Peoples, special provisions were incorporated into the RF Tax Code, Forestry Code, Land Code, Water Code, industry-specific federal laws and other enactments of the RF Government.

In order to form a priority system for government authorities to resolve the issues of social, economic and cultural development of the Indigenous Peoples of the North, the Government of the Russian Federation has introduced the Concept of Sustainable Development of the Indigenous Peoples of the North, Siberia and the Far East of the Russian Federation, approved by the Government Decree # 132-R dated 4 February 2009. The said Concept is, at present, the basic document regulating activities to preserve and maintain the traditional way of life of the indigenous population of Russia.

In Sakhalin Oblast the following laws were adopted:

- Law No. 72-ZO dated 04 July 2006, On Legal Guarantees of Protection for Sakhalin Indigenous Minorities of the North's Primordial Habitat, Traditional Lifestyle, Economic Activities and Crafts; and
- Law No. 463 dated 31 December 2003, On a Representative of Indigenous Minorities at the Sakhalin Oblast Duma.

Regional legislation of Sakhalin Oblast as a region of the Russian Federation covers many aspects of Indigenous Minorities' life activities. It serves to provide complex solution of the issues of social, economic and ethnocultural development of indigenous ethnic groups. The protection of indigenous constitutional rights and interests by the Regional Council of the Authorized Representatives of the Indigenous Minorities of the North of Sakhalin (hereinafter - SIM) and by an Indigenous Minorities'

⁶ Information for this section was provided by T. A. Koncheva, Chairperson of the Economic Development Committee of Sakhalin Regional Duma.

representative in the Sakhalin Oblast Duma are distinctive features of the Sakhalin Oblast as a region of the Russian Federation. These entities help to build cooperation between public authorities, municipal district governments and Indigenous Peoples' non-governmental organizations for the protection of indigenous constitutional rights, primordial habitats and traditional lifestyles.

It should be noted that regional legislation can develop more promptly than its federal counterpart to provide a quicker response to Indigenous Peoples' needs.

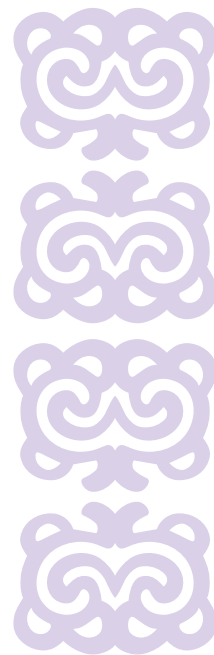
To support the SIM, the Sakhalin Oblast government authorities endeavour to improve applicable regional legislation. Throughout 2015 the Sakhalin Duma has adopted the following laws of the Sakhalin Oblast:

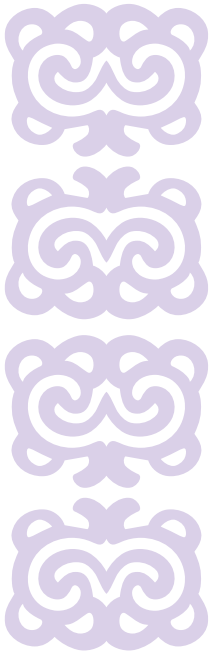
- Law No. 23-ZO dated 23 April 2015, On Amending the Sakhalin Oblast Law on Legal Guarantees of Protection for Sakhalin Indigenous Minorities of the North's Original Habitat, Traditional Life Style, Economic Activities and Crafts;
- Law No. 31-ZO dated 15 May 2015, On Delegation of State Powers of Sakhalin Oblast to Local Self-Government Authorities in the Area of Protection for Sakhalin Indigenous Minorities of the North's Original Habitat, Traditional Life Style, Economic Activities and Crafts; and
- Law No. 57-ZO dated 10 July 2015, On Revocation of Paragraph 3 of the Article 6 of the Sakhalin Oblast Law on Legal Guarantees of Protection for Sakhalin Indigenous Minorities of the North's Original Habitat, Traditional Life Style, Economic Activities and Crafts.

Initiation of state financial support for the social and economic development of indigenous minorities has been a great achievement. Based on the agreement between the RF Ministry of Regional Development and the Sakhalin Oblast, since 2009 the Sakhalin Oblast receives federal budget subventions for development of infrastructure, culture, education and obshchini of indigenous minorities in the areas of their traditional settlement. Total of federal budget subventions received by the Sakhalin Oblast for creation of conditions for the sustainable development of Indigenous Peoples amounted to RUB 25 million for the last 5 years.

Based on the Draft Agreement between the Sakhalin Oblast Government and federal authorities, the major distributor of funds, in 2015 other transfers are planned to be made from the federal budget to the Sakhalin Oblast budget for the purpose of support of economic and social development of SIM in the amount of RUB 1,844,900.

In addition to the above, according to the Sakhalin Oblast Law No 80-ZO dated 12 December 2014, On Regional Budget of Sakhalin Oblast for 2015 and Planning Period of 2016 and 2017 allocations from the regional budget shall be provided for sustainable development of SIM as part of Sakhalin Oblast 2015-2020 Programme for Enhancing the Unity of the Russian Nation and Ethnocultural Development of Peoples of Russia Residing in Sakhalin Oblast, approved by the Sakhalin Oblast Government Decree No.649 dated 9 December 2014. The total of 2015 budgetary allocations amounts to RUB 25,207,200 including subvention for development and modernization of SIM traditional economic activity in the amount of RUB 7,622,000.





2.1.2 SIMDP3 COMPLIANCE WITH INTERNATIONAL STANDARDS

The Third Sakhalin Indigenous Minorities Development Plan (SIMDP3) is in full compliance with the international community's standards for an industrial project's Indigenous Peoples Development Plan—and in a number of key dimensions, the SIMDP3 even exceeds those standards. These are noteworthy achievements, especially considering that the commitments to such higher standards by of the Sakhalin-2 project operator, Sakhalin Energy, are completely voluntary, and have been since the inception of this series of Plans in 2006. In each iteration, the Plans have acceded to the evolving nature of international standards—and continue to outpace them.

For the First Plan, beginning in 2006, the Company had made a public commitment only to comply with the World Bank's 1992 Operational Directive 4.20. In spite of this, the Company—along with the Sakhalin Oblast Government⁷ and the Regional Council of Authorised Representatives—agreed to meet the higher standards of the World Bank's at the time just released Operational Policy 4.10. By the time of the Second Plan, the UN Declaration on the Rights of Indigenous Peoples had been issued, and although this international document was highly praised by Indigenous Peoples representatives and organizations, it had not achieved legal status. Nevertheless, the SIMDP2 took inspiration from its many articles, including its path-breaking section on the right of Indigenous Peoples to give their "Free, Prior, and Informed Consent" (FPIC). The three Plan partners embarked on a ground-breaking experiment to seek such consent from SIM for the Second Plan, and in November 2010 became the first private sector project to achieve FPIC.

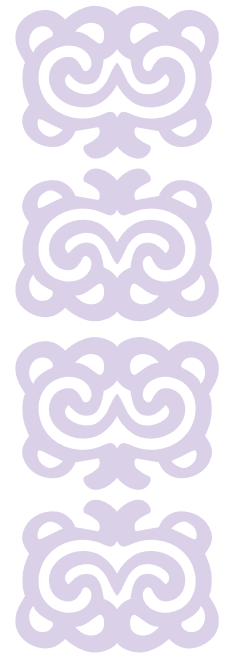
For this Third Plan, FPIC was set as the goal as well—voluntarily, once again—and the process carried out by the three partners not only accorded with that key principle but also followed the newly emergent international standards embodied by some of the key international development agencies: the International Finance Corporation (IFC), the World Bank, and the European Bank for Reconstruction and Development (EBRD). Annex 4 summarizes some of the key Indigenous Peoples standards for these international development institutions, while Table 2 below assesses SIMDP 3's compliance with them.

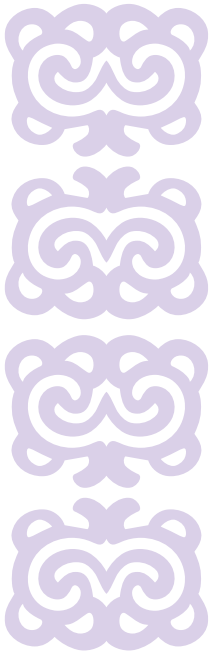
⁷ At the time known as the Sakhalin Oblast Administration.

Table 1. SIMDP3 Compliance with International Standards

Issue	International Standard	SIMDP3 Compliance ⁸
Indigenous Peoples Plan	Develop a plan to deliver social and economic development benefits	SIMDP3 delivers economic and social benefits Plan is designed and implemented with active SIM involvement International standards exceeded
Indigenous Peoples Plan Objectives	Respect for Indigenous Peoples cultures and rights Avoid adverse project impacts Promote sustainable development Engage indigenous communities in informed consultation and participation FPIC when necessary	All international objectives are incorporated as SIMDP3 goals
Consultations	Hold meaningful consultations with affected communities Involve representative indigenous bodies Respect Indigenous Peoples' cultural approaches to consultation Respond to community concerns	Annual visits to all communities covered by the Plan (not just those directly project-affected), SIMDP internal and external monitoring, SIMDP midterm and final evaluations Indigenous Peoples' own bodies serving as co-governance partners, with some bodies in full control of appointing Plan participants International standards exceeded
Information Disclosure	Project-related plans and programmes (in draft and final versions) released in timely and culturally appropriate fashion to indigenous communities	Coordinating bodies mandated to release information in timely manner All SIMDP external monitoring and evaluation reports released publicly SIMDP website provides all needed grant and grievance forms; consultation meetings in communities disclose plan information International standards exceeded
Decision-making/ Consent	FPIC for projects utilising Indigenous Peoples' lands and resources	FPIC obtained Much of Plan decision-making solely in indigenous hands International standards exceeded
Benefits-sharing	Benefits-sharing measures available for project-affected communities only	Social and economic development programs included All SIM communities included International standards exceeded
Mitigation Measures	Avoid, minimise or mitigate adverse impacts Compensate for adverse impacts as necessary	Sakhalin-2 project will disclose environmental information as necessary to SIM communities International standards met
Grievance Redress Mechanism	Culturally appropriate grievance redress mechanism should provide for fair, transparent, and timely redress of grievances	SIMDP3 delivers economic and social benefits Plan is designed and implemented with active SIM involvement International standards exceeded

⁸ According to assessment of SIMDP2 External Monitor, Dr. Gregory Guldin.





2.1.3 COMPENSATION ISSUES RELATED TO LAND USE

All compensation payments were made during the operation and construction of facilities under the Sakhalin-2 project. In the event of Project expansion, Sakhalin Energy will act in accordance with the legislation of the Russian Federation, the requirements set out in the specification «Resettlement Management» of the Health, Safety, Environmental, and Social Action Plan, and the results of a Social Impact Assessment.

2.2 SOCIAL, CULTURAL, ECONOMIC, AND POLITICAL CHARACTERISTICS OF THE SAKHALIN INDIGENOUS MINORITIES⁹

The implementation of the Sakhalin Indigenous Minorities Development Plan (SIMDP2) for 2011–2015 based on the Tripartite Cooperation Agreement dated 14 December 2010 concluded by the Sakhalin Oblast Government, the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin (RCAR), and Sakhalin Energy Investment Company Ltd. was influenced by specific processes taking place at the international, national, and regional levels.

First of all, the period of SIMDP implementation coincided with the years of the completion of the Second International Decade of the World's Indigenous Peoples (Background Information: Second International Decade of the World's Indigenous People; 2005–2014). In its Resolution No. 59/174 dated 20 December 2004, the General Assembly proclaimed the Second International Decade of the World's Indigenous Peoples starting on 01 January 2005. The goal of the Decade was to further strengthen international cooperation for solving problems faced by Indigenous Peoples in such areas as culture, education, healthcare, human rights, environment, and social and economic development. The motto of the Second Decade has been «Partnership for Action and Dignity.» In Russia, the National Organising Committee for the Preparation and Carrying Out of the Second International Decade of the World's Indigenous People in the Russian Federation was established in 2006, and its composition was approved (Executive Order of the RF Government No. 758-p dated 27 May 2006); in addition, the Package of Priority Measures for the Preparation and Carrying Out of the Second International Decade of the World's Indigenous People in the Russian Federation was approved.

Since 2009, the trend of the federal national policy regarding Russia's Indigenous Peoples has changed. With the adoption of the Concept of Sustainable Development of Indigenous Peoples of the North, Siberia, and Far East of the Russian Federation approved by Executive Order of the RF Government No. 132-R dated 04 February 2009, the state authorities and the Indigenous Peoples both set certain priorities for the modernisation of traditional economic activities, the development of culture and ethnic pedagogics, information resources, etc.

On 28 August 2009, the Action Plan for the Implementation of the Concept of Sustainable Development of Indigenous Peoples of the North, Siberia, and Far East of the Russian Federation in 2009–2011 was approved by the Executive Order of the RF Government. However, amendments later made to the Plan excluded the development of exceedingly important draft regulatory legal acts on the procedure for the documented confirmation of inclusion of Russian Federation citizens in the category of Indigenous Peoples, on the approval of the procedure for establishing traditional nature use territories of federal significance, and on the approval of the procedure for allocating in perpetuity reindeer herding areas as well as territories for the use of wildlife by Indigenous Peoples.

Unfortunately, in recent years a number of regulations that guarantee the Indigenous Peoples of the North, Siberia, and the Far East of the Russian Federation special rights in the area of nature use and in the social sphere were withdrawn from the RF legislation, which is directly contrary to the aims and objectives of the Concept Paper regarding the creation of conditions for the economic development of organisations of the Indigenous Peoples of the North. The development of legislation on natural resources was influenced

⁹ Information for this section was provided by E. A. Koroleva, Head of the Indigenous Peoples Department and Deputy Director of the Department of Interethnic, Interfaith Relations, and Work with Public Associations of the Sakhalin Oblast Governor Office and Government.

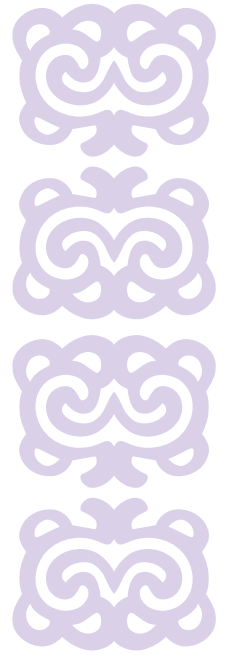
primarily by the macroeconomic concerns and interests of business development. The provisions on the free use of various categories of land by Indigenous Peoples were withdrawn from the Land, Forest, and Water Codes of the Russian Federation, leading to the creation of favourable conditions for unrestricted privatisation of natural resources and their almost unlimited economic use in the territories of residence and business activities of indigenous minorities. The rules for acquiring fishing grounds for traditional fishing without holding a competition were withdrawn from the Federal Law on Fishing and Preservation of Aquatic Biological Resources. As a result, many communities lost the right to catch fish on their ancestral lands since the competitions were won by commercial enterprises that offered the government more favourable conditions. The Federal Law on Hunting and Preservation of Hunting Resources, which entered into force in 2010, no longer envisaged the possibility of acquiring hunting areas for traditional hunting by communities and other associations of the Indigenous Peoples of the North.

Today, the legislation concerning the legal status of Indigenous Peoples remains controversial and contains many gaps, thus hindering its implementation. The following documents are still pending: proposals for making amendments to the RF Forest Code, the RF Land Code, and the RF Water Code concerning gratuitous access of Indigenous Peoples of the North, Siberia, and the Far East of the RF to the lands necessary for the carrying out of traditional economic activities and crafts; draft federal laws that guarantee Indigenous Peoples of the North, Siberia, and the Far East of the RF, their communities and other associations priority access to hunting grounds, game animals, fishing and water resources in areas of their traditional residence and traditional economic activities; and a state strategy for interaction between the representatives of indigenous minorities of the North and industrial enterprises operating in the territory of their residence, planned under a package of priority measures.

The Methodology for Calculating the Amount of Damages Inflicted to Associations of Indigenous Peoples of the North, Siberia, and Far East of the Russian Federation as a Result of Economic and Other Activities Carried Out by Organisations of All Forms of Property and Individuals in the Areas of Traditional Residence and Traditional Economic Activities of Indigenous Minorities of the Russian Federation, approved by Order of the RF Ministry of Regional Development No. 565 dated 09 December 2009 (hereinafter—the Methodology). This Methodology is advisory in nature and is intended to be applied by companies only in cases when they have financial commitments to international corporations or when the state authorities of the constituent entities adopt appropriate regional laws. Back in 2009, however, the Ministry of Finance refused to finance the field testing of the Methodology explaining the refusal by pointing to an internal order of the RF Ministry of Regional Development.

Thus, during the Decade, the indigenous communities of the Russian Federation have faced the challenge of contradictory and imperfect legislation, which certainly affects the quality of their life in general.

What are the conditions of life of indigenous ethnic minorities in the Sakhalin Oblast?



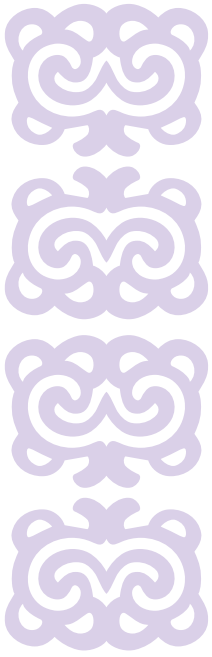


Таблица 2. Сравнительный анализ показателей

Areas of compact residence of SIM	2009				2014				
	Number (persons)	Average life expectancy (years)	Number of farms, tribal enterprises, and communities	Volume of state funding (RUB thousand)	Municipalities of SIM traditional residence	Number (persons)	Average life expectancy (years)	Number of communities and tribal enterprises	Volume of state funding (RUB thousand)
Aleksandrovs-Sakhalskiy	1 72	42	9	8 310,0	Aleksandrovs-Sakhalskiy District	173	56	5	6 777,4
Nogliki	1 104	47	23	1 479,3	Nogliki Municipal District	1145	55	16	3 875,0
Okha	1 423	50	19	3 861,3	Okha Municipal District	1455	50	18	4 108,0
Poronaysk	554	51	13	1 686,1	Poronaysk Municipal District	632	51	27	5 212,0
Smirnykh	53	50	-	25,6	Smirnykh Municipal District	69	64	-	1 367,0
Tymovskoye	289	61	7	1 194,9	Tymovskoye Municipal District	302	58	6	2 860,0
-	-	-	-	-	Yuzhno-Sakhalskiy Municipal District	338	45	-	2 180,0
Executive Authorities	-	-	-	2 220,5	Executive Authorities	-	-	-	9 215,1
Total	3 595	50	71	18 778,6	Total	4 114	54,1	72	33 020,5

According to the 2010 National Population Census, based on the data of the Local Agency of the Federal State Statistics Service for the Sakhalin Oblast, 2,906 representatives of the Indigenous Peoples of the North, Siberia, and Far East of the Russian Federation were living in the 7 municipalities in the areas of their traditional residence and traditional economic activities in the island region.

According to the verified data provided by the municipalities, 4,114 persons lived there as of 01 June 2014, namely: the Nivkh—3,086 people, the Nanai—207 people, the Orok (Uilta)—427 people, the Evenk—314 people, and other ethnic groups—80 people, which amount to 96% of the total number of the Indigenous Peoples living in the region. The results of the 2010 Census showed that the number of Indigenous Peoples of the North, Siberia, and the Far East had increased by 2.7% since the previous Census in 2002. According to that earlier Census, the Sakhalin Oblast was home to 27 Indigenous Peoples of the North (hereinafter—the Indigenous Peoples), the total number of which was 3,269 people (0.7% of the total population of the region). Their number had increased by 845 people, or 0.8%. Today, the Indigenous Peoples account for 0.6 percent of the total number of inhabitants of the Sakhalin Oblast.

The total number of Sakhalin Indigenous Minorities, 42% are men and 55% women. 60% of SIM representatives are working-age people. The average age is 31.05 years. About 42% of SIM representatives reside in rural areas. 28.7% are young people aged 18 to 35 years, while senior citizens (55 and older) amount to 8.7%.

Over the past period, there has been a positive trend in SIM population dynamics. The aspect analysis of life activities of the indigenous peoples indicates a positive upward trend (as compared with 2009) in the total number of SIM (in 2009—3,595 people, in 2014—4,114 people, including Uilta: in 2009—350, in 2014—427 people), an increase in the number of communities (in 2009—32, in 2014—72), and in life expectancy (from 2009's 50 years to 2014's 54.1). It must also be emphasised that the amount of funding of state support programmes from the regional budget increased by 57%.

In accordance with Order of the Sakhalin Oblast Administration No. 914-pa dated 18 December 2008 On the Carrying Out of the Second International Decade of the World's Indigenous People in the Russian Federation (hereinafter—the Order of the Sakhalin Oblast Administration), a considerable amount of work was done by the executive and legislative authorities as well as at the municipal level with the active participation of public organisations of indigenous ethnic minorities.

Within the framework of the Second International Decade of the World's Indigenous People, organising committees and working groups worked in the Sakhalin Oblast on various issues of social, economic, and cultural development of the indigenous peoples: the Coordination Council for the Implementation of the Programme of the State Support of the Sakhalin Indigenous Minorities (hereinafter - SIM), the organising committee for the Sakhalin Oblast championship in traditional sports among SIM children, and the organising committee for conducting SIM regional festivals and SIM regional congresses.

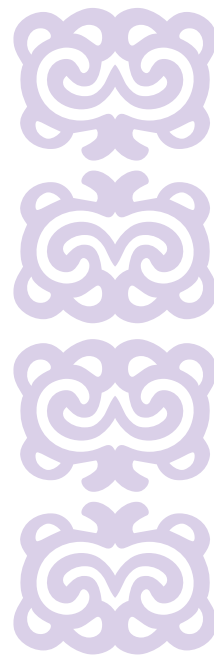
In the Sakhalin Oblast, the planned activities, approved by the Order of the Sakhalin Oblast Administration, have been implemented in general.

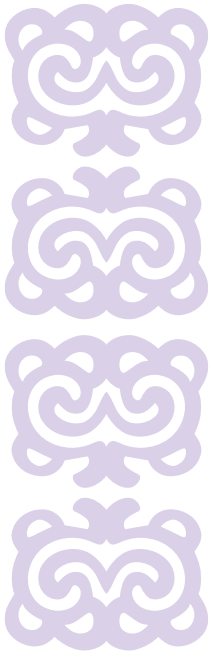
In 2014, the Regulatory Commission for the Catching of Anadromous Fish Species in the Sakhalin Oblast determined the sites for catching salmonid fish species in the areas of traditional residence and traditional economic activities of SIM in order to ensure the preservation of traditional ways of life and traditional economic activities of SIM.

In order to implement the Decree of the President on the Resettlement from Substandard and Hazardous Housing, the construction of housing for the indigenous peoples in areas of their traditional residence has begun and will be continued in 2015.

The activity of SIM public associations as well as the levels of SIM ethnic identity has significantly increased in the island region.

At the summary meeting of the Regional Organising Committee for the Carrying Out of the Second International Decade of the World's Indigenous People in the Russian Federation on 27 January 2014, it





was pointed out that the Ministry of Culture for the Sakhalin Oblast had performed targeted and extensive work aimed to organise a series of ethnic and cultural events and revive sacral holidays.

Significant work related to the implementation of the regional plan was done by the Sakhalin Oblast Ministries of Sports, Tourism, and Youth Policy; Health; and Education.

Despite the fact that the Ministry of Social Security for the Sakhalin Oblast was not responsible for the implementation of activities of the regional plan, this Ministry accomplished a considerable amount of work in terms of social support of the indigenous population of the island region.

The activities planned under the Second International Decade of the World's Indigenous People were carried out with the active participation of the municipalities and public associations of indigenous peoples.

It is particularly important that local councils of authorised representatives of SIM were established and now operate in all municipalities. At the initiative of the RCAR, socially significant events were held at the regional, national, and international levels, which have contributed to the positive image of the island region in terms of state national policy implementation.

The legal and regulatory framework for the protection of the rights of SIM was improved in the Sakhalin Oblast. The SIM state support programmes, approved in this period, were developed based on the requests of the indigenous communities and are aimed at the modernisation of traditional economic activities, the infrastructure in the areas of SIM traditional residence and traditional economic activities, healthcare, development of culture, education, support of SIM public associations, and provision of a significant increase in the amount of funding from the regional budget:

1. The long-term targeted programme «Sustainable Development of the Sakhalin Indigenous Minorities for 2012–2016,» approved by Regulation of the Sakhalin Oblast Government No. 440 dated 01 November 2011.
2. Since 01 January 2014—Sub-Programme 1 «Sustainable Development of the Sakhalin Indigenous Minorities for 2014–2016» of the Sakhalin Oblast State Programme «Improvement of the Public Administration System (2014–2020),» approved by Regulation of the Sakhalin Oblast Government No.360 dated 22 July 2013.
3. Sub-Programme 1 «Sustainable Development of the Sakhalin Indigenous Minorities for 2015–2020» of the Sakhalin Oblast State Programme «Strengthening the Unity of the Russian Nation and the Ethnic and Cultural Development of the Peoples of Russia Residing in the Sakhalin Oblast in 2015–2020,» approved by Regulation of the Sakhalin Oblast Government No. 649 dated 29 December 2014.
4. Law of the Sakhalin Oblast No. 31-30 dated 15 May 2015 On Investing Local Government Bodies with State Powers of the Sakhalin Oblast in the Sphere of Protection of Original Area of Residence, Traditional Way of Life, Husbandry, and Crafts of the Sakhalin Indigenous Minorities approved the methodology for the calculation of norms and standards to determine the total amount of subsidies provided to local budgets from the regional budget for the realisation of the state powers of the Sakhalin Oblast to implement this Law.
5. In accordance with Regulation of the Sakhalin Oblast Government No.57 dated 03 July 2015 On Establishing Limits for Catching Aquatic Biological Resources to Meet the Personal Needs of the Indigenous Peoples of the North, Siberia, and the Far East of the Russian Federation and Persons not Belonging to Indigenous Peoples but Residing in the Areas of Traditional Residence and Traditional Economic Activities, for Whom Fishing is the Basis of Subsistence, the limits for catching aquatic biological resources to meet the personal needs of SIM have increased (salmon species—300 kg per person).

At the request of the Governor, a new section on the preservation, revival, and development of folk arts and crafts of the indigenous peoples was added to the state programmes for the support of the indigenous peoples. Also, in 2009, the Governor supported the Resolution of the 1st Festival of Tribal Enterprises and Communities, as a result of which 50% of the total funding was allocated for the development and modernisation of traditional economic activities of the indigenous peoples.

It is also important to note the construction of a school and a club in the Val village, a club in the Viakhtu village, a library in the Trambaus village, and Boarding School No. 3 in Poronaysk.

During the Decade, in the framework of the state and private partnership, the following research was done on the problems of Sakhalin Indigenous Minorities development:

- sociological research by A. T. Konkov, Professor, Head of the Sociology Department of the Sakhalin State University (2008, 2010, 2013, and 2015);
- research on «The Criteria for the Quality of Life of the Sakhalin Indigenous Minorities» by N. I. Novikova, Ph.D. (History), Leading Researcher of the Miklukho-Maklay Institute of Ethnology and Anthropology of the Russian Academy of Sciences, Executive Director of OOO Ethnoconsulting (October 2009);
- Sakhalin – 2013 ethnographic expedition of scientists from the Institute of Ethnology and Anthropology of the Russian Academy of Sciences, headed by D. A. Foonk, Head of the Department of the North and Siberia, Professor, Ph.D. (History) (July 2013).

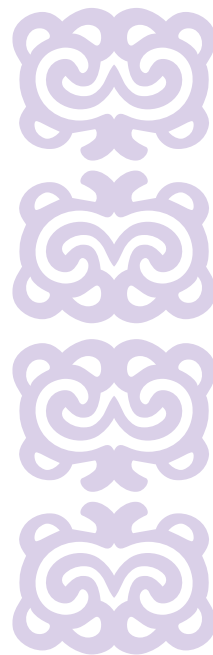
During the Decade, the Sakhalin Oblast Government has cooperated with the Russian Association of Indigenous Peoples of the North, Siberia, and the Far East in the social and economic development of the indigenous communities, improvement of legislation on the rights of the indigenous peoples of Russia as well as on the issues of the state and private partnership. The first regional seminar «Federal and Regional Legislation on the Councils of Authorised Representatives of Indigenous Peoples of the North» was organised within the framework of the joint activities of the RAIPON and the RCAR. At the workshop, teaching was conducted by Yu. Ya. Yackel, the Head of the Legal Centre of the RAIPON. O. Yu. Kutsurov, Head of the Staff of the RAIPON participated in the workshop (Yuzhno-Sakhalinsk, December 2013).

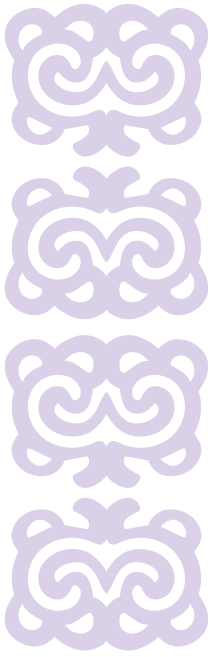
The Indigenous Peoples Subdivision of the Department for Interethnic, Interfaith Relations, and Work with Public Associations of the Governor's Office and the Sakhalin Oblast Government, together with the Regional Council paid particular attention to organisational and technical activities in the education of the indigenous ethnic groups. For instance, the publications «The Library of the Nivkh Schoolchild. I Read with My Grandmother» by V. M. Sangi and Nivkh-Russian phrasebooks as well as the language workshop for the teachers of native languages headed by D. A. Foonk, Professor, Ph.D. (History) (Yuzhno-Sakhalinsk, November 2013), and the language workshop on «The Use of the Communicative Approach Techniques to Improve the Effectiveness of Teaching the Mother Tongue» (Yuzhno-Sakhalinsk, October 2014).

School and preschool teachers are paid a 15% increase to salaries from the regional budget for the knowledge of the native language in accordance with Law of the Sakhalin Oblast No. 91-30 dated 16 October 2007 On the Languages of the Indigenous Peoples Living in the Territory of the Sakhalin Oblast.

Among the ethnic and cultural activities that are significant and relevant for the indigenous community, it is necessary to mention the workshop «The Development of Environmental and Ethno-Tourism on Sakhalin» attended by the representatives of indigenous peoples of the North, and the Sport, Tourism, and Youth Policy Agency for the Sakhalin Oblast; the Dersu Uzala Ecotourism Development Fund, Moscow, and the Centre for Social and Environmental Initiatives Autonomous Non-Profit Organisation (Yuzhno-Sakhalinsk, May 2011), the 2nd Festival of Tribal Enterprises and Communities of the Sakhalin Oblast «The Mosaic of Cultures» (Nogliki, November 2013), the traditional Inter-Municipal Sacral Festival «Feeding the Spirit—the Master of the Sea» (Poronaysk), the regional conference «Traditional Economic Activities of the Sakhalin Indigenous Minorities as the Basis for the Preservation of Ethnic Groups» (Yuzhno-Sakhalinsk, November 2014), as well as the Regional Children and Youth Festival of SIM Art «Heirs of the Tradition,» held under the patronage of the Ministry of Culture for the Sakhalin Oblast.

The Government of the island region supported the initiative of the RCAR and provided full official assistance in the preparation and holding of the 1st International Symposium in the Languages of Indigenous Minorities of the Far East (Nivkh, Nanai, Uilta, and Evenki) in Yuzhno-Sakhalinsk on 01–02 October 2014. The event was attended by A. M. Pevnov, Ph.D. (Philology), Chief Researcher of the Institute of Linguistic Studies of the Russian Academy of Sciences (St. Petersburg); Tsumagari Toshiro, Professor of





the Hokkaido University (Sapporo, Japan); Alfreda F. Mayevich, Professor (Poland); T. A. Bardashevich, Director of the Centre for Relations with the Regions of the Russian Association of the Indigenous Peoples of the North, Siberia, and the Far East of the Russian Federation; the delegation of the Khabarovsk Krai; and the representatives of the indigenous communities of the Sakhalin Oblast (about 50 people). During the symposium, reports were made in the languages of the indigenous peoples. The speakers voiced not only problems, but also achievements in the preservation and development of the languages of the indigenous peoples, shared experience in implementing educational, social, and cultural projects, characterised the languages from the point of view of their history, and outlined the future work on the preservation of cultural heritage.

By 2015, which is the Year of Russian Literature in the Russian Federation, the indigenous community of the region had made considerable achievements. In the framework of public and private partnership, a number of books were published to contribute to the preservation of the traditional culture and language of each ethnic group. The books «Musical Instruments in the Traditional Culture of Nivkhs» by Natalia Mamcheva, Cand. Sc. (Art), Professor of the Sakhalin College of Art, and «The Taiga Songs» (with an audio disc) by Natalia Mamcheva and Elena Bibikova, a representative of Uilta culture, were of particular interest to the community and scholars.

Together with the Ministry of Sport, Tourism, and Youth Policy and the municipalities, the Indigenous Peoples Subdivision of the Department for Interethnic, Interfaith Relations, and Work with Public Associations of the Governor's Office and the Sakhalin Oblast Government holds an annual Regional Children's Championship in the National Sports under the regional programme of state support of the indigenous ethnic groups with the financial support of Rosneft – Sakhalinmorneftegaz.

Since 2009, the indigenous ethnic groups have been adequately representing the island region at the International Exhibition Fairs. The participation of a delegation of the Sakhalin Indigenous Minorities in the Severnaya Tsvivilizatsiya («Northern Civilisation») Annual Exhibition Fair (Moscow) is possible due to budget consolidation—the funds of the regional budget and Exxon Neftegas Limited. SIM representatives take pride in the prizes they win every year (the Grand Prix, gold medals, letters of recognition, and certificates) for the participation in the Kochevye Severa («Nomads of the North») festival, the Tasting of Dishes of National Cuisine Contest, the Regional Exhibition Contest, the Polyarny Stil («Polar Style») Festival of Ethnic Fashion, the Best Composition of the National Folklore Contest, and the live broadcast of the Exhibition Fair in the online mode.

Congresses of the indigenous community play a particularly important role in the collective creation of the strategy of economic and social development, and the overall state policy of respect for Indigenous Peoples. For example, in October 2012, the 7th Congress of the Sakhalin Indigenous Minorities was held in Yuzhno-Sakhalinsk by Order of the Sakhalin Oblast Government No. 686-RA dated 13 September 2012 (financed from the regional budget).

The Sakhalin delegation took part in the 7th Congress of the Russian Association of the Indigenous Peoples of the North, Siberia, and the Far East (RAIPON) in Salekhard during 2013 (financed from the regional budget).

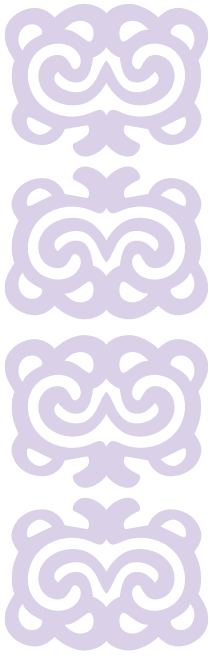
However, there is certain dissatisfaction within the social and political movement of the indigenous ethnic groups caused by the state policy as well as due to the interpersonal relationships of some leaders.

At all its forums and conferences, the members of the SIM community have expressed concern about the old housing stock, insufficient medicine supply, high unemployment, no access to the use of forests, and the impossibility of winning the competitions for fishing grounds. Many indigenous people are also worried about the lack of a system for learning their mother languages, and the absence of ethnic and cultural centres. At the same time, however, the Indigenous Peoples note the increased amount of state funding, the solution of traffic issues, the development of traditional economic activities and traditional culture in the framework of the state and private partnership. The representatives of public associations of the Indigenous Peoples understand that it is possible to improve the quality of life only through cooperation with the state authorities and mobilisation of their own resources for the sake of the present and future generations.

Table 3: Population of SIM by Ethnic Groups and Territorial Settlement as of 01 January 2015

Area of traditional residence of SIM	Total number of SIM (persons)	Nivkh	Ulita (Orok)	Nanai	Evenk	Other ethnic groups
TOTAL:	4 109	3 091	430	205	323	60
Aleksandrovsk-Sakhalinsky Municipal District	157	93	–	–	59	5
including:						
Aleksandrovsk-Sakhalinsky	37	32	–	–	4	1
Viakhtu	74	18	–	–	53	3
Trambaus	46	43	–	–	2	1
Nogliki Municipal District	1 135	869	155	3	103	5
including:						
Nogliki	891	816	33	1	36	5
Nysh	5	–	–	–	5	–
Venskoye	5	5	–	–	–	–
Katangli	13	13	–	–	–	–
Val	221	35	122	2	62	–
Okha Municipal District	1 457	1 350	12	6	84	5
including:						
Okha	639	550	7	5	74	3
Nekrasovka	728	710	5	1	10	2
Moskalvo	46	46	–	–	–	–
Rybnoye	34	34	–	–	–	–
Rybnovsk	10	10	–	–	–	–
Poronaysk Municipal District	631	240	229	114	41	7
including:						
Poronaysk	566	200	220	100	39	7
Vakhrushev	29	23	6	–	–	–
Gastello	21	4	3	14	–	–
Zabaikalets	2	–	–	–	2	–
Leonidovo	13	13	–	–	–	–
Smirnykh Municipal District	71	12	15	24	6	14
including:						
Buyukly	25	5	14	4	2	–
Onor	4	2	–	–	2	–
Orlovo	12	–	–	12	–	–
Pervomaysk	9	–	–	–	–	9
Roshchino	1	1	–	–	–	–
Smirnykh	20	4	1	8	2	5
Tymovskoye Municipal District	301	274	11	10	6	–
including:						
Tymovskoye	23	13	7	3	–	–
Chir-Unvd	225	224	–	–	1	–
Irkir	5	4	–	1	–	–
Argi-Pagi	11	8	–	3	–	–
Ado-Tymovo	10	10	–	–	–	–
Voskhod	3	–	–	3	–	–
Slavy	2	–	–	–	2	–





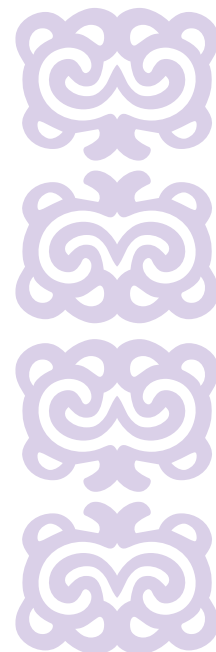
Area of traditional residence of SIM	Total number of SIM (persons)	Nivkh	Uilta (Orok)	Nanai	Evenk	Other ethnic groups
Voskresenovka	3	3	-	-	-	-
Kirovskoye	3	-	3	-	-	-
Molodezhnoye	6	3	-	-	3	-
Krasnaya Tym	3	3	-	-	-	-
Kirovskoye Residential Facility for Mentally Retarded Children	4	3	1	-	-	-
Kirovskoye Psycho-Neurological Residential Facility	3	3	-	-	-	-
Yuzhno-Sakhalinsk Municipal District	357	253	8	48	24	24
including:						
Yuzhno-Sakhalinsk	348	249	8	45	22	24
Dalneye	6	4	-	-	2	-
Starorusskoye	3	-	-	3	-	-

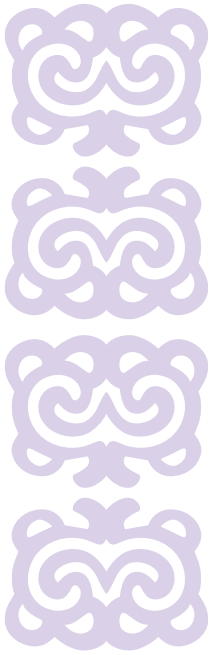
Table 4: Number of SIM Obshchini (Ethnic Community Organizations), Rodovoe Khozyaistvo (Clan Enterprises), and Nationality (Ethnic) Enterprises as of 01 August 2015

SIM City District Municipality	2010	2015	Kinds of Traditional Economic Activity
Aleksandrovsk-Sakhalinsky Municipal District	8	5	Fishing, hunting, wild crops gathering
Nogliki Municipal District	8	16	Fishing, reindeer herding, hunting, wild crops gathering, crafts
Okha Municipal District	18	18	Fishing, hunting, wild crops gathering, crafts
Smirnykh Municipal District	-	1	Fishing, hunting, wild crops gathering
Poronaysk Municipal District	19	27	Fishing, hunting, wild crops gathering, crafts
Tymovskoye Municipal District	6	6	Fishing, hunting, wild crops gathering, crafts
Yuzhno-Sakhalinsk Municipal District	1	1	Fishing, wild crops gathering, crafts
Total:	60	74	The number of communities has increased by 12%. For the first time, indigenous communities were registered in the Smirnykh District and Yuzhno-Sakhalinsk.

Table 5: Key Life Activity Indicators of the Sakhalin Indigenous Minorities as per the Data Provided by Municipal Administrations

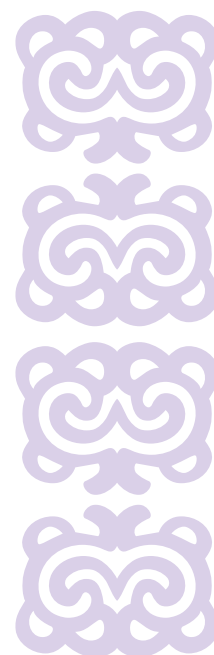
Nº	Life Activity Indicator	Unit	01 January 2014	01 January 2015
1. Demographic Indicators				
1.1	Population (Indigenous Peoples of the North) Of which:	persons	4 114	4 109
1.1.1	residing in cities, towns, and urban-type settlements	persons	2 582	2 592
1.1.2	residing in rural areas	persons	1 532	1 517
1.2	Women	persons	2 232	2 287
1.2.1	from 0 to 2 years	persons	78	88
1.2.2	from 2 to 7 years	persons	206	209
1.2.3	from 7 to 17 years	persons	454	452
1.2.4	from 17 to 35 years	persons	628	603
1.2.5	from 35 to 50 years	persons	417	492
1.2.6	above 50 years	persons	449	443
1.3	Men	persons	1882	1874
1.3.1	from 0 to 2 years	persons	80	81
1.3.2	from 2 to 7 years	persons	195	201
1.3.3	from 7 to 17 years	persons	351	356
1.3.4	from 17 to 35 years	persons	687	691
1.3.5	from 35 to 50 years	persons	363	365
1.3.6	above 50 years	persons	206	180
1.4	Fertility rate (per 1,000 persons)	persons	51	41
1.5	Mortality rate (per 1,000 persons)	persons	45	44
1.6	Average lifespan	years	55	57
2. Employment				
2.1	Proportion of working age population Of which:	%	59.8	55
2.1.1	employed	%	35,1	38
2.1.2	not employed	%	26,6	41
2.2	Total employed	persons	594	727
	including:			
2.2.1	in industry	persons	224	203
2.2.2	in the social sphere (education, culture, healthcare, etc.)	persons	93	118
2.2.3	in the service sector (trade, consumer services, etc.)	persons	171	238
2.2.4	in national enterprises, rodovoe khozyaistvo (clan enterprises), and obshchiny (ethnic community organisations)	persons	209	232
3. Living Standard Indicator				
3.1	Average monthly salary,	RUB	21 694,7	29 798
3.2	Monthly subsistence minimum	RUB	10 062,8	12 252
3.3	Proportion of population with income below the subsistence minimum	%	47,23	57
3.4	Proportion of the cost of housing and communal services in the average income	%	18,4	18
4. Traditional Economic Activity Indicators				
4.1	Area of land allocated to SIM enterprises of different ownership forms for economic use, including:	thousand hectares	19 247,7	19 281
4.1.1	reindeer pastures	thousand hectares	11 922,3	11 922,3

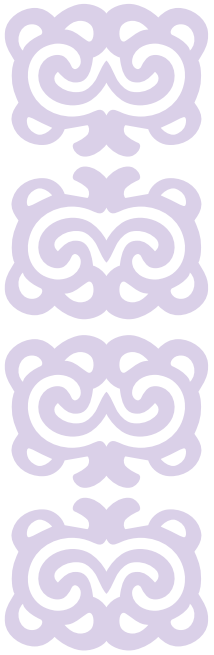




Nº	Life Activity Indicator	Unit	01 January 2014	01 January 2015
4.1.2	hunting grounds	housand hectares	-	-
4.1.3	areas for wild crops gatheringw	housand hectares	-	-
4.1.4	areas for fishing (anadromous fish species / navaga, smelt)	kilometres	25,6	25,6
4.2	Population of reindeer	animals	150	136
5. Facilities for the Processing of Products of Traditional Economic Activities				
5.1	Number of facilities (shops, workshops) for the processing of products of traditional economic activities, including:	units	25	19
5.1.1	facilities for deer slaughter and meat processing	units	-	-
5.1.2	facilities for the processing of raw leather and fur and tailoring	units	5	5
5.1.3	animal farms	units	-	-
5.1.4	sea mammal hunting cooperatives	units	-	-
5.1.5	fishing brigades	units	16	13
5.1.6	fish processing facilities	units	3	4
5.1.7	wild crops processing facilities	units	1	2
5.2	Number of factories and intermediate camps for hunters and reindeer herders	units	-	-
6. Social Infrastructure Availability Indicators				
6.1	Housing stock area	m ²	26 850	32 833
6.2	Housing per capita	m ² per person	73	74
6.3	Housing stock deterioration	%	66,7	67
7. Healthcare				
7.1	Hospitals	units/bed	6/1 141	6/1 026
7.2	Polyclinics	visits per shift	2 792	2 792
7.3	Medical and obstetrical stations	units	18	17
7.4	Physicians of all specialities	persons	217	231
7.5	Nursing staff	persons	615	514
7.6	Main types of diseases, including	cases	1 745	1 223
7.6.1	Tuberculosis (total/identified during the year)	cases	43/13	50/5
7.6.2.	Endocrine system diseases	cases	276	49
7.6.3	Blood diseases	cases	139	44
7.6.4	Circulatory diseases	cases	384	104
7.6.5	Respiratory diseases	cases	343	538
7.6.6	Digestive system diseases	cases	202	143
7.6.7	Alcoholism	cases	146	131
7.6.8	Drug addiction	cases	5	3
7.6.9	Mental disorders	cases	184	198
7.6.10	Venereal diseases	cases	25	8
8. Education				
8.1	Comprehensive schools	capacity	33 052	35 595
8.1.1	Students (SIM students)	persons	537	555
8.2	Small schools	capacity	1 442	1 490
8.2.1	Students (SIM students)	persons	50	54
8.3	Preschool education establishments	capacity	14 369	15 470
8.3.1	Children (SIM children)	persons	201	208

Nº	Life Activity Indicator	Unit	01 January 2014	01 January 2015
8.4	Specialised vocational educational institutions	units	6	6
8.4.1	Students (SIM students)	persons	17	18
8.5	Teachers of secondary educational institutions	persons	no data	no data
8.6	Teachers of specialised vocational educational institutions	persons	no data	no data
8.7	Teachers of preschool educational institutions	persons	no data	no data
8.8	Students of higher professional educational institutions.	persons	35	27
8.9	Students of secondary vocational educational institutions	persons	39	40
8.10	Number of children and teenagers learning their native language (in secondary schools / in preschool educational institutions)	persons	76	63
9. Culture				
9.1	Centres of national culture, art centres in the areas traditionally inhabited by SIM	units / capacity	–	–
9.2	Clubs	capacity	3 239	3 268
9.3	Libraries	capacity	1 138	1 164
9.4	Museums	units / capacity	9/230	9/230
9.5	National ensembles	units	10	10
9.6	Proportion of the population participating in cultural and leisure activities	%	52%	53%





3 ASSESSMENT OF DEVELOPMENT OPPORTUNITIES, IMPACTS, AND RISKS

3.1 DESCRIPTION AND ASSESSMENT OF THE SECOND SIMDP

Similar to SIMDP1, the Second Plan incorporated measures to share Sakhalin-2 project benefits with SIM. These are delivered by way of programmes for economic development (the Traditional Economic Activities Program [TEASP]) and through programmes focused on health, education, culture, and capacity building (the Social Development Fund [SDF]). Annual funding of the Plan during the SIMDP2 implementation period has been USD 312,000, totalling a 5-year commitment of USD 1,560,000 by the Company.

During the SIMDP2 implementation period, the SDF has included two types of programmes:

1. Long-term social projects, with the following components:

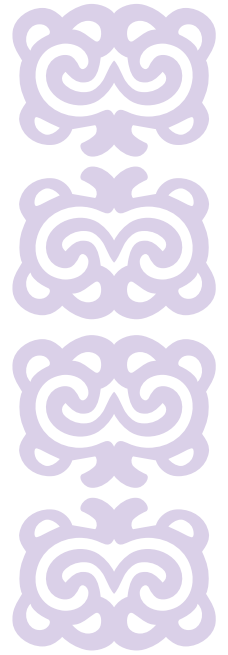
- **Education**, supporting the Indigenous Minorities of Sakhalin studying in higher or secondary professional educational institutions
- **Healthcare**, supporting the health and healthy lifestyles of the SIM
- **Capacity Building**, supporting activities important for the development of the SIM, including the School of Young Leaders and the management/administration of the SDF's long-term social projects

2. The Annual Competitive Programme (e.g., the 2012-15 "Link of Times"), aimed at supporting projects that contribute to the preservation and development of SIM culture and arts, as well as encouraging gifted and talented people in culture and the arts, and at enhancing inter-ethnic relations

The activities of the SDF received near-universal praise from the respondents who the Plan Completion Evaluation Team (PCET) spoke with. The local district administrations that were involved with the Plan's social projects also praised the Plan for its lack of complex bureaucratic procedures and the ease of communications. When discussing the SIMDP in general, many people said that "the Plan helps children and pensioners the most," referring to the educational and health supports that the Plan provides.

Many respondents were appreciative of the SIMDP's support for popularizing SIM culture, both among SIM themselves and among the wider population, and for reminding one and all that Russia is a multicultural country. Public festivals, publications, and media coverage have added to this heightened public awareness of SIM culture. They also remarked that "the Plan has helped people become closer to our origins" and pointed to the revival of ethnic festivals, the publishing of books in SIM languages, and the preparation of materials that capture folk knowledge (such as a book recording the medicinal and other uses of local plants by SIM). These were all given as examples of how the SIMDP contributed to raising the communal awareness of the SIM. Furthermore, the people working to promote such culture-enhancing activities assert that without the SIMDP, they would have little to no chance of receiving other kinds of support, as the government and other potential corporate sponsors allocate very limited funds to such projects.

One issue that was repeatedly raised during the discussions of SDF programmes was whether or not these supports for health, education, and culture should more properly be the responsibility of the government. In particular, respondents asked if the SIMDP was merely "filling the gap" engendered by declining government support to SIM communities and social services in general. Support for the "gap-filling" view seemed to be corroborated by statements by some who said they were advised to apply to SIMDP



programmes by government staff as government budgets were limited. Government representatives at the district and village levels, meanwhile, were highly appreciative of the support provided by the Plan in a time of tightened official budgets. Some of the representatives involved in the Plan administration also felt that the positive collaboration between the government and the SIMDP served to enhance the lives of the SIM, and thus was in line with the Plan's objective of improving the lives of SIM.

Aside from the SDF, the other key support vehicle for delivery of Project benefits was the operation of the Traditional Economic Activities Support Programme (TEASP). TEASP includes three components:

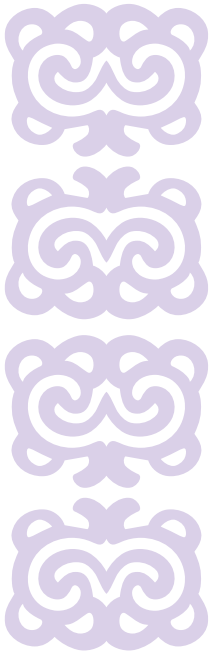
1. **Self-Sufficiency**, which provides support for SIM members living outside of the populated localities for more than four months of the year, through the provision of transportation vehicles (snowmobiles, boats, boat motors), fishing gear, autonomous power units (diesel generators), and other things that are necessary for practicing traditional activities and improving the social conditions of the SIM
2. **Business Planning**, which provides for support of Indigenous Minorities' *rodovoe khozyaistvo i obshchina* (clan-based enterprises and community organisations) and other SIM associations through the provision of equipment and transport necessary for practicing traditional economic activities
3. **Microloans Programme**, which provides support for Indigenous Minorities' *rodovoe khozyaistvo i obshchina* and other SIM associations through loans of up to RUB 500,000 for a 6 to 12-month period at an interest annual rate of 3%

There was much praise among respondents for the positive economic impact and sense of encouragement provided by the TEASP. Given high SIM unemployment figures,¹⁰ the TEASP components helped many families and enterprises more effectively make ends meet and even move beyond basic subsistence. Praise was given both from the unemployed and vulnerable as well as from the communal enterprises (*obshchina*) in districts with more *obshchinas* (like Nogliki), who were well positioned to take advantage of Business Planning opportunities. The TEASP components, respondents reported, helped generate economic opportunities for both the young and the old. In Nogliki, SIMDP2 was cited as a major factor in the significant increase in fishing and related activities in the areas of traditional fisheries.

The TEASP acted as a spur to economic development. The number of *obshchina* increased by more than 20% (from 60 to 73) during the SIMDP2 implementation period. Many respondents gave the Plan a significant degree of credit for this expansion, both for supporting enterprises that were struggling to stay in operation and for encouraging others to officially register. With the greater experience gained by many individuals through self-sufficiency grants obtained through the first SIMDP, the process was easier for them, and they were in turn inspired to take the next developmental step and open their own *obshchina*. Some new *obshchina* heads, and especially young people, also reported that they wanted to open an *obshchina* with their own equipment (supplied by the Self-Sufficiency grants) because they were extremely reluctant to borrow equipment from others. This also helped address a problem that first arose during SIMDP1, and which has remained (though with less urgency) during SIMDP2, namely that of finding partner organizations for families or individuals who wanted to apply for Self-Sufficiency grants. Although Plan regulations require an *obshchina* to act as a non-commercial partner for such grants (to supply a recognised legal and financial entity to take responsibility for the transfer of property and funds), many *obshchina* were reluctant to act in such capacity, as they consider the incentives to do so too few and the burden on time and resources too great. Some also did not want to help those without prior affiliations to their own *obshchina* to gain a competitive advantage in the struggle for fishing and quota access.

The TEASP components were also a spur to development in another sense. The PCET met with several individuals and new *obshchina* who related how they, having first applied for and won a Self-Sufficiency grant a few years ago (sometimes after a few such applications), were subsequently inspired to also apply for a Business Plan grant or to take out a micro-loan. Given that each *obshchina* is typically associated with a social group of friends and relatives (often upwards of 60 or more people) from whom fishing quotas are assigned and results of economic activities are shared, the expansion and revitalisation of

¹⁰ Although there are no official unemployment figures by nationality, nevertheless, unemployment figures for areas with higher concentrations of SIM likewise tend to have higher unemployment rates.



obshchina has had—and can continue to have—a significant positive social and economic impact at the community level. By injecting extra equipment and credit into the communities, and by encouraging additional engagement with the paperwork and legal formats of mainstream society, the TEASP components have provided a potential pathway for livelihood improvement for those willing and able to seize the opportunity.

Aside from the spread of benefits, one other goal of the SIMDP2 was to enhance the capacity of SIM communities and representatives to actively participate in the management of the SIMDP and, by extension, similar socio-cultural and economic intervention strategies. In general, the capacity building goal of the SIMDP encompasses the Indigenous Minorities learning skills, knowledge and techniques that could help them participate successfully in the SIMDP not only as beneficiaries, but also as its active administrators. These measures can also help prepare them for successfully engaging in more dynamic activities aimed at the improvement of their lives, based on the indicators of income, employment, education, health and social welfare. The PCET received evidence and estimations of enhanced SIM capacity both from the local administrations and from the SIM communities, as well as from the representatives of SOG and Sakhalin Energy. In some cases, however, the respondents raised questions about insufficiencies in the level of SIM capacity enhancement during the SIMDP2 implementation period, and of the necessity to further strengthen capacity.

Another of the strategic goals of the SIMDP2 was to make initial preparations for the eventual establishment of an independently-run SIM Development Fund. Within the framework of SIMDP2, the SIM representatives obtained certain skills that are potentially important and useful for managing such a fund in the future. These skills include decision-making experience in the context of the SDF and TEASP activities of the SIMDP. This experience can be viewed as a significant component for enhancing the capacity to independently manage a financial fund in the future, and respondents expressed enthusiasm for the idea of eventually establishing such a fund.

Another issue that the PCET looked into was the degree to which the Plan's rules were adhered to. In general, the PCET was impressed with the strong commitment of both the Governing Board and the Executive Committee to adhere closely to the rules (as set out in both Regulations and Concept Papers), even as they argued about the meaning of the rules. The governing bodies and the Coordinator were also found to adhere closely to the rules.

At times, however, there have been instances of weak enforcement of the rules. For example:

- There appears to be no consistent and reliable mechanism to enforce the rule of “no repeat application for purchase of the same equipment under TEASP within five years” for some categories of grants. Instead, there seems to be an ad hoc reliance on the Expert Groups, Committee/Council members, or the Coordinator to remember the rule and take charge of its application.
- Similarly, there was no consistent and reliable mechanism or process to assure that the members of the SDF Council and TEASP Committee disclose their connections with applicants during their meetings, as the rules require.
- Rules regarding successful equipment purchases and their use for the purposes stated in the applications contain very few provisions as regards post-acquisition usage. A lack of adequate procedures for internal monitoring of such purchases has reportedly led to some abuse.

There also were questions raised regarding the allegedly biased enforcement of rules.

Representatives of all three partners agree that the basic framework for tripartite collaboration has remained intact during the SIMDP2 implementation period, with cooperation occurring as needed. However, they also agree that relations among the partners have deteriorated over the last year or more. In sum, the PCET found that the SIMDP2 had successfully delivered benefits to the SIM and efficiently met its key objectives. There were some areas for improvement, and the PCET's recommendations for the SIMDP3 were included in the Plan Completion Evaluation Report.

3.2 DESCRIPTION OF THE SIMDP3 PREPARATION PROCESS

3.2.1 DESCRIPTION OF CONSULTATIONS WITH THE SAKHALIN INDIGENOUS MINORITIES

PUBLIC CONSULTATIONS

To ensure that the opinions of the Sakhalin Indigenous Minorities are taken into account in the development of SIMDP3, two rounds of extensive and open consultations were conducted in all areas of their traditional residence and traditional economic activities. Consultations were held in 13 settlements on Sakhalin, with more than 500 members of the Sakhalin Indigenous Minorities participating.

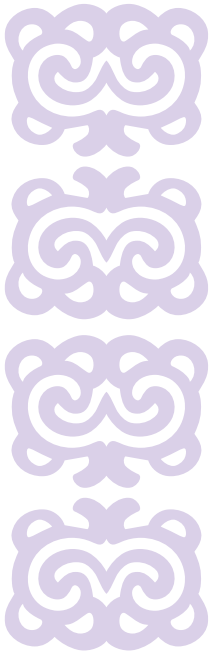
The first round of consultations aimed at gathering opinions and proposals while also determining priorities in the development of programmes and the Plan management structure and was held in February 2015. The consultations were held with representatives of public organisations, clan enterprises, and obshchiny; and local authorities in the 13 settlements of traditional residence of the Sakhalin Indigenous Minorities: Okha, Nekrasovka, Nogliki, Val, Tymovskoye, Chir-Unvd, Aleksandrovsk-Sakhalinsky, Trambaus, Viakhtu, Poronaysk, Smirnykh, Buyukly, and Yuzhno-Sakhalinsk. In all, 295 persons took part in 17 meetings (see Table 6).

After the public meetings, individual consultations and open hours were held, during which the specific issues of the SIMDP implementation were explained. Also a questionnaire survey was held (see Annex 5 and Annex 6) to evaluate the SIMDP2 implementation and make proposals for the preparation of SIMDP3. The questionnaires were distributed to the SIMDP governing bodies at the local level in order to receive further suggestions. In addition, an opportunity was provided to fill in the questionnaires on the website of SIMDP as well as to send them in paper and in electronic form until 01 May 2015.

Table 6: The First Round of Consultations with the Representatives of the Indigenous Peoples in the Framework of SIMDP3 Formation (February 2015)

Date	Settlement	Number of Participants		
		Population	Administration	Total
06.02.2015	Okha	–	10	10
		32	1	33
07.02.2015	Nekrasovka	25	1	26
08.02.2015	Val	32	–	32
09.02.2015	Nogliki	–	10	10
		37	1	38
10.02.2015	Chir-Unvd	17	2	19
10.02.2015	Tymovskoye	–	9	9
11.02.2015	Smirnykh	10	3	13
12.02.2015	Aleksandrovsk-Sakhalinsky	12	7	19
13.02.2015	Viakhtu	8	3	11
14.02.2015	Trambaus	4	–	4
15.02.2015	Buyukly	2	–	2
16.02.2015	Poronaysk	–	5	5
		41	1	42
18.02.2015	Yuzhno-Sakhalinsk	19	3	22
Total:		239	56	295





The second round of consultations, in which stakeholders were presented a preliminary draft of selected programmes and components, the SIMDP management structure, the composition of the SIMDP governing bodies, a mitigation measures matrix, as well as the procedure for the review of the population's grievances relating to the SIMDP implementation, was held in the areas of SIM traditional residence and economic activities in October 2015 (see Table 7).

Table 7: The Second Round of Consultations with the Representatives of the Indigenous Peoples in the Framework of SIMDP3 Formation (October 2015)

Date	Settlement	Number of Participants		
		Population	Administration	Total
07.10.2015	Yuzhno-Sakhalinsk	30	–	30
08.10.2015	Poronaysk	–	5	5
09.10.2015		21	0	21
09.10.2015	Smirnykh	14	3	17
11.10.2015	Viakhtu	13	2	15
11.10.2015	Trambaus	6	1	7
12.10.2015	Aleksandrovsk-Sakhalinsky	10	4	14
13.10.2015	Chir-Unvd	6	2	8
13.10.2015	Tymovskoye	–	5	5
14.10.2015	Val	23	1	24
15.10.2015	Nogliki	33	5	38
16.10.2015	Okha	12	4	16
17.10.2015	Nekrasovka	16	–	16
Total:		184	32	216

With a view to raising public awareness, information on the status of SIMDP3 preparation in paper and electronic form was distributed to stakeholders, participants of the public meetings, sent to SIM organisations and the administrations of the municipalities, and placed in the information centres and libraries, as well as on the website of SIMDP (www.simdp.ru).

In the framework of the first round of consultations, a report was prepared, based on the results of the study of public opinion about SIMDP2 implementation and the preparation of SIMDP3. The report was distributed, together with other materials, among all stakeholders during the public consultations and preparation of SIMDP3 (see Annex 3).

3.2.2 MAIN RESULTS OF CONSULTATIONS

In general, the consultations have shown that the SIM population of all age groups think it necessary that SIMDP3 should provide for support of social projects, such as educational and cultural programmes, support of healthcare, SIM capacity building and traditional economic activities.

FORMAL CONSENT

The Working Group was in charge of the preparation of SIMDP3 and submitted it for review to the representatives of the Indigenous Peoples in the seven districts of the Sakhalin Oblast. During the first half of November 2015, the preliminary version of SIMDP3 was distributed in the areas of SIM traditional residence and traditional economic activities for consideration by the indigenous population, after which, on 26 November, a special conference was organised by the RCAR with the task of approval of the Plan and/or its amendment was held in Yuzhno-Sakhalinsk. The conference was attended by 52

representatives of SIM, elected in all settlements traditionally inhabited by the indigenous minorities of Sakhalin Oblast and delegated to participate in this event.

At the conference a majority of 29 “yesses” by the SIM representatives:

- recognized the successful implementation of the Second Development Plan;
- acknowledged the widespread public support of the SIMDP;
- agreed that the consultations were undertaken without external pressure, carried out well in advance of the decision-making time, and were accompanied by sufficient relevant information with respect to the Second and Third Plans necessary for their formation of their own independent assessment of the draft SIMDP3; and
- gave their consent for the implementation of SIMDP3 and the signing of a tripartite agreement between the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin, the Sakhalin Oblast Government and Sakhalin Energy.

3.3 ASSESSMENT OF ADVERSE EFFECTS

3.3.1 PERCEPTION OF THE PROJECT'S POTENTIAL ADVERSE IMPACT ON THE SAKHALIN INDIGENOUS MINORITIES

One of the key objectives of the SIMDP is to avoid or minimise the potential effects of the Sakhalin-2 project on the environment and traditional use of natural resources. However, while this target was a priority for SIMDP1 (2006–2010), the most important goal of SIMDP2 (2011–2015) according to respondents was to improve the quality of life of the Sakhalin Indigenous Minorities. Capacity building has become the priority area for the third phase of the Programme (2016–2020).

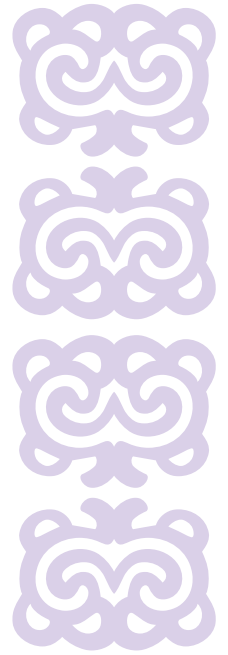
The developers of SIMDP3 find this change of priorities natural since after the end of the construction phase of the Sakhalin-2 project many of the potential negative factors became improbable.

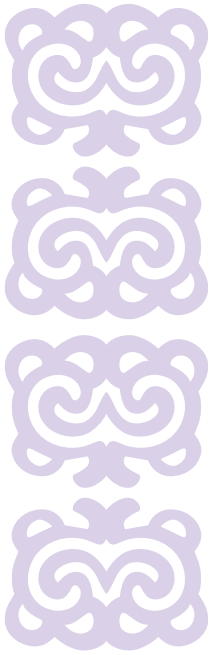
According to the SIMDP2 Plan Completion Evaluation Report, concern about the potential negative environmental impacts of the Sakhalin-2 project on the indigenous population of the Sakhalin Oblast has declined, and this is partially due to the semi-annual reports submitted by Sakhalin Energy to the SIMDP Governing Board. «...The lack of major environmental accidents has also contributed to the near-complete disappearance of environmental issues from SIMDP-related events or community concerns. On the contrary, the Plan Completion Evaluation Team heard from many non-Company respondents that Sakhalin Energy probably performs better than any other oil and gas operator on Sakhalin in decreasing negative impacts on the environment (while other operators might even ignore confirmed spills)» (from the SIMDP2 Plan Completion Evaluation Report).

The respondents of the survey were the representatives of the Sakhalin Indigenous Minorities aged 17 and older, residing in the territory of the Sakhalin Oblast in the following settlements: Okha, Nekrasovka, Nogliki, Val, Viakhtu, Poronaysk, Chir-Unvd, and Yuzhno-Sakhalinsk. The mass survey was conducted in the form of a formalised (controlled structured) interview with the respondents on the basis of a pre-designed questionnaire. The number of respondents in each settlement ranged from 5% to 8% of the total number of the SIM in the respective city, urban-type settlement, or village. The sample number was 232 people, while the total number of the population was 4,109 people.

Two focus groups with SIM representatives were conducted in the framework of the public opinion study in order to obtain more information about the content of the respondents' knowledge of the SIMDP. The focus groups were held in Yuzhno-Sakhalinsk, and the respondents were divided into 2 groups:

- The youth group, including 8 persons (aged 18–29). This group comprised mainly students and pupils of higher and secondary vocational educational institutions of Yuzhno-Sakhalinsk.





- The older age group, including 7 people (aged 30–56). This group comprised workers, employees, and pensioners living in Yuzhno-Sakhalinsk and its suburbs.

The answers to the question about the possible adverse impact of the Sakhalin-2 project are as follows:

Table 8: Focus Group Discussion Responses to the Question: Do you think there was/is any inconvenience or adverse impact associated with the Sakhalin-2 Project?

Answers	2010 Responses	2015 Responses
Yes	32,93%	34,48%
No	6,75%	47,41%
It is hard to say	60,32%	18,10%
Total	100%	100%

Comparing the two sets of responses, the proportion of the indigenous population claiming that there was no inconvenience or adverse impact associated with the Sakhalin-2 project has increased significantly—by 40.66%. This is a striking improvement achieved over the past five years.

According to the SIMDP2 Plan Completion Evaluation Report, this is due to the special infrastructure created in the framework of the Sakhalin-2 project to prevent and reduce the adverse environmental impact of the Project. This infrastructure as well as the interaction between Sakhalin Energy and the RF government authorities and departments can be considered to be an effective mechanism to prevent and minimise negative environmental impacts of the Sakhalin-2 project in the areas of SIM traditional residence. Furthermore, the experience gained during the implementation of the SIMDP has shown that the disclosure of information on the impact of the Sakhalin-2 project to the Sakhalin Indigenous Minorities has had a largely positive effect. Therefore, the PCER recommends to change SIMDP Objective 4 (note: “Avoiding or mitigating in an environmentally sustainable manner any potential negative effects caused by the operation of oil and natural gas pipelines and associated Sakhalin-2 project facilities on SIM”) so that it provides for “timely, objective and complete provision of information to the Sakhalin Indigenous Minorities’ community of the actual and/or potential impacts of the Sakhalin-2 project on the environment and the measures taken to prevent and/ or minimise any potential negative impacts.”

3.3.2 SIMDP3 MITIGATION MATRIX

In 2005–2006, the Mitigation Matrix was developed on the basis of the multilateral consultations in response to the concerns of the Indigenous Peoples. The Matrix included potentially problematic issues and measures to address them. It was updated as required and reviewed at each meeting of the SIMDP Governing Board.

From 2006 to 2010, 30 problematic issues were entered into the Matrix. As of December 2010 (the end of SIMDP1), 28 of them were closed, and the remaining two were under constant monitoring:

- **Concern with the effects of oil and other substances spills.** As a mitigation measure, twice a year, the Company submitted information regarding spills of oil and other hydrocarbons to the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin.
- **Grievance Procedure.** During SIMDP2 implementation, a special procedure regarding complaints related to the implementation of the SIMDP was in effect, in addition to the Grievance Procedure for dealing with complaints from the general population.

As part of SIMDP2 (2011–2015), the Matrix included five outstanding problems:

- concern with the effects of oil and other substances spills
- provision of information about the measures aimed at biodiversity conservation
- how to provide information for the SIM in case the Sakhalin-2 project expands and affects other lands and resources used by the Sakhalin Indigenous Minorities
- provision of information about the mechanism of funds distribution under the SIMDP programmes (note: the issue was closed on 29 June 2011)
- Grievance Procedure: grievances related to the Project and the SIMDP

According to the SIMDP2 Plan Completion Evaluation Team, the Mitigation Matrix proved to be a useful tool to inform the public about the impact of the Sakhalin-2 project on the environment.

The Working Group for the Preparation of SIMDP3 proposed the following items for inclusion in the Mitigation Matrix during the second round of consultations since these issues were being constantly monitored at the time of completion of SIMDP2:

- concern with the effects of oil and other substances spills
- provision of information about the measures aimed at biodiversity conservation
- how to provide information for the SIM in case the Sakhalin-2 project expands and affects other lands and resources used by the Sakhalin Indigenous Minorities
- Grievance Procedure: grievances related to the Project and the SIMDP

The SIM representatives that participated in the consultations approved the inclusion of these items in the Mitigation Matrix. No new proposals were submitted.

The Matrix will be updated and presented at each meeting of the SIMDP Governing Board to the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin, and other stakeholders.

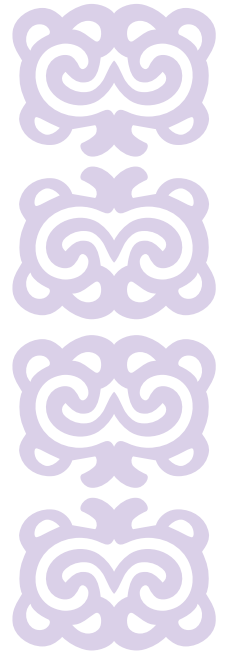
3.4 RISK ASSESSMENT

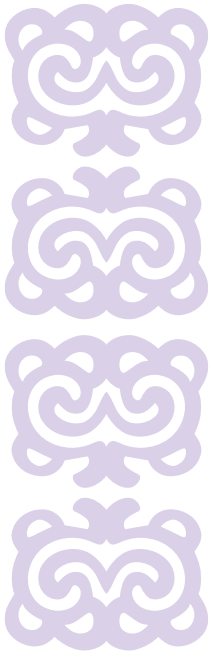
In connection with the implementation of SIMDP1 and 2, the following risks were identified:

- i. the Company's failure to comply with its obligations regarding the provision of funds for the SIMDP in the case of non-receipt of debt financing from international financial institutions, which could affect the Company's readiness to be guided by international standards in its dealings with the SIM
- ii. lack of staff in the Indigenous Peoples Team of Sakhalin Energy
- iii. incomplete fulfilment of its partnership obligations by the Sakhalin Oblast Government
- iv. lack of active participation of the partner organisations in the joint management of the SIMDP

Risks i and ii did not occur in the process of implementation of SIMDP1 and 2. Not only did Sakhalin Energy fully supported the SIMDP implementation but also provided support to other SIM projects, which were not included in the budget of the Plan (see Annex 5).

One of the key issues causing concern, especially during the implementation of SIMDP1, was the fear of insufficient participation of the Sakhalin Oblast Government in the SIMDP implementation. In fact, the Sakhalin Oblast Government fully participated in the implementation of both SIMDP1 and 2. In addition,





various public organisations of the SIM, in particular the RCAR of the SIM, cooperated closely in the management and support of the Plan.

According to the SIMDP2 Plan Completion Evaluation Report, «representatives of all three partners agree that the basic framework for tripartite collaboration has remained intact during the SIMDP2 implementation period, with cooperation occurring as needed. However, they also agree that relations among the partners have deteriorated over the last year or more.» Therefore, the lack of full partnership between the RCAR, the Sakhalin Oblast Government, and the Company should be noted as one of the main risks in the implementation of SIMDP3. The partner organisations should develop measures to reduce this risk as well as mechanisms to ensure effective interaction.

In the process of implementation of SIMDP1 and SIMDP2, other risks have emerged as well and must be given attention during the implementation of SIMDP3:

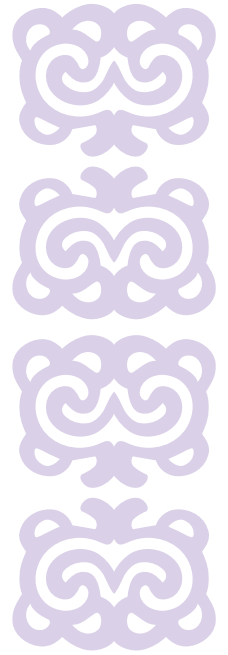
First of all, it is necessary to pay more attention to the issues of transparency and accountability in all aspects of the SIMDP. During the implementation of SIMDP2, the internal monitoring programme was considerably strengthened. This work should be continued during the implementation of SIMDP3.

It is also important to avoid a conflict of interest or giving preference (or the appearance of preference) to the interests of certain individuals, groups, or districts.

It is necessary to mention the existence of a factor not directly related to the SIMDP but having a significant indirect impact on its efficiency. In recent years, there has been a split among the Sakhalin Indigenous Minorities. A lack of understanding between different SIM organisations and groups has led, among others, to attempts to use the SIMDP for solving the internal contradictions between the representatives of the indigenous population. Despite the fact that Sakhalin Energy has repeatedly reaffirmed its principle of non-interference in the internal affairs of the SIM, at the time of the launch of SIMDP3 the situation remains complicated. Therefore, the Partners need to make every effort to ensure that all the Indigenous Minorities of the Sakhalin Oblast will receive benefits from the implementation of SIMDP3 as well as to prevent the use of the SIMDP for solving internal conflicts of the SIM.

4

DEVELOPMENT MEASURES



4.1 PRINCIPLES OF DEVELOPMENT MEASURES IDENTIFICATION

The specific development measures for SIMDP3 will be decided by the committees which will oversee two SIMDP3 programmes: the Social Development Fund Committee and the Traditional Economic Activities Support Programme Committee. The two programmes were approved for inclusion in SIMDP3 by the Working Group for the Development of SIMDP3 after extensive and open consultations with Sakhalin's Indigenous Peoples and experts in various fields. Beginning with the first round of consultations held throughout the island in February 2015 and continuing with the second round of consultations held in October 2015, representatives of the SIM were polled as to preferences for development measures and programmes. These discussions resulted in identifying traditional economic activities, education, healthcare, sports, culture, and capacity building as the main areas of development. These elements recommended for SIMDP3 were remarkably similar to the elements recommended for previous Plans. Yet another input into the WG decision was the recommendations of the SIMDP2 Completion Evaluation Report (see Section 3.1), which also advised the establishment of the TEASP and SDF.

4.2 PROGRAMMES OF SIMDP3

SIMDP3 comprises two separate development programmes, both successors to SIMDP2 programmes. The first, the SDF, will cover all non-economic development initiatives, while the second, the TEASP, will operate similarly to its SIMDP2 predecessor, emphasising economic development.

4.2.1 SOCIAL DEVELOPMENT FUND

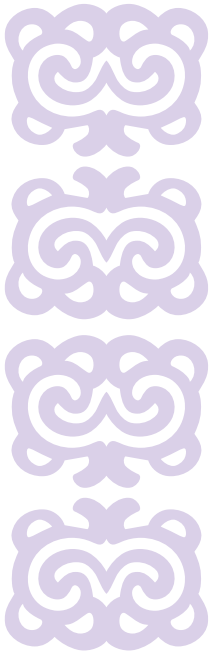
OVERVIEW AND COMPONENTS

The Social Development Fund (SDF) was founded to achieve the following objectives:

- capacity building of the Sakhalin Indigenous Minorities in the area of social development fund management
- improving the quality of life of the Sakhalin Indigenous Minorities taking into account their specific cultural features

THE FUNDS OF THE SDF WILL BE DISTRIBUTED AMONG A NUMBER OF COMPONENTS, INCLUDING:

- capacity-building
- education
- healthcare
- culture
- sports



Based on the proposals made by SIM representatives, the Working Group recommended to reserve a part of the budget of SIMDP3 for the implementation of educational projects, such as: support of SIM youth receiving education in the institutions of higher, secondary special, and vocational education (both full-time and part-time).

The applications to receive funding under the SDF submitted by SIM community members, public organisations, and obshchiny, will be given priority.

SDF EXPERT GROUP, DISTRICT COMMITTEES, AND BUDGET

All decisions on the allocation of funds under the social programmes are made by the SDF Committee (see below).

Experts Group. To assist the SDF Committee in making its decisions, an Experts Group makes recommendations in the course of adopting decisions on the assessment of specific grants or proposals by the SDF Committee. The Experts Group will be comprised of:

- five representatives of Ministries of the Sakhalin Oblast (Culture, Health, Education, Sports, and Social Protection)
- a Sakhalin Energy representative
- a representative of the Sakhalin Oblast Government (the Indigenous Peoples Subdivision of the Department of Interethnic, Interfaith Relations, and Work with Public Associations of the Sakhalin Oblast Governor Office and Government)
- a representative of the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin

Each of the partners will be responsible for determining the procedures for selecting its own expert(s).

District Committees. The District Committees are locally grounded representative bodies of the SIMDP which will be set up to conduct a preliminary examination of projects submitted to the SDF Committee within the education component. The Committees will make recommendations regarding the projects proposed in their own districts.

Each District Committee is composed of one representative of the administration of the district recognised as an area of SIM traditional residence and traditional economic activities and two representatives of the local councils of the authorised representatives of the SIM. See also Section 4.4.2.4.

Budget. The amount of funding that will be allocated to the SDF Programmes for the first year is half of the total budget of SIMDP3 (see Section 4.6). This amount will be adjusted annually, as necessary, by the SIMDP Governing Board (see Section 4.4.2).

PROGRAMME MANAGEMENT AND MONITORING

The primary decision-making body for this programme will be **the SDF Committee**. This body will operate under the authority of the SIMDP Governing Board (see Section 4.4.2) and will be composed of seven indigenous representatives, one representative elected from each of the seven districts recognised as the areas of traditional residence and traditional economic activities of the SIM. Each representative shall be familiar with the social conditions in his/her district and elected by the local people of the district according to the procedure defined by the RCAR.

The Chairperson of the Committee will be elected by the full SDF Committee. The Committee will meet on a regular basis, with the frequency of meetings and other organisational matters to be agreed upon by Committee members at its first meeting. See also Section 4.4.2.3.

The work of the Social Development Fund will be evaluated by the three SIMDP Partners on a regular basis. External monitoring and evaluation will also be carried out by the External Monitor and the Evaluation Teams described in SIMDP Sections 4.5.2 and 4.5.3. Regular consultations will take place with participants and implementers, and the results of these will feed back into planning and design of further activities.

4.2.2 TRADITIONAL ECONOMIC ACTIVITIES SUPPORT PROGRAMME

OVERVIEW AND COMPONENTS

During preparations for SIMDP3, representatives of the indigenous minorities agreed that about half of the SIMDP budget should be allocated to support of traditional economic activities¹¹.

The Traditional Economic Activities Support Programme (TEASP) has been developed to solve issues related to employment and business development of the indigenous minorities. Representatives of the indigenous minorities emphasised the importance of the traditional use of natural resources (reindeer herding, fishing, wild plants gathering, and artistic crafts) for preservation of their cultural heritage.

THE GOALS OF THE TEASP ARE TO:

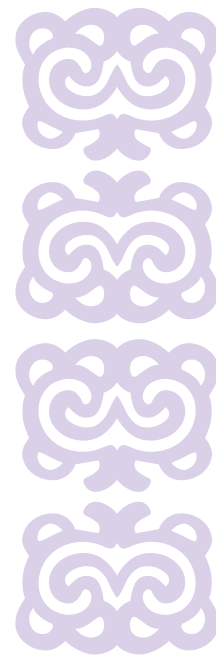
- develop and preserve traditional forms of economic activity of Sakhalin's indigenous minorities
- create employment and business opportunities for the indigenous minorities based on their current skills and experience
- increase the capacity of SIM enterprises
- support the development of economically sustainable enterprises so as to wean them away from grants and subsidies and towards such market tools as loans/credits;
- facilitate the provision of social benefits and support to local indigenous communities by successful obshchiny and other indigenous enterprises

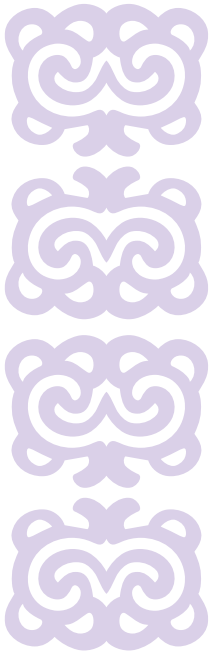
PROGRAMME RATIONALE

Currently, many indigenous communities and other SIM associations, particularly in the sphere of the traditional economy (fishing, reindeer herding, wild plants gathering, hunting, and crafts) are economically unstable or uncompetitive. Many SIM families have registered clan enterprises and communal organizations (rodoviye hozyaitsva i obshchiny) or independently carry out traditional economic activities on the basis of self-sufficiency. At the smaller end of the enterprise spectrum, there are small family units that engage in fishing, gathering, and possibly hunting for own subsistence and may sell or exchange surplus production. SIM representatives use fishing quotas, which are issued to the indigenous population for personal consumption. At the larger end of the spectrum, there are a few enterprises which use commercial quotas and sell their catches in commercial markets for profit. In between, there are a number of small non-profit economic entities.

Today there are only a few examples of sustainable indigenous communities or other SIM associations based on traditional activities. Still, the potential for the indigenous communities to achieve success in the wider market exists, and SIMDP2 has shown that such successes are possible when they receive support and cultivate entrepreneurial skills. During consultations, the representatives of the SIM expressed their wish for SIMDP3 to provide support to commercial entities or organisations that have the potential to become commercial entities. The experience gained during SIMDP2 implementation showed that SIM entrepreneurs require considerable training in business skills as well as in certain technical specialities. Referring to the experience of SIMDP2, SIM entrepreneurs count on assistance in the form of grants, free training, and low-interest loans.

¹¹ This refers to types of economic activity traditionally practiced by Indigenous Minorities, such as fishing, hunting, reindeer herding, and collecting wild plants. It also includes contemporary forms of these activities.





The TEASP seeks to respect the wishes of indigenous entrepreneurs to develop their economic activities primarily for the benefit of the indigenous community but, at the same time the programme seeks to build gradually the capacity of indigenous entrepreneurs to function competitively in the larger market economy.

PROGRAMME COMPONENTS

During the implementation of SIMDP2, the TEASP allocated funds for the implementation of business plans, awarded grants to support SIM self-sufficiency, and provided microloans to SIM communal enterprises (obshchiny) and other SIM associations engaged in traditional economic activities. Thus, for SIMDP3, funds will be distributed among a number of components, including primarily:

- capacity-building
- business planning
- self-sufficiency grants
- micro-loans programme

TEASP EXPERT GROUP, DISTRICT COMMITTEES, AND BUDGET

All decisions on the allocation of funds under the Traditional Economic Activities Support Programme (TEASP) will be adopted by the TEASP Committee (see below).

Experts Group. The TEASP Experts Group will also be established in order to provide recommendations to the TEASP Committee on both strategic approaches to the development of traditional SIM economic activities in the Sakhalin Oblast and on the evaluation of proposed business plans or micro-loan applications. The Experts Group will be comprised of:

- representatives of the Sakhalin Oblast Government (the Ministry of Economic Development of the Sakhalin Oblast, the Indigenous Peoples Subdivision of the Department of Interethnic, Interfaith Relations, and Work with Public Associations of the Sakhalin Oblast Governor Office and Government
- Sakhalin Energy representative
- representative of the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin

Each of the partners will be responsible for determining the procedures for selecting its own experts.

The TEASP Experts Group will evaluate all proposals taking into account the viability of each of them in terms of business efficiency or financial viability, the sustainability of the proposed activity, and the contribution that the activity might make to the preservation and expansion of traditional economic activities (for business plans) and activities aimed at SIM capacity building.

District Committees. The District Committees are locally grounded representative bodies of the SIMDP which will be set up to conduct a preliminary examination of projects submitted to the TEASP Committee within the self-sufficiency component. The Committees will make recommendations regarding the projects proposed in their own districts.

Each District Committee is composed of one representative of the administration of the district recognised as an area of SIM traditional residence and traditional economic activities and two representatives of the local councils of the authorised representatives of the SIM. See also Section 4.4.2.4.

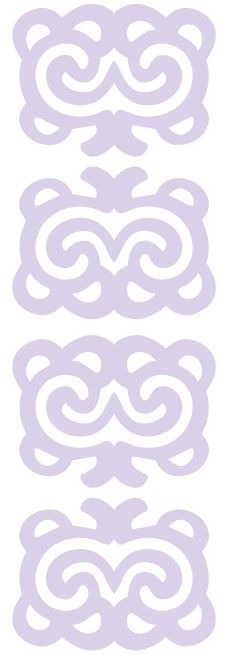
Budget. The amount of funding expected to be allocated to the TEASP for the first year is half of the total budget of SIMDP3 (see Section 4.6). This amount will be adjusted annually, as necessary, by the SIMDP Governing Board (see Section 4.4.2).

PROGRAMME MANAGEMENT AND MONITORING

The primary decision-making body for this programme will be **the TEASP Committee**. This body will operate under the authority of the SIMDP Governing Board (see Section 4.4.2.), and will be composed of seven indigenous representatives, one elected from each of the seven districts recognised as the areas of traditional residence and economic activities of the SIM. Each representative should be familiar with the conduct of traditional economic activities in their district and selected by the local people in that district according to a procedure guided by the RCAR.

The Chairperson of the Committee will be elected by the full TEASP Committee. The Committee will meet on a regular basis, with the frequency of meetings and other organisational matters to be agreed upon by Committee members at its first meeting. See also Section 4.4.2.3

The implementation of the Traditional Economic Activities Support Programme will be assessed by the three Plan partners on a regular basis. External monitoring and evaluation will also be carried out by the External Monitor and the Evaluation Teams described in SIMDP Sections 4.5.2 and 4.5.3. Regular consultation will take place with participants and implementers, and the results of these will feed back into planning and design of further activities.



4.3 ROLE OF THE PARTNERS INVOLVED IN SIMDP IMPLEMENTATION

4.3.1 ROLE OF STATE AUTHORITIES IN SIMDP IMPLEMENTATION¹²

The Sakhalin Oblast Government, based on its authority defined by the federal and regional legislation to protect the original habitat, traditional way of life, husbandry, and crafts of the Sakhalin Indigenous Minorities, is interested in the further development of the state and private partnership with the indigenous community and subsoil users.

The Sakhalin Oblast Government will continue to participate in the implementation of SIMDP3 based on the principles of equal partnership, openness, and timely provision of information. Also, the Regional Government intends to send its representatives to participate in the work of the governing bodies of SIMDP3, including its working groups and internal monitoring process.

4.3.2 ROLE OF THE REGIONAL COUNCIL OF AUTHORISED REPRESENTATIVES OF THE SAKHALIN INDIGENOUS MINORITIES AND OF SIM PUBLIC ORGANISATIONS IN SIMDP IMPLEMENTATION¹³

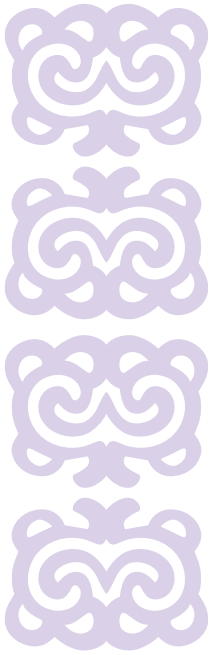
The Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin (RCAR) has been operating since March 2005.

THE MAIN TASKS OF THE COUNCIL ARE TO:

- organise interaction with the Indigenous Peoples of the North and their communities, non-governmental organisations, public authorities, local self-government of the Sakhalin Oblast, federal authorities of the Russian Federation, private enterprises and organisations, international intergovernmental and non-governmental organisations
- represent and protect the interests of the Sakhalin Indigenous Minorities and their communities at the local, regional, and international levels in the state bodies, local authorities, and courts
- make amendments to federal and regional legislation on the rights of the Sakhalin Indigenous Minorities

¹² The information was provided by E.A. Koroleva, Head of the Indigenous Peoples Department and Deputy Director of the Department of Interethnic, Interfaith Relations, and Work with Public Associations of the Sakhalin Oblast Governor Office and Government.

¹³ The information was provided by F. S. Mygun, Chairperson of the Working Group and Chairperson of the RCAR.



- ensure implementation of the resolutions of the regional Congresses of the Sakhalin Indigenous Minorities
- exercise control over compliance of the Sakhalin Oblast with federal and regional laws, decrees of the President of the Russian Federation, regulations and orders of the RF Government, the Sakhalin Oblast Governor and Government, and municipality administrations as well as international legal acts applicable on the territory of the Russian Federation
- organise and conduct negotiations with industrial and oil companies operating in the areas traditionally inhabited by SIM for the protection of the original habitat; manage the activities of the Etnosoyuz Fund for the Development of the Sakhalin Indigenous Minorities
- monitor and oversee the activities of the project operators and their subcontractors for the extraction, processing, and transportation of oil and gas in the waters adjacent to the continental shelf of the Sakhalin Oblast for compliance with the project documentation and conclusions of environmental and ethnological expert reviews

The RCAR interacts with the Sakhalin Oblast Government, the SIM representatives in the Sakhalin Oblast Duma and the Public Chamber of the Sakhalin Oblast, the companies engaged in hydrocarbon production on Sakhalin, as well as with the following public associations of the SIM: the Russian Association of Indigenous Peoples of the North, Siberia, and the Far East of the Russian Federation (RAIPON), the Okha-based Kykh-Kykh («Swan») Centre for Preservation and Development of Traditional Indigenous Culture Local Public Organisation, the Poronaysk District Local Public Organisation of the Indigenous Minorities of the North, the Okha District Local Public Organisation of the Indigenous Minorities of the North, the Yuzhno-Sakhalinsk-based Ykhmif's People Ethnic Centre Public Organisation, and other public associations of the Sakhalin Indigenous Minorities. The public associations are involved in the implementation of the SIMDP programmes.

To achieve the statutory goals, the members of RCAR are involved in solving the issues related to the Sakhalin Indigenous Minorities, including in the governing bodies of the SIMDP, monitoring and review of projects, and implementation of the SIMDP programmes. By participating in the implementation of the SIMDP, the Sakhalin Indigenous Minorities gain positive administrative experience as they develop and increase their capacity.

4.3.3 ROLE OF SAKHALIN ENERGY IN SIMDP IMPLEMENTATION

From the onset of work on the island in 1994, Sakhalin Energy has cooperated actively with Sakhalin's Indigenous Minorities and has supported initiatives aimed at social development, the preservation of traditions, and cultural development. But it was the development and launch of the tripartite Sakhalin Indigenous Minorities Development Plan in concordance with international standards that took the relationship between Sakhalin's Indigenous Minorities and the Company to a whole new level. This joint initiative of the Regional Council of the Authorised Representatives of the Indigenous Minorities of the North of Sakhalin, Sakhalin Energy and the Sakhalin Oblast Government, is implemented on the basis of a Tripartite Agreement has been fully supported and financed by Sakhalin Energy.

Since the launch of the Plan in May 2006, the Company's Indigenous Peoples Team—as part of the Social Performance Subdivision of Sakhalin Energy—has performed as the main administrative unit responsible for organising, coordinating, and implementing the SIMDP and it will continue to ensure Plan implementation..

4.4 SIMDP GOVERNANCE STRUCTURE

An SIMDP3 Coordinator will be appointed by and serve at the discretion of the three Partners to guide the implementation of the Plan with the direct support and involvement of the RCAR, the SOG and, particularly, the Indigenous Peoples Team of Sakhalin Energy. The SIMDP Coordinator will be responsible for general administrative oversight of the activities of the SIMDP coordinating bodies and the results of

their work as well as the management of the Grievance Procedure for reviewing complaints relating to the SIMDP (see Section 4.4.4.).

The SIMDP will be implemented with the active participation of the indigenous population under the management of the Governing Board, whose work will be complemented by the Executive Committee, the Traditional Economic Activities Support Programme Committee, and the Social Development Fund Committee as well as the external representative bodies—the Experts Groups and the District Committees.

Aside from a possible overlap between Governing Board and Executive Committee members, no individual shall serve simultaneously on more than one governing body, whether a committee or experts group.

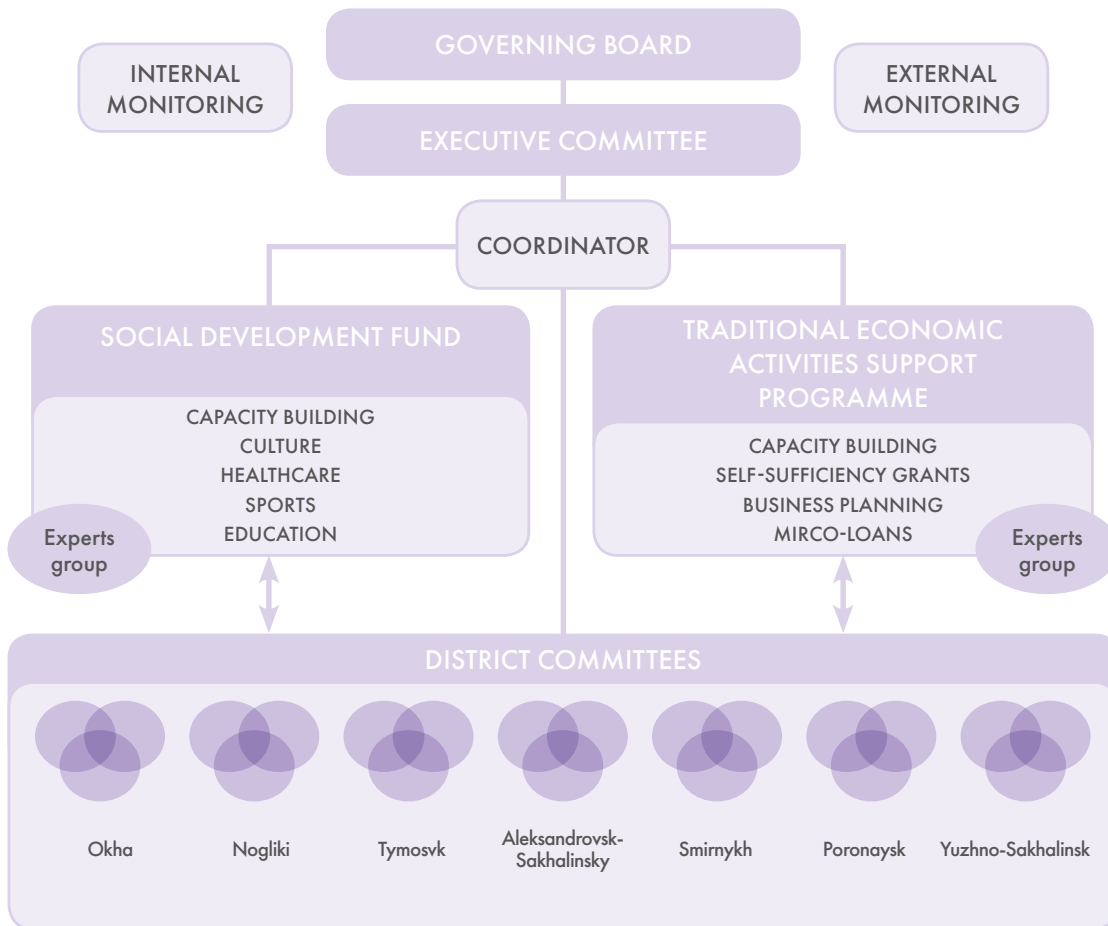
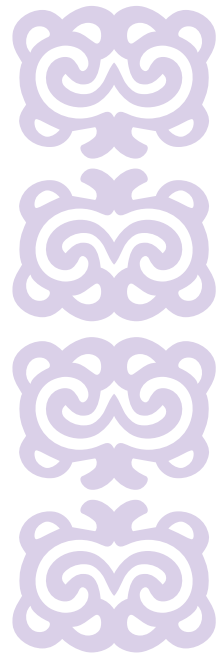


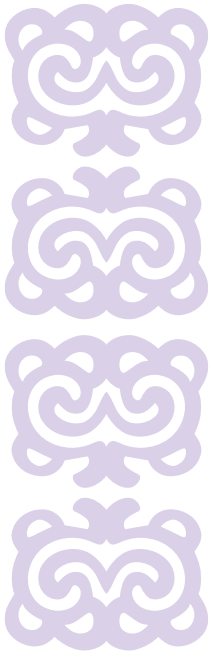
Figure 5: Governance Structure of SIMDP 3 (2016-2020)

4.4.1 STRATEGY FOR PARTICIPATION

The active participation of Sakhalin’s Indigenous Minorities has been a critical factor in the success of the First and Second Plans and the Third Plan has been designed to enhance this trend. This positive development has been made possible by the Plans’ continued emphasis on capacity building, which has focused on preparing SIM individuals for service on Plan governance bodies from the very first Plan onward.

During SIMDP1, for example, SIM were joint partners with both the Sakhalin Oblast Government and the Company in preparing the Plan and then in serving equally on all Plan governance bodies (and solely on the Mini-Grant Fund Council). Then, during the Second Plan, indigenous participation was significantly increased when the two key bodies—the Social Development Fund Council and the Traditional Economic





Activities Support Programme Committee—were both restricted to indigenous members only. This was a quite significant development, as SIM representatives newly had the key role in deciding how funding for projects was allocated. Now, with the Third Plan, the addition of a series of District committees to develop recommendations for those two key coordinating bodies further expands the direct SIM governance role in SIMDP. Aside from the formal indigenous participation as a Plan partner (as constituted by the RCAR along with the SIM representatives to the Oblast Duma and from RAIPON), community indigenous governance participation thus expanded from 7 representatives in SIMDP1, to 16 in SIMDP¹⁴, and now to a minimum of 30 (and possibly more) in SIMDP31. With each succeeding Plan there has thus been a doubling of the non-partner SIM directly involved in Plan governance.

The District Committees are the major innovation in the Third Plan. Composed of two members of the SIM Council for each recognized SIM district on Sakhalin along with one member appointed by the Mayor of the Municipal District, these committees will bring a direct local indigenous presence into decision-making for both the SDF Committee and the TEASP Committee. They will work directly with the local indigenous members to the SDF Committee and the TEASP Committee and thus support those persons' work and help raise their awareness of indigenous issues in their districts. Similarly, involvement in the Plan will help spread awareness—and thus participation—about the SIMDP among the local population through the local council's own work. By working as a team, the local SIM council members and the local SIM representatives to the SIMDP coordinating bodies will help resolve the problem the first two Plans encountered when committee and council members were isolated in their localities and unsure how to maintain effective contact with their local communities. This innovation will be of particular assistance to those applying or thinking of applying for educational support grants (to SDF) and for self-sufficiency grants (to TEASP).

Other strategies for maintaining and increasing SIM participation in the Plan include:

- Offering a series of training seminars/programs to assist SIM to prepare grant and project applications so they can participate in Plan programmes offered under the SDF or TEASP
- Continuing semi-annual visits of Plan partners to each SIM community to discuss and/or monitor the Plan and encourage participation
- Encouraging SIM local public organizations (NGOs) to spread their knowledge regarding application-making to members of the general SIM public
- Continuing use of public information channels such as newspapers or online information sources (like the SIMDP webpage: www.simdp.ru) to spread SIMDP awareness and encourage participation
- As a long-range strategy, focusing on training future leaders who experience has shown become more active in the Plan and encourage others to do so as well after receiving such training

4.4.2 COORDINATING BODIES

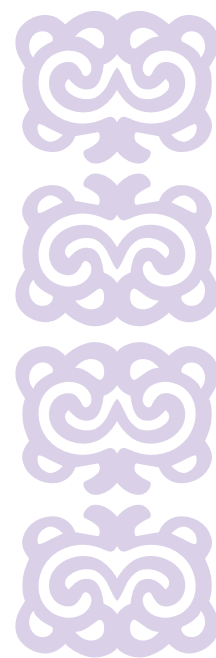
4.4.2.1. GOVERNING BOARD

The Governing Board is the highest executive body of the SIMDP.

THE MAIN FUNCTIONS OF THE GOVERNING BOARD INCLUDE THE FOLLOWING:

- perform the general management of the activities in the framework of the SIMDP implementation;
- distribute the budget among the programmes and monitor SIMDP budget execution
- approve the policy documents developed by the Executive Committee as well as the SDF Committee and the TEASP Committee

¹⁴ SIMDP1: 2 non-RCAR SIM on Governing Board equivalent plus 5 MGF members; SIMDP2: 2 on GB plus 14 on committees; SIMDP3: 2 + 14 plus 14-21 members of the District Committees (depending on who the Mayors appoint).



- evaluate the performance of the SIMDP programmes
- review grievances related to SIMDP implementation, in accordance with the appropriate procedure (see Section 4.4.4.)
- supervise the activities of the Executive Committee as well as the SDF Committee and the TEASP Committee; make adjustments in the event of violations of the SIMDP provisions
- review and approve the reports of the Executive Committee as well as the SDF Committee and the TEASP Committee
- review the reports of the SIMDP District Committees
- review and approve the reports on internal and external monitoring
- consider proposals and information prepared by other SIMDP bodies regarding its implementation;
- arrange mandatory training for the members of the SIMDP governing bodies at least once per year
- provide support for other SIMDP bodies within its competence
- assist in organising and carrying out activities related to SIMDP implementation
- facilitate promoting the experience of the SIMDP within its competence
- review and approve the reports of the SIMDP Coordinator

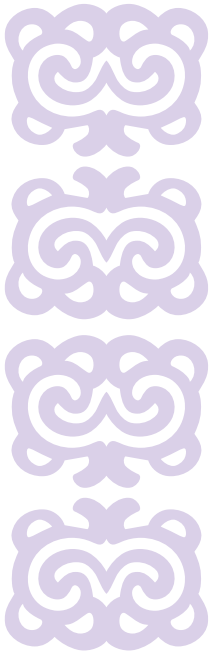
THE GOVERNING BOARD CONSISTS OF:

- three representatives of the RCAR
- two representatives of the Sakhalin Oblast Government
- two representatives of Sakhalin Energy
- the representative of the SIM in the Sakhalin Oblast Duma
- the representative of the Public Chamber of the Sakhalin Oblast
- representative of RAIPON; and
- two representatives of the SIM from the areas of SIM traditional residence and traditional economic activities, who are not members of RCAR

Frequency of meetings: The Governing Board shall meet as required but not less than twice a year. At the same time, upon the decision of the Governing Board, any particular meeting may be held in person, by email or by conference call. The first meeting of the Governing Board shall be held after the official launch of SIMDP3 in Q1 2016, during which the Governing Board will elect its Chairperson from among its members.

Terms of Office:

- Members will serve as long as they hold the confidence of their appointing organisations. In the case of improper performance of his/her duties by a member of the Governing Board, the Governing Board is entitled to demand that the appointing organisation replace the representative. In this case, the decision shall be taken by the appointing organisation
- The SIM representative in the Sakhalin Oblast Duma shall be elected at the Congress of the Sakhalin Indigenous Minorities.



- Two SIM representatives from the areas of SIM traditional residence and traditional economic activities, who are not RCAR members, shall be appointed by RCAR from among the representatives of the areas of SIM traditional residence and traditional economic activities nominated at meetings of SIM citizens. The representatives shall be appointed in accordance with the principle of rotation every 2.5 years. In the event of early resignation at the initiative of a member of the Governing Board, the RCAR shall appoint another SIM representative from among those nominated at meetings of citizens.

Conflict of interest: If members of the Governing Board and/or members of their families have a personal interest in any funding or grant proposals or grievances submitted to the Governing Board within the framework of the relevant procedure, they shall absent themselves from any discussion or voting on the issue. The responsibility for declaring a conflict of interest in this case lies with the Governing Board member.

4.4.2.2. EXECUTIVE COMMITTEE

The Executive Committee (EC) shall act on behalf of the Governing Board in between meetings of the Governing Board.

THE MAIN FUNCTIONS OF THE EXECUTIVE COMMITTEE INCLUDE THE FOLLOWING:

- implement the operational management in the framework of the SIMDP implementation
- ensure the implementation of decisions of the SIMDP Governing Board within its competence
- develop Regulations on its activities as well as annual work plans for approval by the Governing Board
- review grievances related to SIMDP implementation, in accordance with the appropriate procedures (see Section 4.4.4.)
- organise and participate in the annual internal monitoring of the SIMDP implementation and prepare reports on internal monitoring for the Governing Board
- prepare reports on its performance to be submitted to the Governing Board
- provide support for other SIMDP bodies within its competence
- assist in organising and carrying out activities related to SIMDP implementation
- facilitate promoting the experience of the SIMDP within its competence

THE EXECUTIVE COMMITTEE CONSISTS OF:

- two representatives of the RCAR
- two representatives of the Sakhalin Oblast Government
- two representatives of Sakhalin Energy

Each of the three SIMDP Partners will be responsible for appointing their own representatives to the EC.

Frequency of meetings: The Executive Committee shall meet as required but not less than twice a year. The Executive Committee decides if its meetings will be held in person, by email or by conference call.

Terms of Office: Members of the Executive Committee will serve as long as they hold the confidence of their appointing organisations. In the case of improper performance of his/her duties by a member of the Executive Committee, the Plan partner(s) is/are entitled to request that the appointing organisation replace the representative. In this case, the decision shall be taken by the appointing organisation.

Conflicts of interest: If members of the Executive Committee and/or members of their families have a personal interest in any funding or grant proposals or grievances submitted within the framework of the relevant procedure, they shall absent themselves from any discussion or voting on the issue. The responsibility for declaring a conflict of interest in this case lies with the Executive Committee member.

4.4.2.3. SOCIAL DEVELOPMENT FUND COMMITTEES AND THE TRADITIONAL ECONOMIC ACTIVITIES SUPPORT PROGRAMMES

The Social Development Fund (SDF) Committee and the Traditional Economic Activities Support Programme (TEASP) Committee are SIMDP coordination authorities.

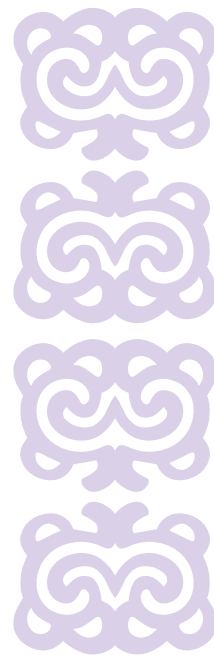
THE MAIN FUNCTIONS OF THE SDF COMMITTEE AND THE TEASP COMMITTEE INCLUDE THE FOLLOWING:

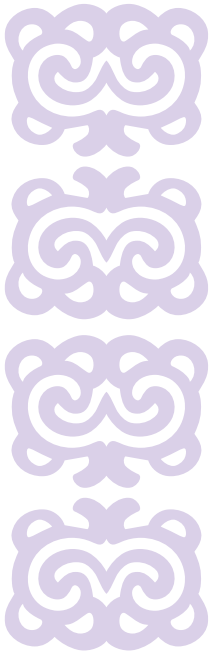
- develop programme documents to ensure the efficiency of the Committees in reaching goals and objectives
- develop annual plans of the Committees for the Governing Board approval
- develop programme documents for the Committees expert groups
- hold tenders in accordance with programme documents
- review recommendations of the expert groups and district committees when considering tender applications
- review and evaluate tender applications; make financing decisions
- monitor project implementation; assess the effectiveness of implementation of the SIMDP projects
- prepare reports on the activities of the Committees for the Governing Board review and approval
- participate in the internal and external monitoring in the districts
- assist in organising information sessions on the SIMDP implementation in the districts (at least two sessions per year)
- within the sphere of competence of Committee members, provide consulting support to applicants and participants of the programmes in the districts
- within the sphere of competence of Committee members, provide consulting support to other SIMDP bodies
- interact with the SIMDP District Committees
- assist in organising and carrying out activities related to the SIMDP implementation
- facilitate promoting the experience of the SIMDP within its competence

The SDF and TEASP Committees include one SIM representative from each of the seven districts of traditional residence and traditional economic activities of the SIM.

Frequency of meetings: The SDF and TEASP Committees shall hold one joint session annually. The joint session includes consequent meetings of the SDF and TEASP Committees. Only members of the specific Committee are entitled to vote during each meeting. Members of the other Committee have a right to participate in the meeting. Each committee shall additionally organise meetings in accordance with the annual plan approved by the Governing Board.

Committee chairpersons shall be elected at the meetings of the full Committees. The chairperson replacement procedure shall be determined by each Committee.





Terms of Office: Committee members shall be elected for the period of 2.5 years, during the meetings of residents organised in each of the seven districts of traditional residence and traditional economic activities of the SIM. In case of early resignation at the initiative of a member of the Committee, an additional meeting of residents shall be held in this district to select a replacement. In case of improper performance of the duties of a Committee member, the meeting may also perform an early replacement of the Committee member.

Conflict of interest: If members of the Committees and/or members of their families have a personal interest in any funding or grant proposals submitted for consideration under the programmes, they will absent themselves from discussion and voting on the issue. In this case, the member of the Committee is responsible for declaring the conflict of interest.

See Section 4.2 for the overview of the SIMDP programmes and experts groups.

4.4.2.4. DISTRICT COMMITTEES

The District Committees serve as SIMDP locally grounded representative bodies.

THE MAIN FUNCTIONS OF THE DISTRICT COMMITTEES ARE:

- organise information sessions on the SIMDP implementation in the district (at least two sessions per year)
- conduct the preliminary examination of projects submitted to the SDF and TEASP Committees within the education and self-sufficiency components, respectively. make recommendations on the projects proposed for implementation on the territory of the district
- provide consulting support to applicants and participants of the programmes in the districts
- participate in the SIMDP implementation monitoring in their district, including control over the project implementation locally
- prepare reports for the Governing Board on SIMDP activities
- interact with SDF and TEASP members elected from their districts
- assist in organising training in own districts; when appropriate, submit applications to the Governing Board on organising training
- inform the public of the district of the grievance procedure related to the SIMDP implementation and assist complainants as per the appropriate procedure (see Section 4.4.4.)
- assist in organising and conducting activities related to the SIMDP implementation in the district
- assist in promoting SIMDP experience within the sphere of competence

Each District Committee is composed of one representative of the administration of the district recognised as an area of SIM traditional residence and traditional economic activities and two representatives of the local councils of the authorised representatives of the SIM.

Frequency of meetings: The District Committees shall meet as often as necessary, as determined by the Committee, as well as per recommendations of the SDF and TEASP Committees, based on the timelines of considering applications.

Terms of Office: The representative of the district administration of the area of traditional residence and traditional economic activities of the SIM shall be appointed by the Head of the Administration/the mayor. In case of improper performance of duties of a member of the District Committee, the District Committee may ask the Head of the Administration/the mayor to replace the representative. The decision in this case is made by the Head of the Administration/the mayor.

The representatives of the local councils of the authorised representatives of the SIM shall be appointed based on decisions of the local councils of the authorised representatives of the SIM for 2.5 years. In case of early resignation at the initiative of a member of the District Committee, the new representative shall be appointed based on a decision of the local council of the authorised representatives of the SIM. In case of improper performance of duties of a member, the local council also may replace the Committee member.

Conflict of interest: If members of the District Committee and/or members of their families or organisations have a personal interest in any funding or grant proposals submitted for consideration under the programmes, they will absent themselves from discussion and voting on the issue. In this case, the member of the District Committee is responsible for declaring the conflict of interest.

4.4.3 MECHANISMS FOR PERIODIC REVIEW AND ADJUSTMENT OF THE SIMDP3

Good practice for social development programmes such as the SIMDP3 calls for periodic reviews of Plan progress to enable the Plan to be adjusted to deal with changing social and programmatic realities. SIMDP3's arrangement for both annual internal and external monitoring provides for periodic feedback points (see SIMDP sections 4.5.1 and 4.5.2). External monitoring should include suggestions for programme adjustments to the Board and other Plan stakeholders, as part of "Action Plan" recommendations in the External Monitor Reports. To increase the likelihood that these coordinating bodies will actively consider these recommendations, Plan regulations will require written responses to the recommendations.

More systematic reviews are set to occur twice during the Plan's five-year run: during the Plan Midterm Evaluation, and during the Plan Completion Evaluation (see section 4.5.3). The Plan Midterm Evaluation in particular provides a potentially crucial decision-point if there is a need for any serious mid-course corrections, while the Plan Completion Evaluation serves as a guide for the succeeding Plan. The semi-annual meetings of the Governing Board, which receives reports from all governing bodies, can similarly serve as a more frequent mechanism for responding to opportunities for adjustments to the Plan. Lastly, tripartite review of Plan progress by the SOG, RCAR, and Sakhalin Energy will take place annually (see SIMDP section 4.5.4).

4.4.4 SIMDP GRIEVANCE PROCEDURE

4.4.4.1. PURPOSE

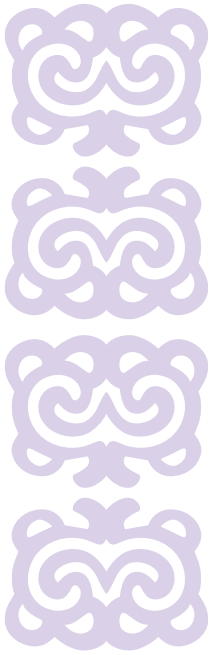
This Grievance Procedure (hereinafter—the Procedure) regulates the process of receiving, registering, and resolving grievances related to the implementation of the Sakhalin Indigenous Minorities Development Plan 3 (SIMDP3).

This Procedure was developed in accordance with general principles and approaches of the Community Grievance Procedure and the requirements of Sakhalin Energy in relation to human rights.

The Procedure has the following specific objectives:

- ensure the timely and effective addressing grievances in compliance with RF legislation and international best practices
- support building strong and effective relationships with all those impacted by SIMDP3
- reduce the repetition of similar grievances, thereby reducing the risk of conflicts and avoiding unnecessary costs
- ensure the careful documentation of grievances and remedial actions





4.4.4.2. PROCEDURE FOR COMPLIANCE WITH THE GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS: IMPLEMENTING THE UNITED NATIONS «PROTECT, RESPECT AND REMEDY» FRAMEWORK (HEREINAFTER—THE GUIDING PRINCIPLES)

The Procedure complies with the Guiding Principles in terms of the following provisions:

- Business enterprises should respect human right, which means avoiding infringing on the human rights of others and addressing adverse human rights impacts with which they are involved.

- In all contexts, business enterprises should:

(a) Comply with all applicable laws and respect internationally recognized human rights, wherever they operate;

(b) Seek ways to honour the principles of internationally recognized human rights when faced with conflicting requirements;

(c) Treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate.

- In accordance with Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework (The effectiveness criteria for non-judicial grievance mechanisms) this procedure strives to be:

(a) Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;

(b) Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;

(c) Predictable: providing a clear and known procedure with an indicative timeframe for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;

(d) Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;

(e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism’s performance to build confidence in its effectiveness and meet any public interest at stake;

(f) Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;

(g) A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.

Operational-level mechanisms should also be:

(h) Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.

In the outcome document of the High-Level Plenary Meeting of the UN General Assembly, the 2014 World Conference on Indigenous Peoples, the participants reminded the obligation of businesses to comply with international principles, including the Guiding Principles. Thus, by using this Procedure, the partners of the Plan confirm their commitment to the Guiding Principles and the decisions of the 2014 World Conference on Indigenous Peoples.

4.4.4.3. SCOPE AND RESPONSIBILITIES

This Procedure is applied to all grievances received in relation to the SIMDP implementation.

This Procedure is not applied to grievances the subject of which is not related to the SIMDP implementation.

This Procedure does not affect the legal rights of the complainant to undertake proceedings in accordance with the legislation of the Russian Federation.

The following main responsibilities are defined in the framework of the Procedure:

Governing Board - the highest executive body of the SIMDP:

- reviews the report on the status of resolving grievances for the reporting period;
- makes decisions on closing grievances when no mutual agreement has been reached with the complainant and/or for which no additional future actions can be reasonably taken; and
- makes decisions about changes/corrective measures in the SIMDP management system or other changes, determined as necessary during grievance investigation/resolution.

Executive Committee - the executive body of the SIMDP Board:

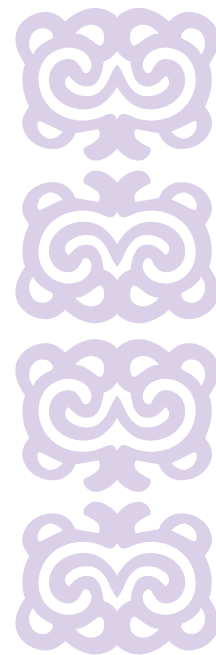
- appoints the Grievance Working Group in a timely manner;
- provides support on grievance resolution to the Grievance Working Group; and
- makes recommendations about changes/corrective measures in the SIMDP management system or other changes which were determined as necessary during grievance investigation/resolution.

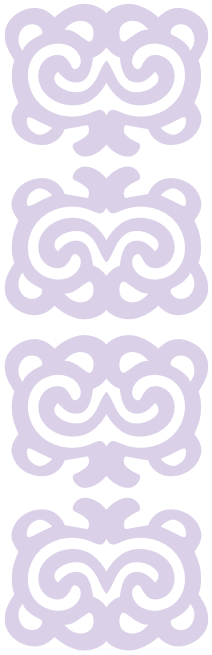
Grievance Working Group

- assesses the grievance and investigates the incident giving rise to the grievance;
- investigates and resolves the grievance within the specified timeframes;
- provides to the SIMDP3 Coordinator reports on the grievance status, including planned activities and measures taken;
- provides feedback on the effectiveness of the Procedure and/or initiates changes/corrective measures for the SIMDP management system or other changes determined as necessary during grievance investigation and resolution;
- provides recommendations to the Governing Board on grievance close-out;
- interacts/communicates with the complainant as part of grievance investigation and resolution;
- interacts/communicates with third parties in the framework of grievance investigation and resolution (subject to the signing by the complainant of the Consent to disclosing grievance-related information to the third parties);
- prepares letters to the complainant on the status of grievance review and actions/measures being taken, etc.; and
- participates in signing of letters of grievance resolution together with complainants.

SIMDP3 Coordinator

- coordinates the completion of the necessary training for all responsible persons in the framework of this Procedure;





- coordinates the public awareness of the Procedure by means of at least distributing the Grievance Procedure Information Brochure as well as conducting public meetings;
- confirms the receipt of a grievance in writing to the complainant within the specified period;
- registers all grievances within the specified period;
- interacts/communicates with the complainant (send letters);
- advises the Governing Board on recommendations of the Grievance Working Group for grievance close-out; and
- prepares the necessary reports on the status of resolving grievances for the reporting period.

SIMDP Partners

- inform the public of the Procedure by means of distributing the Grievance Procedure Information Brochure and conducting public meetings;
- participate in conducting the necessary training for all responsible persons in the framework of this Procedure; and
- assist complainants in submitting grievances (e.g., filling in the Grievance Form, clarifying channels for submitting grievances).

SIMDP District Committees

- inform the public of the Procedure by means of distributing the Grievance Procedure Information Brochure and conducting public meetings; and
- assist complainants in submitting grievances (e.g., filling in the Grievance Form, clarifying channels for submitting grievances).

4.4.4.4. DEFINITIONS

Grievance

A grievance is a statement of complaint by an individual, a group of individuals, or an organisation, reflecting concern and/or dissatisfaction with the SIMDP3 implementation.

Complainant

A complainant is an individual, a group of individuals, or an organisation initiating a grievance. The grievance may be sent on behalf of the complainant by the third party(-ies).

Grievance Working Group

The Grievance Working Group is the grievance resolution process owner. The Grievance Working Group includes at least one representative from each SIMDP Partner as part of the Executive Committee. When appointing the Grievance Working Group members, any conflict of interest shall be avoided in relation to a particular grievance.

Collective Grievance

A grievance simultaneously submitted by several individuals on the same issue. For such group of individuals, it is recommended to choose a single contact person (agreed to by all the complainants), who will be authorised to interact with the Grievance Working Group regarding the grievance settlement process on behalf of the entire group.

Anonymous Grievance

If the submitted grievance does not contain information on the complainant and/or does not contain contact information, such grievance shall be considered anonymous. Although resolution of such grievance might take longer and/or there may be other difficulties to its investigation and resolution, the grievance shall be registered and processed in the same way as any other grievance.

Repeated Grievance

A repeated grievance is a grievance regarding the incident/impact (actual or perceived), previously registered in accordance with the Grievance Procedure. A repeated grievance must originate from the same source as the original grievance.

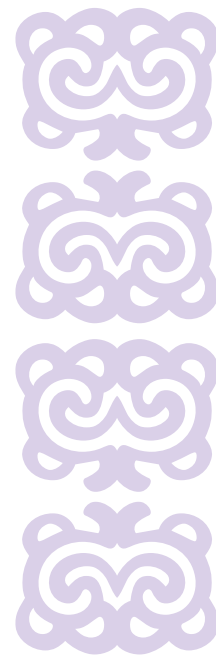
Overdue Grievance

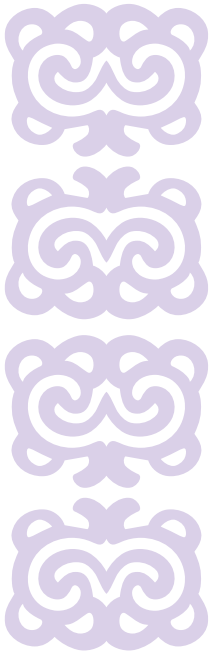
If the grievance remains unresolved or measures were not coordinated with the complainant within 45 business days after the grievance registration, such grievance shall be considered «overdue» (or «not resolved in a timely manner»). The SIMDP 3 Coordinator shall provide information to the Governing Board on overdue grievances for review and making decisions on further actions.

4.4.4.5. CONFIDENTIALITY

When submitting/receiving a grievance, the complainant shall be offered to sign a Consent to processing personal data and disclosing grievance-related information to the third parties by the Coordinator, the Grievance Working Group, the Executive Committee, the Governing Board, and the SIMDP 3 Partners (see the Grievance Form in Annex 10).

If the complainant refuses to sign the Consent to processing personal data and disclosing grievance-related information to the third parties, all the SIMDP parties involved in the grievance review and resolution shall owe a duty of confidentiality when dealing with third parties on the issues related to this grievance.





4.4.4.6. GRIEVANCE MANAGEMENT PROCEDURE STAGES

The grievance management procedure shall include the following stages:

- Step 1—grievance receipt;
- Step 2—grievance assessment, registration, assignment of a process owner;
- Step 3—grievance acknowledgment;
- Step 4—investigation, resolution, and communication with the complainant;
- Step 5—grievance close-out; and
- Step 6—reporting and monitoring.

The following are the details of each step.

Step 1—grievance receipt

Grievances accepted in writing or verbally via the following channels:

- incoming correspondence, including email and fax correspondence sent to the address of Sakhalin Energy or the SIMDP 3 Coordinator;
- Lead Specialist of the Social Performance Subdivision of Sakhalin Energy (Indigenous Peoples Team Manager of Sakhalin Energy);
- Junior Specialist of the Social Performance Subdivision of Sakhalin Energy in charge of communication with the population of the SIM;
- Sakhalin Energy Government Relations, Shareholders Liaison, and External Affairs Administration hotline: 8 800200 6624 (during business hours from 9:00 to 17:00);
- Sakhalin Energy Grievance Working Group email address (Grievancereport@sakhalinenergy.ru);
- Sakhalin Energy Information Centres;
- members of the RCAR of the SIM;
- SIMDP District Committee representatives; and
- other SIMDP governing bodies members.

See the Grievance Form in Annex 10.

Step 2—grievance evaluation, registration, and determination of a process owner

Upon receipt of a grievance via one of the above channels, the recipient of the grievance shall, within one business day, transfer the grievance to the SIMDP 3 Coordinator (hereinafter—the Coordinator).

The grievance shall be registered in the logbook by the Coordinator within two business days from the date of receipt. The following information shall be included:

- grievance registration number;
- date of grievance receipt;
- full name of the complainant or name of the company if the grievance was received from a company (if applicable, i.e. the grievance is not anonymous); and
- information on grievance subject.

The Coordinator shall initiate the appointment of the Grievance Working Group, appointed from among members of the Executive Committee, within two business days from the date of the grievance receipt (if

necessary such an appointment can be made by telephone or email) as well as shall provide information on the grievance to the Sakhalin Energy Social Performance Subdivision.

After the appointment of the Grievance Working Group and depending on the results of the grievance evaluation by the Grievance Working Group, the Coordinator logs the following data into the logbook:

- Focal Point in charge of the grievance review (members of the Grievance Working Group);
- type of the grievance (e.g. issues of funds allocation, programme conditions, SIMDP management, implementation of various SIMDP programmes/projects, etc.);
- grievance-related SIMDP programme and/or component (if applicable);
- measures recommended by the complainant as well as by the Grievance Working Group;
- anticipated resolution date (in accordance with timeframes established by this Procedure); and
- other important information.

If it turns out that the issues raised in the grievance are not related to any aspects of the SIMDP implementation, the Coordinator records this in the registration logbook and transfers such grievance to the Sakhalin Energy Social Performance Subdivision with the appropriate notice for further actions in accordance with the Sakhalin Energy Grievance Procedure. In this case, the steps below shall be not applicable.

Step 3—grievance acknowledgement

Within no later than 7 working days from receipt of the grievance, the Coordinator shall send a letter of acknowledgement to the complainant on behalf of the Grievance Working Group. A copy of this letter shall be submitted to the Sakhalin Energy Social Performance Subdivision.

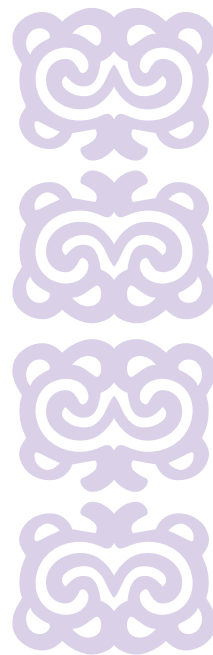
The letter shall include:

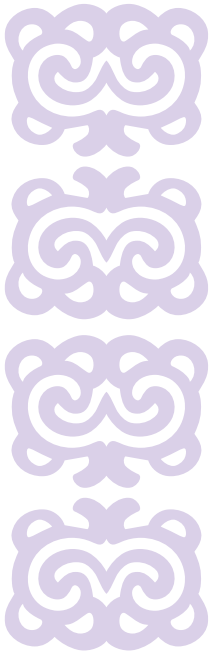
- a formal statement of recognition of the grievance;
- grievance registration number;
- notification of the beginning of the grievance resolution process;
- indication of the date when the complainant may expect to receive a response on actions taken in regards to his/her grievance; and
- full name of the contact person (usually the SIMDP Coordinator) and telephone number.

Step 4—grievance investigation, resolution, and communication with the complainant

The Grievance Working Group is responsible for grievance investigation and resolution as well as for proper communication with the complainant. The Grievance Working Group shall make every effort to investigate and resolve grievances within **20 business days** from the date of grievance receipt. The maximum resolution period shall not exceed **45 business days** and is considered sufficient to perform any required actions or to reconcile them with the complainant or to completely resolve the grievance.

If there are objective reasons for not resolving the grievance within 45 business days (e.g. seasonal constraints, unavailability of the complainant), the Grievance Working Group shall approve the complainant to extend the grievance resolution process (in writing or electronically). At the same time, the grievance shall be categorised as «Actions Agreed.» The time between the date of assigning the «Actions Agreed» status to the grievance and the planned date of implementing the agreed actions shall not be added to the grievance resolution period.





COMMUNICATION/INFORMATION EXCHANGE WITH THE COMPLAINANT

The Grievance Working Group and the Coordinator shall ensure ongoing liaison with the complainant to inform him/her about the grievance review process. Updates on the grievance resolution process shall be provided to the complainant at least every **20 business days** via:

- meetings with the complainant; and
- written and oral reports on the progress in grievance review.

After informing the complainant on the progress in grievance resolution or providing clarification of the grievance in writing, it is necessary to receive feedback from the complainant. If possible, feedback should be recorded or provided to the Coordinator in writing. The Grievance Working Group shall be responsible for this step.

If feedback from the complainant was not received within **45 calendar days** from the date of sending clarifications on the grievance and there are no additional measures that would be appropriate for the Grievance Working Group to apply for further grievance management, the Grievance Working Group shall advise the Governing Board on considering and making a decision on the grievance close-out. In this case, the Governing Board shall make a decision (by a majority of votes) and pass it to the Grievance Working Group within three (3) business days from the moment of receiving recommendations (by email or at a meeting).

Step 5—grievance close-out

After its complete resolution, the grievance shall be immediately closed out based on a statement of satisfaction signed by the complainant.

The statement of satisfaction shall include wording clearly confirming the fact of the complainant's satisfaction by grievance resolution.

A copy of the statement shall be submitted to the Executive Committee and the SIMDP Coordinator as well as to the Sakhalin Energy Social Performance Subdivision.

Unresolved grievances

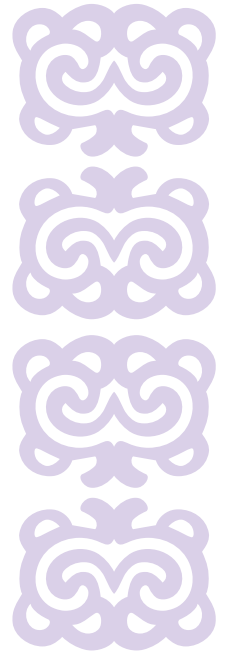
If the grievance remains unresolved or relevant measures were not coordinated with the complainant within 45 business days after the grievance receipt, such grievance shall be considered «overdue.» The following steps shall be undertaken in regards to overdue grievances:

- If the Grievance Working Group by a majority of votes recognises that all possible steps were taken to resolve the grievance, while the complainant's claims were not satisfied, the SIMDP Governing Board shall be informed accordingly. As per the Governing Board's decision, a letter shall be sent to the complainant (by the Coordinator) with a description of measures undertaken in relations to the grievance along with a notice of no further review of the grievance.
- The Coordinator shall provide information on such grievance to Sakhalin Energy (on grievance close-out by the Governing Board's decision).
- If the SIMDP Board concludes that the grievance was not completely addressed, such decision shall be submitted to the Grievance Working Group for another review.

Step 6—reporting and monitoring

The implementation of this Procedure shall be subject to reporting, monitoring, and control:

- reporting on the application of this Procedure is performed mainly by the Coordinator (a regularly submitted report on the status of resolving grievances for the reporting period for consideration by the Governing Board);



- The Governing Board examines the grievance resolution status, reviews overdue grievances, and makes decisions on follow-up activities;
- independent monitoring of grievance resolution shall be carried out periodically; and
- public opinion survey is conducted as part of the assessment of the SIMDP implementation.

4.4.4.7. INFORMATION CAMPAIGN AND TRAINING ON THE PROCEDURE

Public awareness of this Procedure is an integral part of interaction with the indigenous minorities aimed at ensuring transparency and accessibility. To spread information on the Procedure, at minimum the following activities shall take place:

- Distribution of leaflets about the Procedure in all the areas of traditional residence of the SIM;
- Slide presentation on the Procedure as part of regular public meetings with the SIM; and
- Information on the Procedure is available at all times on the SIMDP website.

To meet the requirements of the Procedure, the SIMDP Partners provide training on the Procedure for all parties involved in the grievance settlement process.

4.5 REPORTING, MONITORING, EVALUATION, AND DISCLOSURE

The SIMDP implementation partners shall monitor SIMDP implementation, results, and impact. The result will be a series of reports and evaluations with two main functions. First, monitoring will identify problems or changes to be made in the implementation of the programme. Second, it provides an opportunity to assess whether the SIMDP objectives are being met. In both cases, the information obtained will permit a timely adjustment of the programme development and implementation.

4.5.1 INTERNAL MONITORING

The experience gained during SIMDP2 implementation demonstrated that internal monitoring is a key component of successful implementation of the Plan. Internal monitoring shall be performed by an Internal Monitoring Team and will include visits to beneficiaries and review of reports including financial statements. Each monitoring report shall be submitted to the Governing Board and the External Monitor.

Monitoring Teams will be composed of at least one representative from each of the three Plan partners. Members of the SDF Committee, the TEASP Committee, District Committees, and Municipal District Administration SIM specialists, etc. will be invited to ensure the collection of relevant data and information exchange.

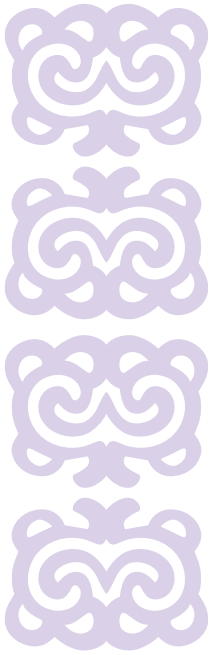
The monitoring schedule will be developed by the SIMDP3 Executive Committee.

4.5.2 EXTERNAL MONITORING

External monitoring is increasingly recognised as good practice for Indigenous Peoples' social development plans. The experience of both SIMDP1 and SIMDP2 has demonstrated the effectiveness of an external observer and evaluator in assessing Plan implementation. The External Monitor (EM) also serves the Plan as a de facto ombudsman to whom those dissatisfied with the Plan may air their grievances.

The EM provides the Plan partners and the SIM with independent verification of Sakhalin-2 project compliance with the SIMDP3, periodically providing objective assessments of Plan programme implementation and the results, outcomes and impacts of programme activity—both intended and unforeseen. The EM also identifies and reports on issues so that the Governing Board can develop corrective actions in the form of Plan adjustments.

The EM is a social science professional with extensive international experience in Indigenous Peoples programme development and supervision and who is familiar with international social development



standards. The current EM was selected by Sakhalin Energy after consultations with its partners in the RCAR and SOG; the current EM also received endorsement by indigenous communities during the first round of consultations under SIMDP3 development (a question to this effect was included into the questionnaire distributed at the time and the EM received support from a clear majority of respondents).

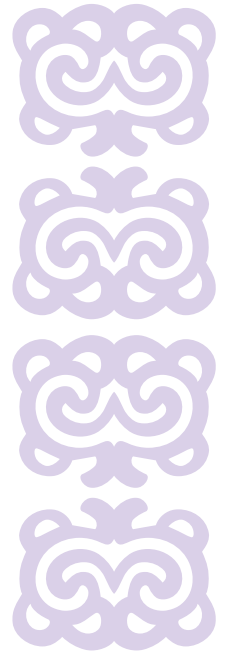
EM responsibilities include:

- Acting as advisor on SIMDP3 implementation for all three Plan partners
- Reviewing internal monitoring and reporting procedures, internal monitoring records, as well as identifying any areas of non-compliance, recurrent problems, or potentially disadvantaged groups
- Reviewing reports submitted by partner organisations of the Social Development Fund and the Traditional Economic Activities Support Programme, and by the Plan Coordinator
- Reviewing SIMDP-related grievance records for evidence of significant non-compliance or recurrent poor performance in programme implementation; prior to each monitoring visit, the EM will be provided with a full list of resolved and unresolved SIMDP-related grievances along with the reports of the Grievance Working Groups appointed by the Executive Committee so as to assess all unresolved SIMDP-related grievances
- Conducting discussions with three SIMDP3 partners on SIMDP3 implementation and make recommendations, as appropriate
- Interviewing a cross-section of SIMDP stakeholders (individuals and organisations) and meet with the RCAR and relevant SOG and District government agencies annually when performing external monitoring on Sakhalin; interviewees should include both successful and unsuccessful grant/credit applicants, along with both supporters and critics of the Plan
- Acting as an observer at meetings of the SIMDP3 Governing Board (when necessary and possible)
- Assessing overall SIMDP3 compliance with international standards
- Conducting SIMDP3 External Monitoring Reviews on Sakhalin; upon mutual agreement with Sakhalin Energy and in consultation with the RCAR and SOG, additional reviews may be scheduled as necessary
- Preparing an External Monitoring Report upon the conclusion of each External Monitor Review, which will be sent to all three Plan partners and disclosed publicly
- Working with a team, composed of a Sakhalin social scientist and an independent Indigenous Peoples representative, to conduct an SIMDP3 Midterm Evaluation during the middle of the third year of Plan implementation, and a Plan Completion Evaluation during the middle of the concluding year (see Section 4.5.3.)
- Being available for ad hoc consultations (in person or remotely) as requested by Sakhalin Energy in consultation with the RCAR and the SOG

4.5.3 PLAN EVALUATION

A well-regulated social development plan like the SIMDP3 relies on independent, objective, multi-perspective and thorough evaluations to make mid-course corrections and to point to future plan reformulations. To this end, two formal plan evaluations will be conducted: a Midterm Evaluation during the middle of the third year of SIMDP3 implementation, and a Plan Completion Evaluation during the middle of the concluding fifth year. These evaluations will be based on External Monitor Reports, internal Plan monitoring reports, Plan governance body semi-annual reports, grievance reports, on-site visits to the communities of SIMDP3 implementation, and other data sources as appropriate.

The Midterm Evaluation Report's recommendations will lead to SIMDP3 adjustments during the Plan's final two years, while the Plan Completion Evaluation Report will influence planning for the fourth SIMDP.



An evaluation team of two social scientists (one being the External Monitor) and one independent representative of Russia's Indigenous Peoples will be contracted to conduct these two evaluations in accordance with international best practice. The second social scientist (candidate) is proposed by Sakhalin Energy and approved by the other partners (RCAR and SOG). An independent representative of Russia's Indigenous Peoples (candidate) is proposed by RCAR and approved by the other partners (SOG and Sakhalin Energy).

The resulting evaluation reports will be submitted to the three Plan partners and will also be made publicly available. Barring the need for supplemental visits, External Monitor Reviews will be superseded by these evaluation efforts during the third and fifth years of Plan implementation.

4.5.4 TRIPARTITE REVIEW

Annually, or more frequently if necessary, the SIMDP3 implementation progress will be reviewed jointly by the management of the RCAR, SOG, and Sakhalin Energy. This review will consider all Plan reports along with reports from the Internal Monitoring Team, the External Monitor and the Plan Evaluation Team. Such meetings will serve to better coordinate SIMDP3 implementation efforts.

4.5.5 INFORMATION DISCLOSURE

The following SIMDP3 documents will be disclosed to the public:

- Midterm Evaluation Report
- Plan Completion Evaluation Report
- External Monitor Annual Reports
- extracts from the minutes of the SIMDP governing bodies
- SIMDP grievance procedures
- grant application forms and procedures

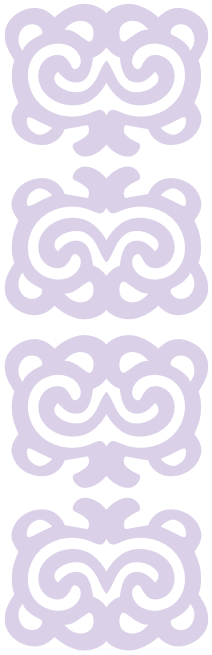
These documents will be placed on the website of the SIMDP www.simdp.ru

4.6 BUDGET AND FINANCING PLAN

4.6.1 SAKHALIN ENERGY CONTRIBUTION

Sakhalin Energy's contribution shall be as follows:

- Financing of the implementation of SIMDP3 programmes in the amount of US\$ 320,000 annually for five years.
- Administrative support of the SIMDP is the responsibility of the SIMDP3 Coordinator, a full-time role. Sakhalin Energy will compensate the Coordinator's salary, although the Coordinator will not be a Sakhalin Energy direct hire.
- The Indigenous Peoples Team of the Sakhalin Energy Social Performance Subdivision ensures interaction with the SIMDP on behalf of Sakhalin Energy. In addition, professional support of the Plan will be provided by experts of the Social Assessment and Social Investment Teams of the Social Performance Subdivision as well as experts of the Sakhalin Energy Government Relations, Shareholders Liaison, and External Affairs Division.
- Participation in the internal and external monitoring and evaluation of SIMDP3.



- Logistics and financial support to enable meetings and tasks of the Governing Board (GB), Executive Committee (EC), Social Development Fund (SDF) Committee, Traditional Economic Activities Support Programme (TEASP) Committee, and other Tripartite Review meetings.¹⁵
- Assistance in strengthening the capacity of the indigenous minorities necessary for their active involvement in managing and implementing the SIMDP.
- Organisation and participation in annual public consultations with representatives of the indigenous minorities in the areas of traditional residence and economic activities of the SIM.
- In addition, financing of the regional conference carried out to receive the free, prior, and informed consent of the SIM for each SIMDP.¹⁶ Representatives of the seven districts of traditional residence of the SIM participate in this public event.

4.6.2 SAKHALIN OBLAST GOVERNMENT CONTRIBUTION¹⁷

In compliance with the laws on the State Civil Service, the Sakhalin Oblast Government is ready to finance the participation of their representatives in the governing bodies of SIMDP3 in the event of visiting sessions and field trips of working groups and in the internal monitoring in the municipalities of Aleksandrovsk-Sakhalinsky District, Nogliki City District, Okha City District, Poronaysk City District, Smirnykh City District, Tymovskoye City District, and Yuzhno-Sakhalinsk City District in accordance with the list of the areas of traditional residence and traditional economic activities of the indigenous minorities of the Russian Federation, approved by Executive Order of the RF Government No. 631 -p dated 08 May 2009, and outside of the Sakhalin Oblast in the case of joint presentations of SIMDP3.

4.6.3 REGIONAL COUNCIL OF AUTHORISED REPRESENTATIVES OF THE SAKHALIN INDIGENOUS MINORITIES CONTRIBUTION¹⁸

RCAR members and elected representatives of the SIM are directly involved in the governing bodies, in the SIMDP implementation and monitoring. They also provide consulting and expert services for the SIMDP3 implementation. RCAR interacts with the parties that are the participants of the Tripartite Agreement for the successful implementation of the SIMDP programmes.

4.6.4 THIRD PARTY CONTRIBUTION

The SIMDP3 programmes are open for co-funding opportunities.

4.6.5 BUDGET ALLOCATION

The SIMDP3 budget will be allocated equally between the Social Development Fund and the Traditional Economic Activities Support Programme during the first year of the SIMDP3 implementation. The SIMDP3 Governing Board will approve budget allocation for each upcoming year based on the programmes' efficiency and reports of internal and external monitoring at its final meeting at the end of every year of the SIMDP3 implementation.

Both the Traditional Economic Activities Support Programme Committee and the Social Development Fund Committee will decide on the annual distribution of available budget funds among their programme components at their first meeting at the beginning of the year.

¹⁵ Compensation for transportation and accommodation is provided only to SIM representatives (who are not employees of government or municipal agencies) in connection with SIMDP meetings.

¹⁶ Covered outside of and in addition to the SIMDP budget.

¹⁷ Information for this section was provided by E. A. Koroleva, Head of the Indigenous Peoples Department and Deputy Director of the Department of Interethnic, Interfaith Relations, and Work with Public Associations of the Sakhalin Oblast Governor Office.

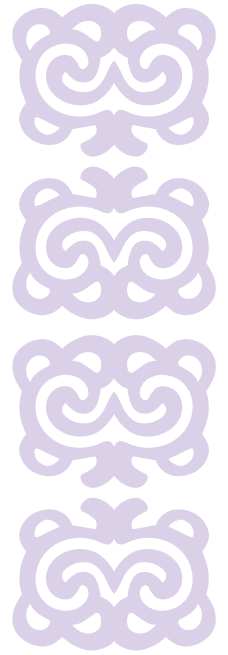
¹⁸ Information for this section was provided by F. S. Mygun, Chairperson of the Working Group and Chairperson of the RCAR.

4.7 FUTURE SIMDPs

The development of future Sakhalin Indigenous Minorities Development Plans will heavily depend on the lessons learned from the previous SIMDPs in terms of governance efficiency, Plan content, and control. The analysis of reports of the SIMDP coordinating bodies, internal and external monitoring outcomes, as well as interim and final evaluations will allow future SIMDPs to be streamlined and their overall efficiency improved.

Active planning of the Fourth SIMDP will begin during Q1 of the Third SIMDP's Year Five (2020).

Sakhalin Energy confirms its commitment to develop and implement further steps of SIMDP programme as appropriate to the circumstances and needs of the Sakhalin Indigenous Minorities and in accordance with the Russian legislation and best international standards and practices for interaction between business and Indigenous Peoples (see. Section 1.4.2). The content and format of the Plans will be determined in the course and according to the results of the broad and open consultations with the SIM in the areas of their traditional residence and traditional economic activities.



**TRIPARTITE AGREEMENT
COOPERATION AGREEMENT**

between the Sakhalin Oblast Government, Sakhalin Energy Investment Company Ltd., and the Regional Council of the Authorised Representatives of the Sakhalin Indigenous Minorities

Moscow

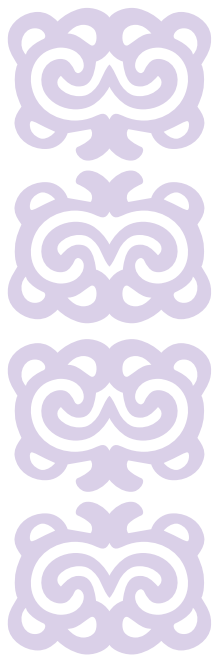
16 December 2015

The Sakhalin Oblast Government (hereinafter referred to as the Government), represented by Oleg Kozhemyako – the Sakhalin Oblast Governor and the Chairman of the Sakhalin Oblast Government, acting on the basis of the Sakhalin Oblast Articles dated 09 July 2001; Sakhalin Energy Investment Company Ltd., registered under the laws of the Bermudas and exercising business activities in the Russian Federation via its Branch Office, located at 35 Dzerzhinskogo Str., Yuzhno-Sakhalinsk, 693000, Russia, Certificate of Accreditation and Registration No. 20355.1 dated 06 June 2006, INN 9909005806 (hereinafter referred to as Sakhalin Energy), represented by Chief Executive Officer Roman Dashkov, acting on the basis of Resolution No. SH/2015/24 dated 25 March 2015; and the Regional Council of the Authorised Representatives of the Sakhalin Indigenous Minorities (hereinafter referred to as the Council), represented by the Council Chairman Fyodor Mygun, acting on the basis of the Council Regulations dated 25 March 2005 and the Statement of Consent for the Third Sakhalin Indigenous Minorities Development Plan dated 26 November 2015--hereinafter collectively referred to as the Parties--whereas taking into account the need for interaction on the issues of observing the rights and interests of the Sakhalin Indigenous Minorities (hereinafter referred to as the Sakhalin Indigenous Minorities) under the conditions of the large-scale development of oil and gas fields on Sakhalin, whereas emphasising the role of development of a social and state/private partnership between the Sakhalin Indigenous Minorities, state authorities, local self-government authorities, and industrial companies for the purpose of the sustainable development of the indigenous community, and whereas noting the positive experience of the tripartite cooperation during the implementation of the First and Second Sakhalin Indigenous Minorities Development Plans between 2006–2015, funded by Sakhalin Energy, have agreed to undertake this Cooperation Agreement based on the applicable Russian and international standards with respect to the Sakhalin Indigenous Minorities.

The Third Sakhalin Indigenous Minorities Development Plan (hereinafter referred to as SIMDP3) is the result of joint efforts, talks, and consultations between the Government, the Council, Sakhalin Energy, and the Sakhalin Indigenous Minorities. Thus, the three Parties have been involved in the creation of SIMDP3 and thereby undertake to continue cooperation during its implementation in line with the SIMDP3 requirements and in close interface with the SIMDP3 coordination authorities.

The Parties:

- respect each other and recognise that each of the Parties has its own views, opinion, and tasks
- respect the priority right of the Sakhalin Indigenous Minorities to use the resources of fauna and flora and their growing aspiration for self-government and control over the environment of their native habitat
- emphasise the distinctive spiritual ties of the Sakhalin Indigenous Minorities to their land and the paramount importance of the preservation and protection of their habitat as a pre-condition for their ethnic survival and development
- recognise that development and production of hydrocarbons and construction of oil and gas pipelines, plants, and other large industrial facilities affect Sakhalin Indigenous Minorities' native habitat, traditional way of life, economic activities, and crafts
- recognise mutual intent to establish closer contacts between the Parties
- take into account the need for informed consultations with the Sakhalin Indigenous Minorities
- take into account the principle of the free, prior, and informed consent of the Sakhalin Indigenous Minorities during such consultations;



- recognise the Sakhalin Indigenous Minorities' right to define their sustainable development priorities
- recognise the need for state support by the Oblast Government and support by Sakhalin Energy
- point out that the Sakhalin Indigenous Minorities live in remote settlements in severe climatic conditions without a developed infrastructure, facing serious social and economic problems related to the preservation and development of traditional economic activities and revival of their culture and languages
- appreciate the aspiration of Sakhalin Energy, exercising economic activities within the areas of traditional residence and traditional economic activities of the Sakhalin Indigenous Minorities, to contribute to the institutional, social, and economic development of the indigenous community
- assume obligations and take decisions based on the principles of equal partnership, transparency, and prompt notification and rely on a joint responsibility with the Sakhalin Indigenous Minorities while interacting with each other

1. Agreement Objectives

This Agreement has been undertaken to coordinate the Parties' efforts to implement SIMDP3 and to bolster their cooperation to enhance the sustainable economic, social, and cultural development of the Sakhalin Indigenous Minorities on the basis of mobilisation of the internal resources of the indigenous community.

2. Subject of the Agreement

The subject of this Agreement is the collaboration between the Government, Sakhalin Energy, and the Council on the following issues:

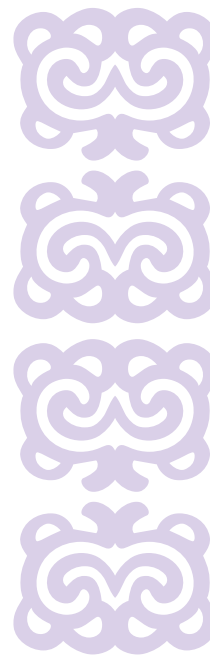
- establishment of the coordination authorities in the SIMDP3 management structure
- preparation and holding of joint events to ensure the management of SIMDP3 implementation, including at the top management level
- preparation and conduct of internal monitoring of the SIMDP3 progress
- drawing attention of state, science, public, and industrial institutions to the Sakhalin Indigenous Minorities' challenges
- generation of recommendations for the adoption of regulatory acts as related to the efficient implementation of SIMDP3, development of ethnic groups, protection of their native habitat, and preservation of their traditional activities, culture, and language

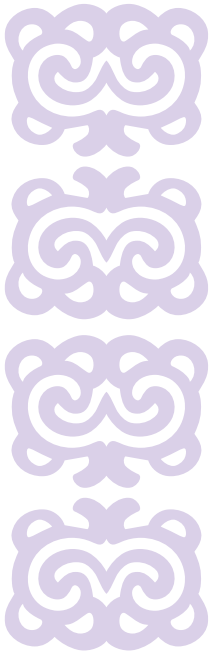
3. Liabilities of the Parties

While acting in the framework of this Agreement,

3.1. The Government shall:

- appoint two representatives of the Government to serve on the SIMDP3 Governing Board
- appoint two representatives of the Government to serve on the Executive Committee
- appoint one representative of the Government to serve on the SIMDP3 Implementation Internal Monitoring Working Group
- appoint one representative of the Government to serve with the SIMDP3 SDF Experts Group
- appoint one representative of the Government to serve with the SIMDP3 TEASP Experts Group
- ensure the work of SIMDP3 District Committees in the areas of traditional residence and traditional economic activities of the Sakhalin Indigenous Minorities
- agree upon the appointment of the SIMDP3 Coordinator with the Parties
- interact with the SIMDP3 Coordinator and the Social Performance Subdivision of Sakhalin Energy
- ensure the promotion of the experience of SIMDP3 implementation as appropriate





- coordinate the work of the Sakhalin Oblast executive authorities for SIMDP3 implementation, including participation in SIMDP3 Experts Groups
- initiate and approve regulatory legal acts aimed at the successful implementation of SIMDP3.

3.2. Sakhalin Energy shall:

- appoint two representatives of Sakhalin Energy to serve on the SIMDP3 Governing Board
- appoint two representatives of Sakhalin Energy to serve on the SIMDP3 Executive Committee
- appoint one representative of Sakhalin Energy to serve on the SIMDP3 Implementation Internal Monitoring Working Group
- appoint one representative of Sakhalin Energy to serve on the SIMDP3 SDF Experts Group
- appoint one representative of Sakhalin Energy to serve on the SIMDP3 TEASP Experts Group
- while acting jointly with the Council, take measures for the minimisation or prevention of any adverse impacts on the traditional way of life and traditional economic activities due to the implementation of the Sakhalin-2 project, as disclosed by the SIMDP3 mitigation matrix
- provide resources for the Sakhalin Indigenous Minorities programme as required for the efficient implementation of SIMDP3
- agree upon the appointment of the SIMDP3 Coordinator with the Parties
- ensure the promotion of the experience of SIMDP3 implementation as appropriate
- ensure the funding of traditional economic activities and social development support programmes under SIMDP3 in the amount of US\$ 320 thousand annually for five years, starting from 01 January 2016 to 31 December 2020

3.3. The Council shall:

- appoint three representatives of the Council to serve on the SIMDP3 Governing Board
- appoint two representatives of the Council to serve on the SIMDP3 Executive Committee
- appoint one representative of the Council to serve on the SIMDP3 Implementation Internal Monitoring Working Group
- appoint one representative of the Council to serve on the SIMDP3 SDF Experts Group
- appoint one representative of the Council to serve on the SIMDP3 TEASP Experts Group
- agree upon the appointment of the SIMDP3 Coordinator with the Parties
- ensure the promotion of the experience of SIMDP3 implementation as appropriate
- while acting jointly with the Government and Sakhalin Energy, exercise control over the implementation of SIMDP3 via its representatives on the Governing Board
- interact with the Government and Sakhalin Energy and ensure synergy in SIMDP3 implementation
- while acting jointly with Sakhalin Energy, take measures for the minimisation or prevention of the adverse impact on the traditional way of life and traditional economic activities in view of the implementation of the Sakhalin-2 project, as disclosed by SIMDP3's mitigation matrix
- agree with the Russian Association of Indigenous Peoples of the North, Siberia and Far East (RAIPON) on the RAIPON candidate to serve on the SIMDP3 Governing Board
- ensure the participation of the Sakhalin Indigenous Minorities in obtaining the benefits as provided by SIMDP3

- contact the Sakhalin Oblast Duma with a request for appointment of a Sakhalin Indigenous Minorities representative at the Sakhalin Oblast Duma to serve on the SIMDP3 Governing Board
- contact the Public Chamber of the Sakhalin Oblast with a request for appointment of a Public Chamber representative to serve on the SIMDP3 Governing Board
- inform the community about SIMDP3 progress at Sakhalin Indigenous Minorities meetings in the areas of traditional residence and traditional economic activities and in the mass media; it is mandatory to obtain concurrence between the Parties on such information reports and mention that SIMDP3 is being implemented under the Cooperation Agreement between the Government, Sakhalin Energy, and the Council
- interact with the Sakhalin Indigenous Minorities communities, public organisations, ethnic enterprises, and other associations on the issues of SIMDP3 implementation
- interact with the SIMDP3 Coordinator and the Social Performance Subdivision of Sakhalin Energy
- interact with local self-government authorities in the areas of traditional residence and traditional economic activities of the Sakhalin Indigenous Minorities on the issues of SIMDP3 implementation

4. Areas of Cooperation

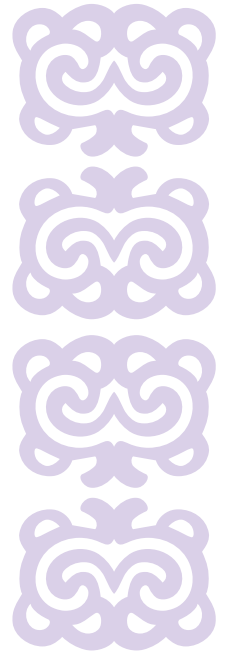
4.1. The three Parties recognise that in the coming decades the future of both Sakhalin Indigenous Minorities and all other residents of Sakhalin will be closely related to the development of energy resources on the island. In order to assist in the sustainable development of Sakhalin's Indigenous Minorities, the three Parties will attempt to achieve the basic objectives of SIMDP3 including:

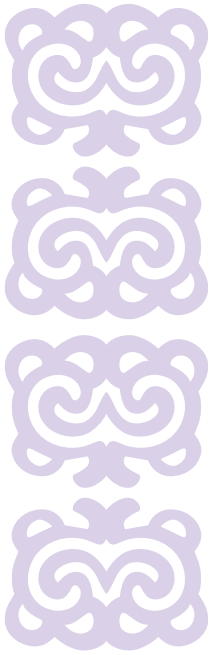
- **Capacity-building.** More active participation of the Sakhalin Indigenous Minorities in the management of their activities. Capacity-building may include the development of leadership qualities and technical skills (e.g., in the areas of accounting, reporting, budgeting, traditional economic and cultural activities, business planning, obtaining a driver's licence) as well as raising cultural and ethnic self-awareness.
- **Social, economic, and cultural development.** Improving the quality of life and life-sustaining activities of the Sakhalin Indigenous Minorities through the implementation of culturally appropriate socioeconomic development plans. The target areas for financial support will be cultural revival, economic stability of the enterprises engaged in traditional economic activities, and improvement of social conditions. Long-term strategic planning will be a focus guided by the concept of sustainable development.
- **Preparation for the establishment of an independent fund.** Assistance in the preparation of the Sakhalin Indigenous Minorities for the eventual establishment of an independent Indigenous Minorities development fund.
- **Disclosure of information about the environmental impact of the project.** Ensure the timely provision of objective and complete information for the Sakhalin Indigenous Minorities community about the existing and/or potential impact of the Sakhalin-2 project on the environment and about the measures taken to prevent and/or to minimise any possible adverse effects.

5. Particular Terms and Conditions

This Cooperation Agreement also provides for the following:

- 5.1. Holding of regular meetings between high-ranking officers of the Government, Sakhalin Energy, and the Council for considering the issues directly related to the subject hereof.
- 5.2. Any amendments and supplements hereto may only be made by mutual consent of the Parties in the form of a protocol to be signed by the three Parties.
- 5.3. In the event it is desired by the Parties, additional Agreements may be adopted by mutual consent of all the Parties.





6. Validity and Termination of Agreement

6.1. This Agreement has been made on 16 December 2015 and shall take effect as soon as signed by the three Parties.

6.2. This Agreement has been made in Russian and in English in triplicate, one copy in each language for each of the Parties.

In the event of any discrepancy between the Russian and the English texts of this Contract, the Russian text shall be paramount.

6.3. This Agreement shall be governed by laws of the Russian Federation.

6.4. This Agreement may be terminated:

- by mutual consent of the Parties; or
- by the decision of one of the Parties to withdraw from this Agreement, subject to prior notice to the other Parties.

7.7. Legal Addresses of the Parties

693011,
32 Kommunisticheskiy Ave.,
Yuzhno-Sakhalinsk
Sakhalin Oblast Government

Signed
Oleg Kozhemyako
693020,

35 Dzerzhinskogo St.,
Yuzhno-Sakhalinsk
Sakhalin Energy Investment
Company Ltd.

Signed
Roman Dashkov
693020,

23 Dzerzhinskogo St.,
Yuzhno-Sakhalinsk
Regional Council of the
Authorised Representatives
of the Sakhalin Indigenous
Minorities

Signed
Fyodor Mygun
области

**STATEMENT OF CONSENT FOR THE THIRD SAKHALIN
INDIGENOUS MINORITIES DEVELOPMENT PLAN AND FOR THE TRIPARTITE
AGREEMENT ON PLAN IMPLEMENTATION**

We, the authorised Conference participants of the Sakhalin Indigenous Minorities, hereby affirm that:

1. We are convinced that the Second Sakhalin Indigenous Minorities Development Plan was implemented successfully.

During the period of construction and start-up of the Sakhalin-2 project, there was minimal negative project impact.

Although there were weaknesses in its implementation, we recognise that significant benefits were provided to our Peoples including, in particular, the capacity-building efforts.

Consultations regarding the content and format of the Third Sakhalin Indigenous Minorities Plan (2016–2020) were held according to the highest current Russian and international standards. The consultations were held in all seven areas of traditional residence and economic activities of Sakhalin's Indigenous Minorities and included meetings with the local population as well as their municipality administration representatives. These meetings were held in two rounds during February 2015 and October 2015. Such discussions were carried out without compulsion, were held early enough for us to discuss the issues at length, and were accompanied by the relevant information regarding SIMDP2 and SIMDP3 for us to formulate our own independent assessment of the SIMDP.

2. We acknowledge the objectives of the Third Sakhalin Indigenous Minorities Plan:

a) Capacity-building. Enhancing the capacity of Sakhalin's Indigenous Minorities to actively participate in the self-management of their own affairs. Such capacity-building could range from leadership training, to technical skills enhancing (e.g., for accounting, report-writing, budget preparation, traditional economic and cultural activities, business planning, driver's licenses), to heightened cultural and ethnic self-awareness.

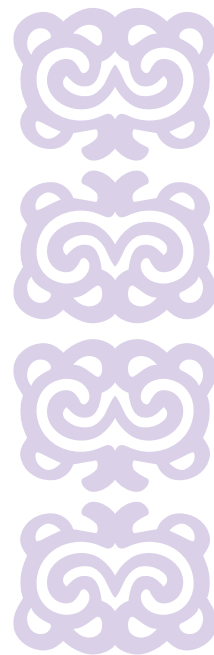
b) Social, cultural, and economic development. Improving the lives and livelihoods of the Indigenous Minorities of Sakhalin Oblast through the implementation of social and economic development plans in a culturally appropriate manner. Cultural revival, economic viability of traditional economic enterprises, and improved social conditions will be targeted areas for support. Long-term strategic planning with the concept of sustainable development as an objective will also be emphasised.

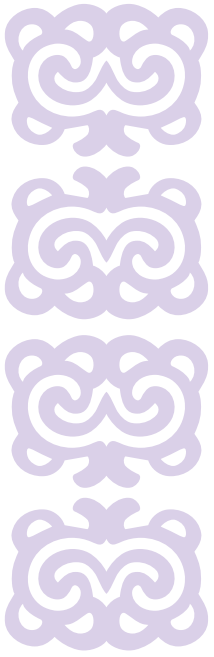
c) Independent fund preparation. Assisting Sakhalin Indigenous Minorities to prepare for the eventual establishment of an independent Indigenous Minorities development fund.

d) Project environmental effects disclosure. Providing timely, objective and complete information to the Sakhalin Indigenous Minorities' community of the actual and/or potential impacts of the Sakhalin-2 project on the environment, and the measures taken to prevent and/or minimize any potential negative impacts.

3. We approve the general content and principles of SIMDP3 as shared with us during this Conference.

In recognition of the above and acknowledging the broad community support which the SIMDP has received, we render our consent to the implementation of the Third Sakhalin Indigenous Minorities Development Plan and to the signing of the Tripartite Agreement for Plan Implementation.





On behalf of the Conference participants, the document is signed by:

Signed

F. S. Mygun,

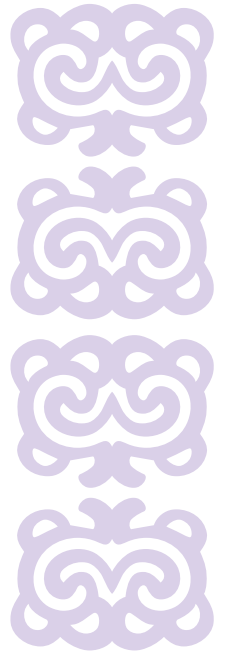
Chairperson of the Sakhalin Regional
Public Organisation

'Regional Council of the Authorized Representatives
of the Indigenous Minorities of the North of Sakhalin'
(RCAR)

26 November 2015

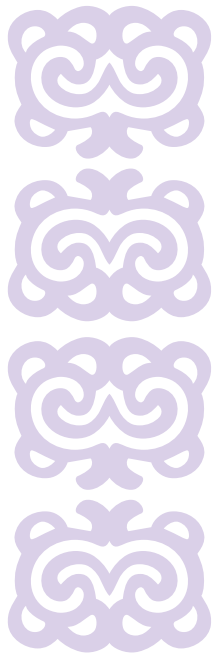
**LIST OF MATERIALS
DISTRIBUTED IN THE COURSE OF CONSULTATIONS WITH THE INDIGENOUS PEOPLES**

1. REVIEW OF THE IMPLEMENTATION OF SIMDP2
2. MEASURES FOR MITIGATION OF THE POTENTIAL ADVERSE IMPACTS OF THE SAKHALIN-2 PROJECT
3. SAKHALIN ENERGY GRIEVANCE PROCEDURE
4. SIMDP GRIEVANCE PROCEDURE
5. PUBLIC OPINION SURVEY QUESTIONNAIRE: THE IMPLEMENTATION OF SIMDP2 AND THE PREPARATION OF SIMDP3
6. REPORT ON THE RESULTS OF THE STUDY OF PUBLIC OPINION ON THE IMPLEMENTATION OF SIMDP2 AND THE PREPARATION OF SIMDP3
7. DRAFT OVERNANCE STRUCTURE OF SIMDP3
8. CONTACT INFORMATION FOR THE SIMDP3 WORKING GROUP MEMBERS

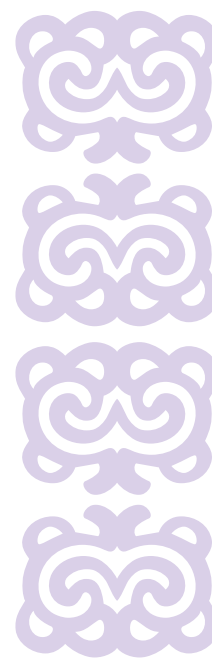


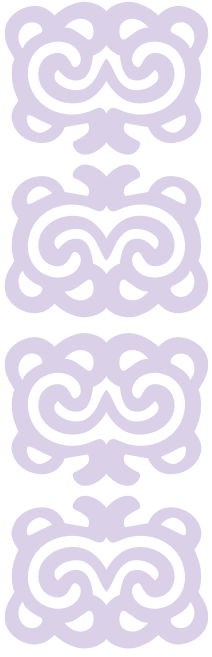
INTERNATIONAL STANDARDS FOR SIMDP3

In 2007, the United Nations Declaration on the Rights of Indigenous Peoples set forth a set of new global standards for states and other entities interacting with Indigenous Peoples. Although without binding legal force as a “declaration” (as opposed to a “convention” such as those of the International Labour Organisation), the UNDRIP has affected greatly the legally binding standards of many international financial organizations. The table below shows the current international standards as regards key elements of Indigenous Peoples Development Plans such as the SIMDP3. The three organizations selected—the International Finance Corporation (IFC, the private sector division of the World Bank), the World Bank, and the European Bank for Reconstruction and Development (EBRD)—are some of the most significant international organizations with policies and coverage areas that include the Russian Federation as a member. Section 2.1.2 evaluates the degree to which the SIMDP3 meets—or exceeds—these standards.



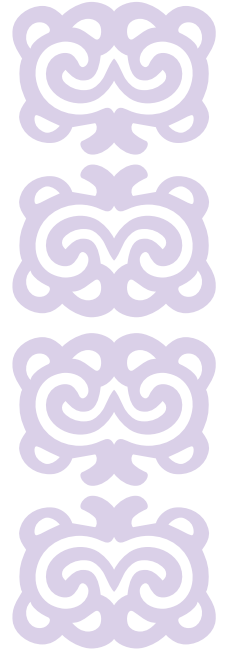
	IFC ¹⁹	World Bank ²⁰	EBRD ²¹	UNDRIP ²²
Indigenous Peoples Plan	<p>The client's proposed actions will be developed with the Informed Consultation and Participation of the Affected Communities of Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples Plan, or a broader community development plan with separate components for Indigenous Peoples.</p>	<p>On the basis of the social assessment and in consultation with the affected Indigenous Peoples' communities, the borrower prepares an Indigenous Peoples Plan (IPP) that sets out the measures through which the borrower will ensure that Indigenous Peoples affected by the project receive culturally appropriate social and economic benefits.</p>	<p>The client's proposed actions to minimise, mitigate and compensate for adverse effects and to identify and share benefits will be developed with the informed participation of affected Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples Development Plan (IPDP), or a broader community development plan with separate components for Indigenous Peoples.</p>	<p>Indigenous Peoples have the right to determine and develop priorities and strategies for exercising their right to development. In particular, Indigenous Peoples have the right to be actively involved in developing and determining health, housing and other economic and social programmes affecting them and, as far as possible, to administer such programmes through their own institutions.</p>
Indigenous Peoples Plan Objectives	<p>To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.</p> <p>To anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts.</p> <p>To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.</p> <p>To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project's life-cycle.</p> <p>To ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in Performance Standard 7 are present.</p> <p>To respect and preserve the culture, knowledge, and practices of Indigenous Peoples.</p>	<p>The World Bank Indigenous Peoples Policy contributes to the Bank's mission of poverty reduction and sustainable development by ensuring that the development process fully respects the dignity, human rights, economies, and cultures of Indigenous Peoples.</p>	<p>To ensure that the transition process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of Indigenous Peoples.</p> <p>To both anticipate and avoid adverse impacts of projects on the lives and livelihoods of Indigenous Peoples' communities, or when avoidance is not feasible, to minimise, mitigate, or compensate for such impacts.</p> <p>To enable Indigenous Peoples to benefit from projects in a culturally appropriate manner.</p> <p>To support the client to establish and maintain an ongoing relationship with the Indigenous Peoples affected by a project throughout the life of the project.</p> <p>To recognise the principle, outlined in the UN Declaration on the rights of Indigenous Peoples: that the prior informed consent of affected Indigenous Peoples is required for some project-related activities.</p> <p>To respect and preserve the customary laws, culture, knowledge and practices of Indigenous Peoples in accordance with their wishes.</p>	<p>Indigenous Peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development.</p>

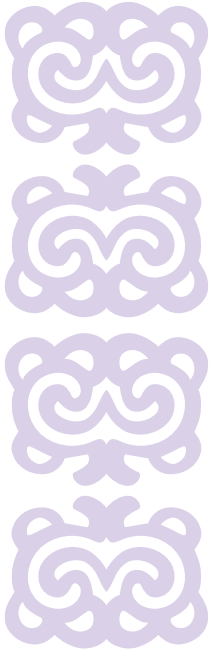




	IFC ¹⁹	World Bank ²⁰	EBRD ²¹	UNDRIP ²²
Consultations	<p>The client will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on the Affected Communities, and will inform those affected about how their concerns have been considered.</p> <p>The client is required to engage them in a process of ICP and in certain circumstances the client is required to obtain their Free, Prior, and Informed Consent (FPIC).</p> <p>When the stakeholder engagement process depends substantially on community representatives, the client will make every reasonable effort to verify that such persons do in fact represent the views of Affected Communities and that they can be relied upon to faithfully communicate the results of consultations to their constituents.</p> <p>Projects must involve Indigenous Peoples' representative bodies and organizations (e.g., councils of elders or village councils), as well as members of the Affected Communities of Indigenous Peoples.</p>	<p>Where the project affects Indigenous Peoples, the borrower engages in free, prior, and informed consultation with them. To ensure such consultation, the borrower:</p> <p>(a) establishes an appropriate gender and intergenerationally inclusive framework that provides opportunities for consultation at each stage of project preparation and implementation among the borrower, the affected Indigenous Peoples' communities, the Indigenous Peoples Organizations (IPOs) if any, and other local civil society organizations (CSOs) identified by the affected Indigenous Peoples' communities;</p> <p>(b) uses consultation methods appropriate to the social and cultural values of the affected Indigenous Peoples' communities and their local conditions and, in designing these methods, gives special attention to the concerns of Indigenous women, youth, and children and their access to development opportunities and benefits.</p>	<p>The process of community engagement will be culturally appropriate, respectful of the Indigenous Peoples' collective decision making processes, and ensure their meaningful consultation in order to facilitate a common understanding of the nature and duration of the impacts. They will be informed and participate in discussions of matters that affect them directly; proposed mitigation measures; the sharing of development benefits and opportunities; and implementation issues.</p> <p>The engagement process will include: Indigenous Peoples' representative bodies (for example, councils of elders or village councils, among others), Indigenous Peoples' organisations, as well as individually affected indigenous persons; Facilitation of the Indigenous Peoples' expression of their views, concerns, and proposals in the language of their choice, and without external manipulation, interference, or intimidation and in a culturally appropriate manner.</p>	<p>States shall consult and cooperate in good faith with the Indigenous Peoples concerned through their own representative institutions in order to obtain their free and informed consent prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources.</p>
Information Disclosure	<p>Effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them throughout a project's lifecycle.</p>	<p>The borrower makes the social assessment report and draft and final IPP (Indigenous Peoples Plan) available to the affected Indigenous Peoples' communities in an appropriate form, manner, and language.</p> <p>The borrower provides the affected Indigenous Peoples' communities with all relevant information about the project in a culturally appropriate manner at each stage of project preparation and implementation.</p>	<p>The client shall ensure that the project-affected Indigenous Peoples are adequately informed in a culturally appropriate manner about the relevant project plans affecting them, ensuring, where relevant, measures for effective participation by all parts of the community.</p>	<p>-</p>

	IFC ¹⁹	World Bank ²⁰	EBRD ²¹	UNDRIP ²²
Decision-making/Consent	Client will ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when necessary. Must involve Indigenous Peoples' representative bodies and organizations as well as members of the Affected Communities of Indigenous Peoples, and provide sufficient time for Indigenous Peoples' decision-making processes. Provide sufficient time for Indigenous Peoples' decision-making processes.	Borrower must ensure free, prior, and informed consultation with the affected Indigenous Peoples communities. This refers to a culturally appropriate and collective decision-making process subsequent to meaningful and good faith consultation and informed participation regarding the preparation and implementation of the project. It does not constitute a veto right for individuals or groups. Borrower must ascertain whether the affected Indigenous Peoples' communities provide their broad support to the project.	The client will obtain the free, prior, and informed consent (FPIC) of Indigenous Peoples before starting with an activity that impacts on traditional or customary lands under use.	Indigenous Peoples have the right to participate in decision-making in matters which would affect their rights, through representatives chosen by themselves in accordance with their own procedures, as well as to maintain and develop their own indigenous decision-making institutions.
Benefits-sharing	The determination, delivery, and distribution of compensation and other benefits-sharing measures to the Affected Communities of Indigenous Peoples will take account of the laws, institutions, and customs of these communities as well as their level of interaction with mainstream society.	Indigenous Peoples affected by the project receive culturally appropriate social and economic benefits.	The client will provide, through the process of meaningful consultation with, and the informed participation of, the affected communities of Indigenous Peoples, opportunities for culturally appropriate development benefits. Such opportunities should be commensurate with the degree of project impacts, with the aim of improving their standard of living and livelihoods in an appropriate manner and of fostering the long-term sustainability of the natural resources on which they may depend. Strong support should be given to customary subsistence activities, including traditional economic activities and their modern derivatives such as crafts and ethno-tourism.	Indigenous Peoples have the right to determine and develop priorities and strategies for the development or use of their lands or territories and other resources. Indigenous Peoples have the right to determine and develop priorities and strategies for exercising their right to development. In particular, Indigenous Peoples have the right to be actively involved in developing and determining health, housing and other economic and social programmes affecting them and, as far as possible, to administer such programmes through their own institutions.
Mitigation Measures	Adverse impacts on Affected Communities of Indigenous Peoples should be avoided where possible. Where alternatives have been explored and adverse impacts are unavoidable, the client will minimize, restore, and/or compensate for these impacts in a culturally appropriate manner commensurate with the nature and scale of such impacts and the vulnerability of the Affected Communities of Indigenous Peoples.	When potential adverse effects on Indigenous Peoples are identified, those adverse effects are avoided, minimized, mitigated, or compensated for.	All efforts should first be directed towards avoiding any adverse project effects on Indigenous Peoples. When avoidance of adverse effects is not feasible, the client will minimize, mitigate or compensate for these impacts in an appropriate and proportional manner.	States shall provide effective mechanisms for just and fair redress for any such activities, and appropriate measures shall be taken to mitigate adverse environmental, economic, social, cultural or spiritual impact.





	IFC ¹⁹	World Bank ²⁰	EBRD ²¹	UNDRIP ²²
Grievance Redress Mechanism	An effective grievance mechanism should be designed in consultation with the Affected Communities of Indigenous Peoples. The grievance mechanism should be culturally appropriate and should not interfere with any existing processes or institutions within the Affected Communities of Indigenous Peoples to settle differences among them. The grievance mechanism should provide for fair, transparent, and timely redress of grievances at no cost. All members of the Affected Communities of Indigenous Peoples should be informed of the client's grievance mechanism.	The Indigenous Peoples Plan must include accessible procedures appropriate to the project to address grievances by the affected Indigenous Peoples' communities arising from project implementation. When designing the grievance procedures, the borrower takes into account the availability of judicial recourse and customary dispute settlement mechanisms among the Indigenous Peoples.	The client will ensure that the grievance mechanism established for the project is culturally appropriate and accessible for Indigenous Peoples; this may entail less reliance on written procedures and more use of verbal reporting channels.	-

¹⁹ International Finance Corporation, 2012. Environmental and Social Performance Standards. "Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impact." Available at: http://www.ifc.org/wps/wcm/connect/3be1a68049a78dc8b7e4f7a8c6a8312a/PS1_English_2012.pdf?MOD=AJPERES

International Finance Corporation, 2012. Environmental and Social Performance Standards. "Performance Standard 7: Indigenous Peoples." Available at: http://www.ifc.org/wps/wcm/connect/1ee7038049a79139b845faa8c6a8312a/PS7_English_2012.pdf?MOD=AJPERES

International Finance Corporation, 2012. Environmental and Social Performance Standards. "Guidance Note 7: Indigenous Peoples." Available at: http://www.ifc.org/wps/wcm/connect/50eed18049800919a89bfa336b93d75f/Updated_GN7-2012.pdf?MOD=AJPERES

²⁰ World Bank, 2005. OP 4.10, Indigenous Peoples. Available at: <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/O,,contentMDK:20553653~menuPK:64709108~pagePK:502184,00.html>

World Bank, 2005. OP 4.10, Annex B – Indigenous Peoples Plan. Available at: <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/O,,contentMDK:20564712~menuPK:4564185~pagePK:64709096~piPK:64709108~theSitePK:502184,00.html>

²¹ EBRD, 2014. EBRD Environmental and Social Policy. Available at: <http://www.ebrd.com/downloads/research/policies/esp-final.pdf>

²² United Nations, 2007. United Nations Declaration on the Rights of Indigenous Peoples. Available at: http://www.un.org/esa/socdev/unpfi/documents/DRIPS_en.pdf

INDIGENOUS PEOPLES PROJECTS SUPPORTED BY SAKHALIN ENERGY

From 2006 to 2015, Sakhalin Energy funded over 550 projects approved by the Plan's governing bodies, to the total amount of over 96 million roubles, under SIMDP 2 and 3. Annually issued information regarding allocation of funds and description of projects are distributed throughout the districts of the Sakhalin Oblast and to stakeholders. They are also available on the Development Plan website www.simdp.ru.

Since 2006, the SIMDP has been the key document used by Sakhalin Energy in the work with the SIM. However, between 2011 and 2015, the following activities to support Sakhalin Indigenous Minorities were funded outside the budget of the Development Plan:

Projects Supported by the Company

7th Congress of the Indigenous Minorities of the North, Siberia, and the Far East of the Russian Federation

Training workshop for the representatives of the Sakhalin indigenous minorities in the framework of implementation of the Assistance to Indigenous Communities through the Implementation of the Microcredits Programme

Financing of the regional event held to obtain the consent of the SIM to the commencement of the SIMDP2 implementation (2011–2015)

Annual workshops and training for SIMDP2 governing bodies (2011–2015)

7th Congress of the Sakhalin Indigenous Minorities

General sponsor of the 11th Regional Festival of the Sakhalin Indigenous Minorities

Preparation, support, layout, financing, and publication of the book «The Epic of the Sakhalin Nivkh People,» as well as supporting events for the book presentation and distribution

Organised the translation and publication of the Universal Declaration of Human Rights and the UN Declaration on the Rights of Indigenous Peoples in the Nivkh language

Organised the translation and publication of the Universal Declaration of Human Rights and the UN Declaration on the Rights of Indigenous Peoples in the Uilta language

Organised the translation and publication of the Universal Declaration of Human Rights and the UN Declaration on the Rights of Indigenous Peoples in the Nanai language

Organised the translation and publication of the UN Declaration on the Rights of Indigenous Peoples in the Evenki language

The basic UN documents were translated into Russian, English, and the languages of the SIM and published in a general collection with a CD with the texts of the Universal Declaration of Human Rights and the Declaration of the United Nations Rights of Indigenous Peoples, recorded in the Nivkh, Uilta, Evenki, and Nanai languages

Additional financing of the publication of the manual «Business and Indigenous People: Experience, Best Practices, and Development Prospects»

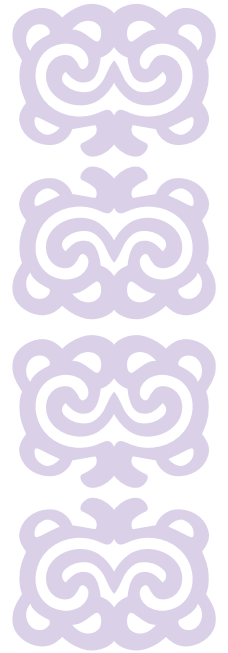
Published the brochure «Preservation and Development of the Languages and Cultures of the Indigenous Peoples of the North»

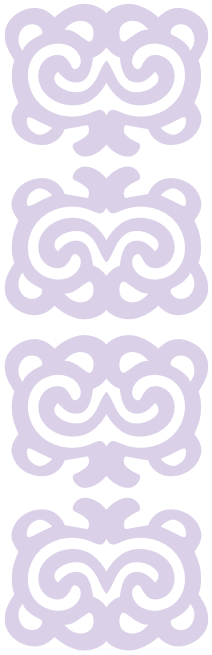
Organised and sponsored the project «Preservation and Promotion of Cultural and Linguistic Heritage of Indigenous Peoples» through events dedicated to celebration of the 80th anniversary of the founder of the Nivkh literature

Organised and funded the project to digitize the works of Vladimir Sangi

Prepared and published the book dedicated to the 80th anniversary of Vladimir Sangi, the founder of the Nivkh literature

Organised readings dedicated to the works of writers and poets of the Indigenous Peoples of the North, Siberia, and Far East, «The Soul of the North»





Projects Supported by the Company

Held a regional literary and art competition dedicated to the works of Vladimir Sangi, the founder of the Nivkh literature; organised the ceremonial event

Sponsored the regional conference «Traditional Economic Activities of the Sakhalin Indigenous Minorities as the Basis for the Preservation of Ethnic Groups»

Apart from these events, Sakhalin Energy provided logistical and financial support to organise meetings and fulfil tasks within the framework of the tripartite evaluation of the Plan implementation, annual independent monitoring, publication of information materials on the implementation of the programme, and annual public consultations with representatives of the Indigenous Minorities of the North in the areas of traditional residence and traditional economic activities of the Sakhalin Indigenous Minorities.

**QUESTIONNAIRE OF PUBLIC OPINION SURVEY ON THE SECOND SAKHALIN
INDIGENOUS MINORITIES DEVELOPMENT PLAN IMPLEMENTATION AND THE THIRD
SAKHALIN INDIGENOUS MINORITIES DEVELOPMENT PLAN PREPARATION**

Settlement: _____

Date: « _____ » _____ 2015 r.

Dear Sakhalin residents,

We are interested in your opinion on the support measures provided to the Sakhalin indigenous minorities under the Sakhalin Indigenous Minorities Development Plan (hereinafter referred to as the SIMDP/the Plan).

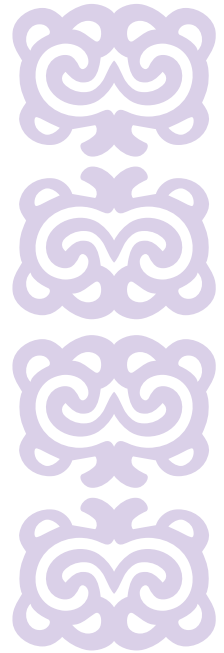
Please give your answers to the questions below to enhance the efficiency of the Plan.

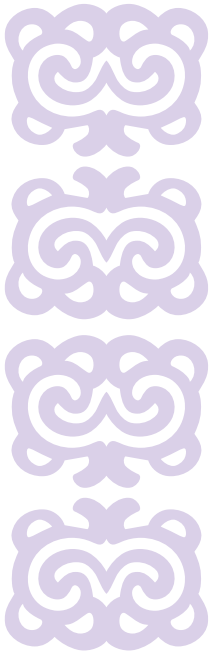
1. How do you know about the Plan? (Please tick all that apply)

- Acquaintances, friends, relatives
- I have received information during the activities held by the SIMDP partners:
- Regional Council of Authorised Representatives of the Sakhalin Indigenous Minorities
 - Sakhalin Energy
 - Sakhalin Oblast Government
- I have participated in projects, activities within the Plan
- Information materials of Sakhalin Energy (brochures, posters, etc.)
- Newspapers (indicate their names): _____
- TV (indicate a channel name): _____
- SIMDP website (www.simdp.ru)
- Sakhalin Energy website (www.sakhalinenergy.ru)
- Other websites (indicate their names): _____
- I have received information at the meetings of the Sakhalin Indigenous Minorities
- I am a participant of the Plan (for example, a member of the Plan governing bodies, filed an application, received a grant, etc.)
- Other sources (indicate) _____
- _____
- _____

2. What is your opinion on the effect of the SIMDP implementation?

Opinion	Tick ✓ one of the options	Please give an explanation
Very favourable		
Generally favourable		
Generally unfavourable		
Both favourable and unfavourable		
Has no effect		
It is hard to say		





3. Which projects (activities or areas) implemented within the Plan are the most useful or successful from your point of view? (Please tick ✓ all that apply)

Area	Tick ✓	Please explain why and give an example
SOCIAL DEVELOPMENT:		
Healthcare	<input type="checkbox"/>	
Education	<input type="checkbox"/>	
Culture	<input type="checkbox"/>	
Capacity building	<input type="checkbox"/>	
TRADITIONAL ECONOMIC ACTIVITIES SUPPORT:		
Self-sufficiency	<input type="checkbox"/>	
Business planning	<input type="checkbox"/>	
Microloans	<input type="checkbox"/>	

4. What issues can you see in the Development Plan implementation? _____

5. What changes, new projects and activities should be included into SIMDP3 (for 2016-2020) from your point of view?

Areas	Your suggestions
Plan governance structure	
Component Healthcare	
Component Education	
Component Capacity building for the indigenous minorities	
Component Culture	
Traditional economic activities support components	
Information disclosure and consultations	
Other	

6. In your opinion how often should the external monitoring of SIMDP3 implementation take place (for SIMDP1 and SIMDP2 monitoring was carried out by an independent expert G. Guldin)?

Frequency	Tick ✓ one of the options
1. Once a year	<input type="checkbox"/>
2. Once every 2.5 years (midterm and final evaluation of the programme)	<input type="checkbox"/>
3. Once every 5 years	<input type="checkbox"/>

7. Respondent:

Respondent's gender: male female

Age _____ in completed years

Nationality _____

Thank you for your cooperation!

Partners of the Sakhalin Indigenous Minorities Development Plan

REPORT
ON THE RESULTS OF THE STUDY OF PUBLIC OPINION ON THE IMPLEMENTATION
OF SIMDP2 AND THE PREPARATION OF SIMDP3

OVERVIEW OF THE SURVEY RESULTS

The survey was held between 2 February and 1 May 2015 to reveal public opinion on the implementation of the Sakhalin Indigenous Minorities Development Plan (hereinafter referred to as the Development Plan or the Plan) and the preparation of the Third Development Plan (SIMDP3).

The survey was implemented through questionnaires which could be completed by all those who wish. As a result, 231 questionnaires were received from residents of 14 settlements.

Sources of information on the Development Plan:

The most common sources (more than 25% of respondents each) were a) acquaintances, friends, and/or relatives, b) Sakhalin Indigenous Minorities (SIM) meetings, and c) activities held by the partners of the Development Plan.

The least common sources (less than 10% of respondents each) were a) TV, b) Sakhalin Energy website, and c) other websites.

Opinions on the implementation of the Development Plan

More than half of respondents (55.15%) reported that the implementation of the Plan has had a favourable effect. Additionally, the most common comments are as follows:

- the SIM life quality has improved
- there appeared the possibility to implement plans, projects
- material support and assistance for the SIM

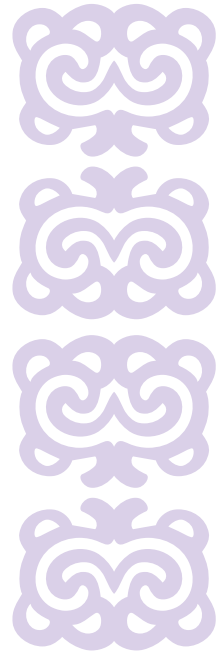
Correspondingly, 3.95% of respondents said that the implementation of the Plan has had an unfavourable effect, and 8.35% of respondents said it has had both a favourable and an unfavourable effect. There were no general comments made in this regard.

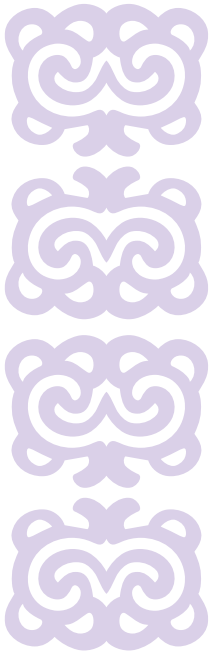
Less than 8.5% of respondents said that the Plan implementation has had no effect at all. The most common comments in this case were that «the implementation of the Plan is effective only for tribal enterprises». One possible cause for this opinion is the rejection of applications.

Respondents considered all the areas of the Plan to be the most successful and useful; no area was left unticked.

One in three respondents pointed out some issues with the implementation of the Plan. The issues mentioned by the respondents can be divided into five groups:

1. evaluation of proposals and distribution of funds (biased approach to application evaluation/distribution, rejections, provision of financing to the same people)
2. insufficient funding
3. Plan governance issues
4. complaints about the criteria and conditions of the programmes
5. lack of awareness/transparency/consultations and activity from the SIM themselves





Opinion on the preparation of SIMDP 3:

One in every three respondents gave his/her opinion on the changes, new projects and/or activities to be embraced within SIMDP3.

Most suggestions concerned the following areas: Healthcare, Education, and Traditional Economic Activities Support.

Many respondents proposed to conclude a bilateral agreement for the implementation of the Plan.

More than 60% of respondents consider it obligatory to conduct external monitoring of SIMDP3 implementation once a year and 25.15% of respondents—once every 2.5 or 5 years.

SURVEY AND REPORT SUMMARY

The survey was held between 2 February and 1 May 2015 within the final assessment of the Second Sakhalin Indigenous Minorities Development Plan (hereinafter referred to as the Development Plan or the Plan) and the preparation of SIMDP 3 with a view to reveal public opinion on the implementation of the Development Plan.

Survey tasks:

- to reveal the sources of information on the Development Plan;
- to reveal opinions on the implementation of the Development Plan;
- to reveal opinions on the preparation of SIMDP3.

Survey subject: public opinion on the implementation of the Plan and preparation of SIMDP3.

Survey technique: questionnaires consisting of seven questions were used as the survey tool.

Survey target: all those who wish were able to take part in the survey. Information about the survey was spread by the following methods:

- public meetings held in February 2015 within the annual consultations on the Development Plan;
- distribution of questionnaires in settlements;
- Development Plan website.

As a result, **231 questionnaires** were received from residents of **14 settlements** (see Table 1. Number of questionnaires by settlements).

Table 1. Number of Questionnaires by Settlements

Settlement	Number of Questionnaires	%
Nekrasovka	34	14,7
Okha	29	12,6
Val	25	10,8
Nogliki	27	11,7
Tymovskoye	9	3,9
Aleksandrovsk-Sakhalinsky (A-S)	12	5,2
Chir-Unvd	8	3,5
Viakhtu	18	7,8
Trambaus	12	5,2
Smirnykh*	11	4,8
Poronaysk**	33	14,2
Yuzhno-Sakhalinsk (Yu-S)	13	5,6
Total	231	100,0

* Including 1 questionnaire from the resident of Onor village.

** Including 1 questionnaire from the resident of Leonidovo village.

The results of the survey tasks are presented in the following sections.

Acronyms:

SIM	Sakhalin Indigenous Minorities
Development Plan or Plan (SIMDP)	Sakhalin Indigenous Minorities Development Plan
RCAR	Regional Council of Authorised Representatives of the Sakhalin Indigenous Minorities
Sakhalin Energy or Company	Sakhalin Energy Investment Company Ltd.

SOURCES OF INFORMATION ON THE DEVELOPMENT PLAN

The survey revealed that the most wide-spread sources of information on the Plan are as follows (see Table 2. Sources of information on the Development Plan):

- acquaintances, friends, relatives;
- activities held by the partners of the Development Plan (the Regional Council of Authorised Representatives of the Sakhalin Indigenous Minorities (RCAR) and Sakhalin Energy are mainly indicated); and
- meetings of the SIM.

Also, one in every five respondents took part in the projects, activities of the Plan and/or is its participant (for example, as a member of the Plan governing bodies, filed an application, received a grant, etc.).

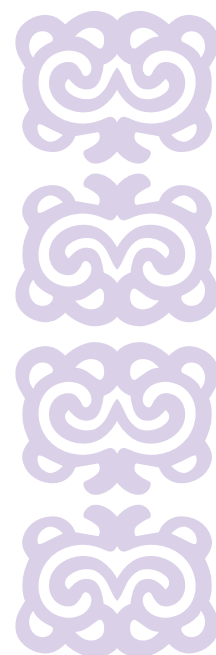
The least common sources of information are as follows:

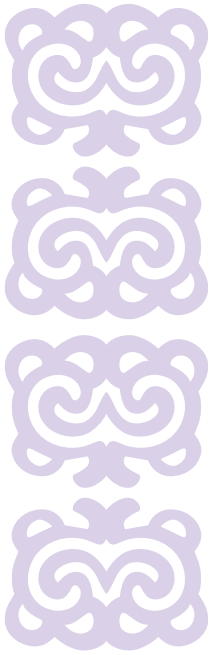
- TV;
- Sakhalin Energy website; and
- other websites.

Table 2. Sources of information on the Development Plan by settlements, %

Note. The respondents could give several answers

How do you know about the Plan?	Nekrasovka	Okha	Val	Nogliki	Tymovskoye	A-S	Chir-Unvd	Viakhtu	Trambaus	Smirnykh	Poronaysk	Yu-S	Total
Acquaintances, friends, relatives	41,18	42,64	42,00	20,00	11,11	33,33	25,00	47,00	16,67	18,18	28,65	15,38	29,39
I have received information during the activities held by the Development Plan partners:													
Regional Council of Authorised Representatives of the Sakhalin Indigenous Minorities (RCAR)	29,41	17,24	33,50	18,00	55,56	33,33	25,00	35,67	0,00	54,55	42,42	45,93	62,60
Sakhalin Energy	38,24	17,24	35,50	44,00	55,56	25,00	12,50	5,56	16,67	9,09	24,12	23,39	25,79
Sakhalin Oblast Government	29,41	13,79	12,50	6,00	33,33	8,33	12,50	0,00	0,00	13,59	21,21	44,23	16,44
I have participated in the projects, activities within the Plan	41,18	25,80	12,50	32,00	11,11	0,00	25,00	0,00	8,33	9,09	33,33	15,69	19,76
Handouts of Sakhalin Energy (brochures, posters, etc.)	29,41	11,90	23,00	18,00	22,22	16,67	25,00	5,56	0,00	0,00	22,62	19,54	17,24
Newspapers	12,88	18,85	14,50	22,00	11,11	16,67	18,75	0,00	0,00	0,00	6,05	0,00	11,23
TV	8,82	6,90	16,00	12,00	0,00	8,33	12,50	0,00	0,00	0,00	6,06	7,69	6,33
Development Plan website	20,59	10,34	16,00	16,00	33,33	8,33	25,00	0,00	0,00	0,00	15,15	7,69	12,00





How do you know about the Plan?	Nekrasovka	Okha	Val	Nogliki	Tymovskoye	A-S	Chir-Unvd	Viakhtu	Trambaus	Smirnykh	Poronaysk	Yu-S	Total
Sakhalin Energy website	8,82	6,90	10,00	10,00	33,33	0,00	12,50	0,00	0,00	0,00	3,03	0,00	6,90
Other websites	11,76	0,00	12,00	12,00	0,00	0,00	0,00	0,00	0,00	0,00	9,09	0,00	4,32
I have received information at the meetings of the Sakhalin Indigenous Minorities	52,94	37,93	32,00	44,00	11,11	25,00	25,00	5,56	0,00	18,18	36,36	30,77	31,5
I am a participant of the Plan	41,18	27,59	12,00	12,00	0,00	0,00	25,00	0,00	0,00	0,00	18,18	7,69	15,01
Other sources	0,00	10,34	20,00	16,00	0,00	0,00	0,00	5,56	66,67	0,00	9,09	0,00	8,70

OPINION ON THE IMPLEMENTATION OF THE DEVELOPMENT PLAN

Opinion on the effect of the development plan implementation

More than half of respondents (55.15%) believe that the implementation of the Development Plan has a favourable effect (see Table 3. Opinion on the effect of the Development Plan).

Table 3. Opinion on the effect of the Development Plan implementation by settlements, %

Note. Some respondents answered only a part of the questions.

What is your opinion on the effect of the Development Plan implementation?	Nekrasovka	Okha	Val	Nogliki	Tymovskoye	A-S	Chir-Unvd	Viakhtu	Trambaus	Smirnykh	Poronaysk	Yu-S	Total
Very favourable	23,53	17,24	10	22	55,56	8,33	12,5	16,67	0,00	45,45	30,15	23,39	21,26
Generally favourable	26,47	27,59	21	34	33,33	75,00	37,50	22,22	0,00	45,45	42,42	59,62	33,89
Generally unfavourable	5,88	0,00	0,00	10,00	0,00	8,33	25,00	5,56	8,33	0,00	0,00	0,00	3,95
Both favourable and unfavourable	11,825	10,34	21	16,00	0,00	8,33	0,00	0,00	20,84	0,00	0,00	0,00	8,35
Has no effect	8,82	1,73	8,50	4,00	0,00	0,00	12,50	11,11	62,34	0,00	0,00	0,00	8,13
Has no effect	17,65	32,74	25,50	16,00	11,11	0,00	25,00	38,89	8,33	0,00	21,21	0,00	17,68

The most wide-spread statements regarding this opinion are as follows:

- the SIM life quality has improved; there appeared the possibility to implement plans, projects;
- material support and assistance for the SIM (provision of equipment, etc.).

The number of respondents considering the effect of the implementation of the Plan as unfavourable is insignificant (less than 4%). One in every nine respondents believes that the implementation of the Plan has both a favourable and an unfavourable effect.

Less than 8.5% of respondents consider that the implementation of the Plan has no effect. The most popular comments in this case are that «the implementation of the Plan is effective only for tribal enterprises». The possible cause for this opinion is rejection of applications.

Opinion on the most useful or successful projects (activities or areas) of the Development Plan

Respondents consider all areas of the Plan to be the most successful and useful: no area was left unticked (see Table 4. Opinion on the most useful or successful projects (activities or areas) implemented within the Plan).

There were certain typical comments made on the successfulness/usefulness of some areas of the Plan. For example:

- Healthcare is crucial for population, it provides help in treating eye diseases and dental prosthetic rehabilitation;
- Education provides support for students;
- Culture promotes preservation/revival/development of the national culture/traditions/language;
- Business Planning contributes to the development of tribal enterprises and communities.

Table 4. Opinion on the most useful or successful projects (activities or areas) implemented within the Plan by settlements, %

Note. The respondents could give several answers.

Which projects (activities or areas) implemented within the Plan are the most useful or successful in your opinion?	Nekrasovka	Okha	Val	Nogliki	Tymovskoye	A-S	Chir-Unvd	Viakhtu	Trambaus	Smirnykh	Poronaysk	Yu-S	Total
Social Development:													
Healthcare	65,86	68,97	72,00	44,00	66,67	37,34	62,50	77,78	12,165	90,91	57,58	65,12	60,39
Education	68,83	65,52	63,50	58,00	60,835	50,00	62,50	55,56	37,5	63,64	63,64	80,31	60,97
Culture	45,56	55,17	50,50	40,00	77,78	50,00	31,00	61,11	41,67	45,45	55,78	72,96	51,98
Capacity Building	23,53	58,62	25,00	24,00	55,56	8,33	12,50	27,78	8,33	18,18	45,45	57,27	31,40
Traditional economic activities support:													
Self-sufficiency	73,53	51,72	40,00	52,00	22,22	50,00	50,00	27,78	54,00	45,45	51,52	30,23	47,11
Business Planning	55,88	51,72	18,5	20,00	44,44	8,33	12,50	11,11	8,33	54,55	57,58	49,93	34,63
Microloans	39,59	48,28	14,50	24,00	0,00	13,84	12,50	16,67	8,33	45,45	33,33	49,93	27,15

Issues concerning the development plan implementation

One in every three respondents pointed to some issues concerning the Development Plan implementation (Note. According to the replies to the direct question only. Opinions on the problems with the implementation of the Plan were expressed in answers to other questions as well).

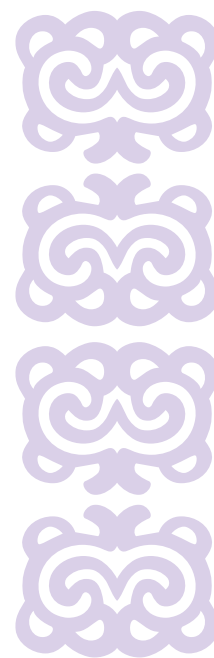
Many respondents indicated problems indirectly, through recommendations. The problems mentioned by the respondents can be conventionally divided into five groups:

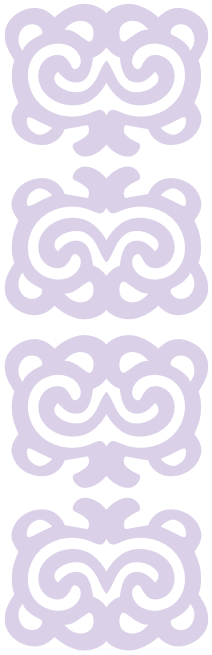
1. evaluation of proposals and distribution of funds (biased approach to application evaluation/distribution, rejections, provision of financing to the same people);
2. insufficient funding;
3. Development Plan governance issues;
4. complaints about the criteria and conditions of the programmes;
5. lack of awareness/transparency/consultations and activity from the SIM themselves.

OPINION ON THE PREPARATION OF SIMDP3

Proposals on changes, new projects and/or activities of SIMDP3

One in every three respondents gave his/her opinion on the changes, new projects and/or activities to be embraced within SIMDP3. Most suggestions were received concerning the following areas: Healthcare, Education, and Traditional Economic Activities Support.





It should be noted that:

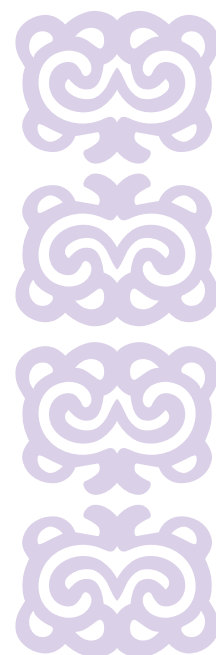
- Some respondents were not specific about their proposals (ticked but did not explain) or indicated the problems in the Development Plan implementation as well.
- Many respondents highlighted the need to increase the financing of certain programmes/areas.
- The importance of SIM languages preservation was emphasized by the respondents within various areas. One respondent suggested that a separate area dedicated to “language preservation” be introduced.

The submitted proposals concerning the implementation of the Plan can be conventionally divided into a few groups. Table 5 below shows the groups of proposals concerning changes, new projects and/or activities within SIMDP3 and examples of statements.

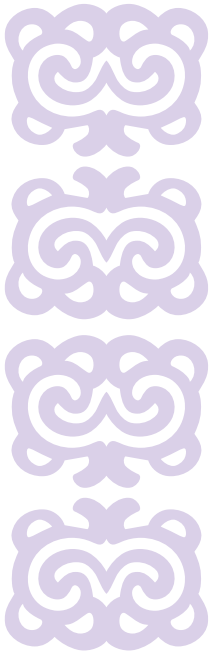
Table 5. Conventional groups of proposals concerning changes, new projects and/or activities within SIMDP3 *

**Original statements of respondents are retained.*

Conventional groups of proposals	Examples of statements
Governance structure	
Conclusion of a bilateral agreement on the implementation of the Development Plan.	<p>Government must be excluded from the agreement signing. All power must be given to the people.</p> <p>Governance must be reformed. There should be a bilateral agreement between Sakhalin Energy and the SIM.</p> <p>A bilateral agreement under the Development Plan should be signed between Sakhalin Energy and the SIM Council</p>
Membership and functions of governing bodies	<p>Exclude the Government from the Board. Leave two parties only.</p> <p>The Government must be excluded from the governance structure.</p> <p>The Governing Board of the Plan must include representatives of the SIM from all districts.</p> <p>Change the Governing Board structure. Why are there two persons from the Government? One person from each district must be included into the Board.</p> <p>Branches of TEASP must be established in each district with local representatives being able to control the processes of projects’ approval and financing by themselves, having the information on those who have already received money.</p> <p>The Supervisory Board must be granted with the right to approve or reject decision of TEASP Committee.</p> <p>Only Government and RCAR must be in charge..</p>
Healthcare	
Necessity of the area	<p>Go on with what has been started.</p> <p>Leave as it is.</p> <p>Pass to the Sakhalin Oblast Government.</p> <p>Send to the Government programme.</p> <p>It should be done by the Sakhalin Oblast Government.</p> <p>Once projects are piloted within the Development Plan and transferred to the category of constant projects, they must be financed by Government bodies, since it is their duty. Projects in the areas of Culture, Education, Healthcare submitted by Government bodies and authorities must be restricted. It is their duty.</p>
Area components	<p>The project of Social assistance to those who find themselves in difficult life situations must necessarily be included.</p> <p>Health resort vouchers must be allocated.</p> <p>Services for dental prosthetics and treatment must be continued.</p> <p>Free annual medical examinations.</p> <p>There must be allocated funds for medicine.</p>



Conventional groups of proposals	Examples of statements
Population categories eligible for getting assistance (the disabled, pensioners, people with certain diseases)	Assistance to disabled people with chronic diseases. Assistance to disabled children and pensioners. Provision of pensioners, the disabled and children of the SIM with medicine. Assistance to oncology and tuberculous patients..
Education	
Necessity of the area	Go on with what has been started. It is necessary.
Assistance to students (most of the proposals)	Assistance to students studying on a contractual basis and extra-mural students with living accommodation included for those who left their native towns. Full coverage of expenditures on education. Increase scholarships.
Learning/studying native languages	Training personnel within the specialization of the SIM language philology. Studying native languages. We offer assistance in searching for a qualified teacher. Methodical literature in Nivkh language. Publishing educational literature.
Capacity building for the SIM	
Necessity of the area	Go on with what has been started. It is necessary.
Workshops	Educational workshops. More educational workshops. Plan more schools, educational courses for the SIM. Business Planning, accounting courses, School of Leaders; filing applications must be realised on a continuing (long-term) basis.
Capacity building for the young/leadership skills	Education of the young. More support for the young. School of Young Leaders. Attract the youth in all the areas.
Culture (proposal of general types, like those concerning the revival/preservation/development of the national culture and customs are not included)	
Necessity of the area and the programme components	Go on with what has been started. It is necessary
Support for/development of performance, decorative and applied arts teams.	Support for dance groups. Support for masters of decorative and applied arts. There is a need in a target support for teams. Support for tour and concert projects. Increase in the financing of decorative and applied arts sharing or team working..
Ethno-centres etc.	Assistance in establishing and maintaining ethno-centres in districts. Ethno-centre in Yuzhno-Sakhalinsk. Nogliki.
Training	Establish language courses (Nivgun). Run various classes in a boarding school. Training a specialist in the national cultures.



Conventional groups of proposals	Examples of statements
Traditional economic activities support	
Programme components	Establish a microcredit fund in Sakhalin. Continue with the same activities. Only microcredits should be given to tribal enterprises and communities. Individuals who are not members of tribal enterprises and communities should not be included in TEASP. Change the decision on training for a ship driver or a snowmobile driver. Only microcredits should be given to tribal enterprises and communities. Individuals who are not members of tribal enterprises and communities should not be included in TEASP. A standard of self-sufficiency must be developed, then stimulate business planning.
Strengthening of control measures	Take into account tax reports and employment in tribal enterprises when considering business planning. Take into account tax reports sent to the tax inspection. Increase in control of the usage of plant and equipment purchased.
Improvement of processes	Consultation services must be rendered on itemisation of grant applications, since many people have no idea on how to set tasks and goals, etc. Single application fill-in format both for individuals and communities. Single fund for development embracing economic activities of the SIM. Grant more applications from individuals. While the Expert Committee opinion should be taken into account, it is the Commission, which take the final decision. To include the requirement of funds distribution according to the registered communities and tribal enterprises in the district in TEASP. Decisions must be taken through the Government. The analysis of enterprises' viability should be performed for the whole period.
Awareness and consultations	
Frequency and time	Come very often. Some people cannot meet with them, so it is necessary to choose more convenient time. A lot of information and pictures can be seen in the website. More consultations and information for the young.
Strengthening of control measures	Raise awareness through crawler messages and newspapers. To increase the number of participants by holding consultations at institutions or organisations where the SIM mainly work with attraction of non-profit organisations.

EXTERNAL MONITORING OF SIMDP3 IMPLEMENTATION

More than 60% of respondents consider it necessary to conduct external monitoring of SIMDP3 implementation once a year, and 25.15% of respondents – once every 2.5 or 5 years (see Table 6. Opinion on the Frequency of SIMDP3 External Monitoring).

Individual comments were obtained regarding:

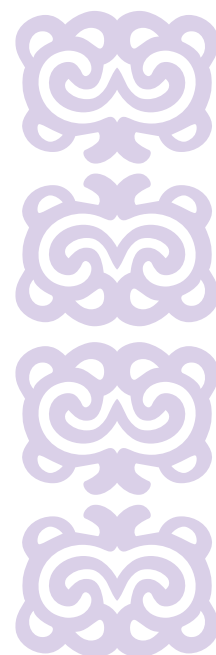
- The necessity to perform external monitoring more often.
For example:
 - Three times a year.
 - Twice a year with an overview of the SIM situation.
- An independent expert.
For example:
 - Possibility to substitute an independent expert.
 - Substitute Mr Guldin (a foreign mindset).

- Internal monitoring:
 - Once a year.

Table 6. Opinion on the frequency of SIMDP3 external monitoring by settlements, %

Note: Some respondents answered only a part of the questions.

How often should the external monitoring of SIMDP3 implementation take place in your opinion?	Nekrasovka	Okha	Val	Nogliki	Tymovskoye	A-S	Chir-Unvd	Viakhtu	Trambaus	Smirnykh	Poronaysk	Yu-S	Total
Once a year	58,44	58,62	57,50	68,00	94	62,50	50,00	52,56	54,17	45,45	80,425	84,62	63,35
Once every 2.5 years (interim and final assessment of the programme)	23,53	8,45	27,50	4,00	0,00	8,33	25,00	16,56	25,00	45,45	12,12	11,19	16,59
Once every 5 years	8,82	25,80	10,00	10,00	0,00	0,00	12,50	16,67	0,00	0,00	6,06	0,00	8,56



PROPOSALS RECEIVED DURING CONSULTATIONS WITH INDIGENOUS PEOPLES IN THE COURSE OF SIMDP PREPARATION

GOVERNANCE STRUCTURE

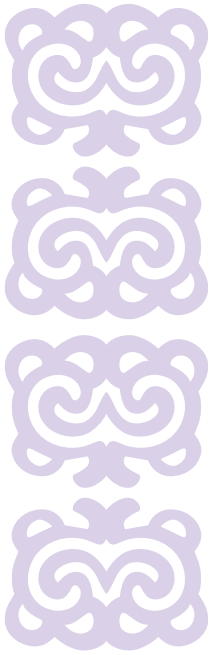
Proposals	Municipalities
Extend the terms of possible membership in the committees in order to gain experience necessary for efficient operation.	Okha City District Municipality
The term of SIM membership in governing bodies shall remain the same: 2.5 years.	Okha City District Municipality
Reform the SIMDP Governing Board: officials shall not participate in the Governing Board. Representatives of authorities may only participate in advisory expert structures of the programme.	Nogliki City District Municipality
Reform the SIMDP Governing Board structure, choosing another form of the Governing Board: Governing Board members should not be part of the management team, i.e.: head of the SIM governing body, representative of the indigenous minorities in the Sakhalin Oblast Duma. Ensure that the Administration in the Governing Board is represented by experts.	Nogliki City District Municipality
Authorities may participate only on the Advisory Board.	Nogliki City District Municipality
Reform the SIMDP management structure for the third five-year plan: it is necessary to sign an agreement on the implementation of the programme only between the Company and Indigenous Peoples.	Nogliki City District Municipality
Plan to send to Sakhalin Energy the decision of the Conference of the Regional Public Organisation "The Union of the Indigenous Peoples of the North" about bilateral partnership.	Nogliki City District Municipality
Amend the SIMDP structure to allow implementation of the Microloans Programme but not through the Fund located in Moscow.	Nogliki City District Municipality
Do not include the District Committees in the management structure as this will increase the management structure and may create a conflict situation.	Nogliki City District Municipality
Rename Governing Board into Supervisory Board	Nogliki City District Municipality
In order to review midterm results of SIMDP 3 to arrange IP Conference in the middle of 2018; some components or directions could be upgraded	Nogliki City District Municipality
Elect competent experts to the programme Committees.	Nogliki City District Municipality
Do not include persons on the Advisory Board of Exxon in the SIMDP governing bodies.	Nogliki City District Municipality
Introduce amendments to the Grievance Procedure so that employees of subdivisions and units would not have to review grievances against their colleagues.	Nogliki City District Municipality
Exclude participation of the Public Chamber representative and IP Representative at the Sakhalin Oblast Duma	Nogliki City District Municipality
In case of grievances against a Governing Board member, a procedure is needed for removing such a member from the Governing Board.	Nogliki City District Municipality
Do not include a representative of the Administration to the District Committees but rather transfer all the functions of the District Committees to the Sakhalin Indigenous Minorities Council of the Administration.	Nogliki City District Municipality
The Regional Council was created in 2006. The main objective of the Regional Council was to create the Fund. Up to this date, the SIM Fund has not been created. It was proposed to create the Fund in Nogliki along with the creation of the Regional Ethnic Centre.	Nogliki City District Municipality Aleksandrovsk-Sakhalinsky City District Municipality
Do not authorise expert groups to accept or not accept applications.	Nogliki City District Municipality
Support the creation of the District Committees.	Aleksandrovsk-Sakhalinsky City District Municipality
Remove one of the governing body structures: having both the Governing Board and the Executive Committee does not help to quickly resolve issues.	Tymovskoye City District Municipality



Proposals	Municipalities
Limit the Government's participation to external monitoring.	Tymovskoye City District Municipality
Include a condition to the programme provision that would limit membership in the Committees to the maximum of two terms.	Poronaysk City District Municipality
Include a representative of economic department into the District Committee membership	Poronaysk City District Municipality
Include a condition to the Regulation on the Coordinating Bodies that would allow participation in face-to-face meetings via email and by telephone.	Poronaysk City District Municipality
Hire two SIMDP implementation coordinators—one for SDF activities and the other for TEASP activities.	Poronaysk City District Municipality
Coordinator should be an orphan	Poronaysk City District Municipality
The SIMDP governance structure shall remain the same as it is at present.	Yuzhno-Sakhalinsk City District Municipality
Elect Governing Board members from the representatives of the SIM at the conference on the SIMDP3 approval.	Yuzhno-Sakhalinsk City District Municipality
Continue cooperation with G. Guldin.	Yuzhno-Sakhalinsk City District Municipality

PROGRAMMES OF SIMDP3

Proposals	Municipalities
If the partner's applications will not be proceeded, these organisations will not act as guarantors for other applicants.	Okha City District Municipality
It is necessary to analyse how many applications were submitted and how many received.	Okha City District Municipality
Discuss applications submitted for Self-Sufficiency projects in villages and then advise on whose project shall be funded in the first place.	Okha City District Municipality
There was a disagreement with a fact that, for traditional economic activities, priority is given to tribal enterprises as the amount for self-sufficiency is too small.	Okha City District Municipality
Offer for consideration the inclusion in the TEASP of the funding criteria for organisations with activity in financial and fiscal reports so that communities with zero balance reports shall not be funded.	Okha City District Municipality
Take charter activities into consideration and, if it does not provide for commercial benefit, allow activities with zero balance reports.	Okha City District Municipality
Provide scholarships to students of local schools.	Okha City District Municipality
Capacity building should include some specific things.	Okha City District Municipality
Organise a workshop on processing of skins.	Okha City District Municipality
Take into consideration that tribal enterprises cannot participate in the Microloans Programme if they are not allowed to sell fishery products at the markets.	Okha City District Municipality
Consider capacity building projects.	Okha City District Municipality
Consider cross marriages when developing TEASP programme.	Okha City District Municipality
Transfer Microloans programme to SDF.	Okha City District Municipality
Introduce the funding priority right for the Nogliki District, as traditional activities and economy in this district is very different from other districts such as Yuzhno-Sakhalinsk, Smirnykh, and Poronaysk Districts; the Nogliki District is influenced by the oil and gas industry.	Nogliki City District Municipality
Solve the issue of there being no organisations in Val that could become partners for individuals.	Nogliki City District Municipality
Include in the TEASP for Self-Sufficiency projects the hiring of a partner organisation to ensure the funding of projects.	Aleksandrovsk-Sakhalinsky City District Municipality



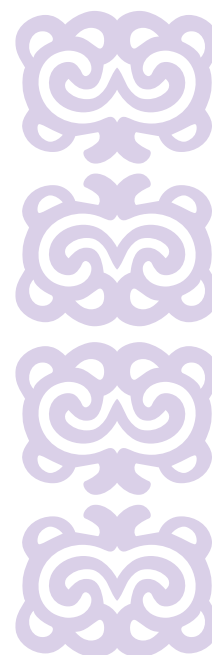
Proposals	Municipalities
Support projects aimed at the traditional lifestyle of reindeer farmers which remains only in Val.	Nogliki City District Municipality
Accelerate the funding of projects.	Nogliki City District Municipality Okha City District Municipality
Include the activities for the preservation of the native language, because the regional component is not reflected in the study of the native language, so that the executive authorities and representatives of the Sakhalin Oblast Duma have to work on this.	Nogliki City District Municipality
Reduce social spending to 20%, as this is the function of the government. Earlier, during the Soviet era, all these social issues were dealt with by the state.	Nogliki City District Municipality
Company payments should be aimed at the development of tribal enterprises, so the major amount of the money should be used for the Traditional Economic Activities Support Programme.	Nogliki City District Municipality
Primarily support those who live permanently in the established areas of traditional economic activities.	Nogliki City District Municipality
Finance in full the business plans submitted for the contest and do not cut funding.	Nogliki City District Municipality
Capacity building for the SIM shall not be included in the Traditional Economic Activities Support Programme.	Nogliki City District Municipality
Support the applications of local people rather than Government agencies.	Nogliki City District Municipality
Exclude the condition of the need for permits for equipment requested in the grant, as equipment cannot be given without a permit, and there is no point in participating in the programme.	Tymovskoye City District Municipality Poronaysk City District Municipality
Explain the terminology "economically sustainable enterprise" and "modern approaches to these activities".	Nogliki City District Municipality
It is necessary to have projects that do not involve competition such as the construction of public facilities and stadiums.	Tymovskoye City District Municipality
Increase SIMDP funding.	Tymovskoye City District Municipality Aleksandrovsk-Sakhalinsky City District Municipality
Cancel the availability of own contribution since there are situations when there are no funds to add.	Tymovskoye City District Municipality
More funding for the Aleksandrovsk-Sakhalinsky District as this district is subsidised.	Aleksandrovsk-Sakhalinsky City District Municipality
Assist not only the representatives of the SIM, but also all other native people of Sakhalin.	Aleksandrovsk-Sakhalinsky City District Municipality
Keep the SDF contest programme.	Aleksandrovsk-Sakhalinsky City District Municipality
Keep administrative costs for the Microloans Programme under 16%.	Poronaysk City District Municipality
Capacity building should be a first priority.	Poronaysk City District Municipality
When submitting applications, verify if the partner organisation is a debtor under the reports (i.e. in 2014, the funding of the Okha District was excluded due to problems with the organisation's reports).	Poronaysk City District Municipality
Exclude communities from the Self-Sufficiency component.	Poronaysk City District Municipality
Include the increased funding of the Poronaysk District in the Plan as the district has the largest number of registered tribal enterprises and communities.	Poronaysk City District Municipality

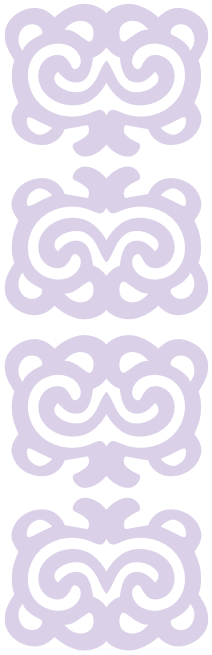
MONITORING

Proposals	Municipalities
In cases where the TEASP application is for the acquisition of vehicles, verify registration.	Okha City District Municipality
Independent monitoring should be at least once a year.	Okha City District Municipality
Independent monitoring reports should be published in mass media.	Okha City District Municipality
Create a database of IP and IP enterprises, including for control over projects' implementation. Using this database public control over SIMDP can be established. Sakhalin Oblast Government could perform control functions.	Okha City District Municipality
Limit the Government's participation to external monitoring.	Tymovskoye City District Municipality

PROJECTS OF SIMDP3

Proposals	Municipalities
Provide scholarships to students of local schools.	Okha City District Municipality
More workshops on native languages.	Okha City District Municipality
Send children to camps in the Russian Federation.	Nogliki City District Municipality
Provide support to the Ethnic Culture Centre in the Nogliki District as over the last 20 years there were no ethnic schools or kindergartens in the district, and no efforts for revival of the native language have been undertaken.	Nogliki City District Municipality Tymovskoye City District Municipality
Build the Ethnic Culture Centre.	
Increase incentives for students in the form of scholarships.	Nogliki City District Municipality
Broaden the definition of "those who find themselves in difficult life situations," and include the reimbursement for travel expenses and accommodation.	Nogliki City District Municipality
It is necessary to support projects that do not involve grant competitions such as the construction of public facilities and stadiums.	Tymovskoye City District Municipality
Build the Sports Palace.	Tymovskoye City District Municipality
Provide assistance to pensioners.	Tymovskoye City District Municipality
Solve the issue of there being no national uniform for SIM participating in regional competitions.	Smirnykh City District Municipality
Hold awareness sessions on how to register an indigenous community.	Smirnykh City District Municipality
Conduct the Nanai language study courses, support projects for the preservation and study of native languages.	Nogliki City District Municipality Smirnykh City District Municipality Aleksandrovsk-Sakhalinsky City District Municipality
Ensure the possibility to bring representatives of indigenous minorities who suffer from tuberculosis to the district centre for medical examination.	Aleksandrovsk-Sakhalinsky City District Municipality
Assist in providing internet connection.	Aleksandrovsk-Sakhalinsky City District Municipality
Take into consideration the provision of assistance to children from large and low-income families.	Poronaysk City District Municipality
Take into consideration the existing demand for blue-collar occupations and encourage graduates to obtain technical professions as well as to become ship navigators and bulldozer operators.	Poronaysk City District Municipality





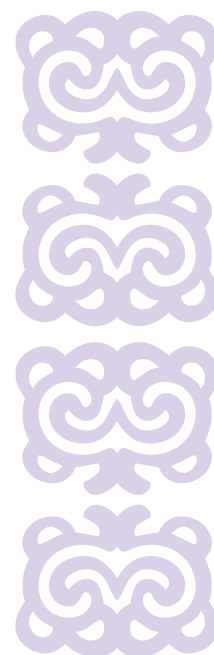
Proposals	Municipalities
Finance applications to purchase construction materials for the construction of field housing.	Poronaysk City District Municipality
Include payment for vouchers to the children's sanatorium "Good Morning" ("Dobroye Utro") in the Healthcare component.	Poronaysk City District Municipality
Include reimbursement for medical check-ups in the Healthcare component.	Poronaysk City District Municipality
Include the construction of houses on Sachi Island (Yuzhny Island).	Poronaysk City District Municipality
Prepare the SIMDP budget breakdown in accordance with population numbers as in the regional state programme.	Poronaysk City District Municipality
Pay attention to new communities.	Poronaysk City District Municipality
Include financial assistance to individuals for the following needs: assistance to single-parent families, funeral expenses, and housing repairs.	Smirnykh City District Municipality
Organise courses for obtaining ship-driving licences.	Nogliki City District Municipality Smirnykh City District Municipality

INFORMATION DISCLOSURE

Proposals	Municipalities
Inform and invite to public meetings on SIMDP issues through crawler messages on local television.	Okha City District Municipality
The Working Group for the SIMDP implementation shall visit the districts twice a year to increase awareness in the areas of traditional residence of the SIM.	Nogliki City District Municipality
Organise consultations and training at least for two days in each settlement.	Nogliki City District Municipality
Give questionnaires to experts and public organisations for the better coverage of surveys, in order to hold a 100% referendum.	Nogliki City District Municipality
Information on the amounts of the Microloans Programme is not fully accessible; there is not enough information on the Microloans Programme.	Poronaysk City District Municipality Yuzhno-Sakhalinsk City District Municipality
Prepare a consolidated document on all the SIMDP2 grantees.	Yuzhno-Sakhalinsk City District Municipality
There is no analysis of the SIMDP implementation.	Yuzhno-Sakhalinsk City District Municipality

CONCERNS

Concerns	Municipalities
The local municipality issues a patent to sell aquatic biological resources only to organisations with a fishing location, then communities enter into an agreement with tribal communities with a fishing location.	Okha City District Municipality
There is no description of School of Young Leaders results.	Okha City District Municipality
Val is a location directly impacted by many oil and gas projects, which has led to a decrease in the numbers of fish, berries, and nuts.	Nogliki City District Municipality
The Regional Council needs to negotiate with Gazprom and Exxon on the causes for the significant damage being made in the territory of the Nogliki District.	Nogliki City District Municipality
Issues with housing construction are not being resolved.	Nogliki City District Municipality
There is a problem in obtaining funds under state programmes; for example, there will be no funding for reindeer farmers until June 2015.	Nogliki City District Municipality



Concerns	Municipalities
Include the activities for the preservation of the native language, because the regional component is not reflected in the study of the native language, so that the executive authorities and representatives of the Sakhalin Oblast Duma have to work on this.	Nogliki City District Municipality
Negativity was expressed towards the meeting held earlier by Sakhalin Energy on seismic exploration as the meeting did not provide information about the possible consequences after the shutting-in of wells.	Nogliki City District Municipality
Ensure the participation of representatives of the SIM in all the activities related to the assessment of project impact on the environment.	Nogliki City District Municipality
Do not set the same quota of salmon for private consumption for all districts of Sakhalin because in some districts they fish all year round, whereas others have only one season per year and no other opportunities to support a family.	Tymovskoye City District Municipality
There is a problem with identifying a nationality and registering the nationality in documents.	Smirnykh City District Municipality
Are proposals for major renovations or constructions being reviewed?	Aleksandrovsk-Sakhalinsky City District Municipality
Tuberculosis among the indigenous minorities needs to be better identified. One of the ways is to purchase a mobile photofluorograph.	Aleksandrovsk-Sakhalinsky City District Municipality
Problems with teaching the Evenki language as there is no teacher.	Aleksandrovsk-Sakhalinsky City District Municipality
No national dance teacher.	Aleksandrovsk-Sakhalinsky City District Municipality
Medical and obstetrical stations are in poor condition.	Aleksandrovsk-Sakhalinsky City District Municipality
Office of the Indigenous Peoples of the Sakhalin Oblast Government to hold meetings with Trambaus residents or arrange transportation to make it possible for them to participate in meetings with the SIM.	Aleksandrovsk-Sakhalinsky City District Municipality
The Office of the Indigenous Peoples of the North of the Sakhalin Oblast Government to assist in coordinating the participation of representatives in regional activities on SIM issues.	Aleksandrovsk-Sakhalinsky City District Municipality
Indignation over the denture project implementation in Yuzhno-Sakhalinsk: this year, one of the representatives of the SIM of the city used the funds of the project for her dentures made with costly materials and spent most of the project budget.	Yuzhno-Sakhalinsk City District Municipality
It is necessary to provide jobs to students that received financial support under the SIMDP.	Yuzhno-Sakhalinsk City District Municipality

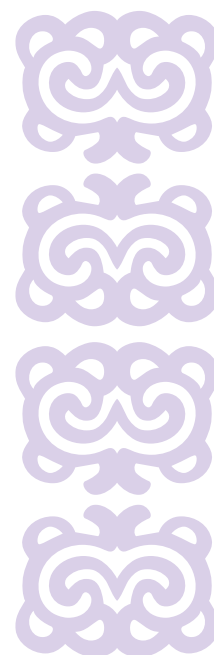
OTHERS

Proposals	Proposals
Terminology used in SIMDP should comply with terminology used in Standard 7 and World Bank Directive.	Nogliki City District Municipality
Participation of IP representatives in the oil and gas projects' monitoring.	Nogliki City District Municipality
We need to establish a territory of traditional nature use.	Nogliki City District Municipality
Benefits should be only for communities impacted by Sakhalin-2 project.	Okha City District Municipality
Under SIMDP the Company should use methodology of losses calculation developed by the RF Ministry of Finance.	Okha City District Municipality
Increase SIMDP budget.	Yuzhno-Sakhalinsk City District Municipality

PROPOSALS RECEIVED DURING THE CONSULTATIONS WITH THE INDIGENOUS PEOPLES THAT ARE INCLUDED IN SIMDP3

BASED ON THE RESULTS OF THE FIRST ROUND OF CONSULTATIONS

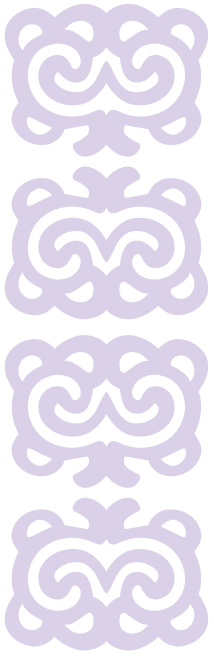
Proposal	Results
<p>The Governing Board of the Plan must include representatives of the SIM from all districts.</p> <p>One person from each district must be included into the Governing Board.</p> <p>Branches of TEASP must be established in each district with local representatives being able to control the processes of projects' approval and financing by themselves, and having access to the information on those who have already received money.</p>	<p>The Working Group for the SIMDP3 development agreed with the proposals from consultation participants related to increasing the role of local communities. Summing up the proposals, the Working Group proposed the idea of creating SIMDP District Committees in each district of traditional residence and traditional economic activities of the SIM. The objectives of the District Committees will include a preliminary evaluation of Healthcare and Self-Sufficiency projects and preparation of recommendations to the TEASP and SDF Committees members, taking into account local information. The idea was supported by most participants of the second round of consultations.</p>
<p>Continue activities started under the Healthcare component.</p> <p>Leave everything under the Healthcare component unchanged.</p>	<p>The Working Group for the SIMDP3 development agreed with the proposals of consultation participants related to the continuation of the Healthcare component. The Healthcare component was included in the SIMDP management framework and was supported by most participants of the second round of consultations. Specific programmes under the Healthcare component will be determined by the SDF Committee during the SIMDP3 implementation.</p>
<p>Continue the activities started under the Education component.</p> <p>Provide assistance to students.</p> <p>Cover the expenditures on education.</p> <p>Provide scholarships.</p>	<p>The Working Group for the SIMDP3 development agreed with the proposals of consultation participants related to the continuation of the Education component. The Education component was included in the SIMDP management framework and was supported by most participants of the second round of consultations. Specific programmes under the Education component will be determined by the SDF Committee during the SIMDP3 implementation.</p>
<p>Continue activities under the Capacity Building component.</p> <p>Organise educational workshops.</p> <p>Organise more educational workshops.</p> <p>Elaborate the idea of more schools and educational workshops for the SIM (business planning, accounting courses, school for leaders, etc.).</p> <p>Organise the education of the young.</p> <p>Organise the School of Young Leaders.</p>	<p>The Working Group for the SIMDP3 development agreed with the proposals of consultation participants related to the continuation of the Capacity Building component. The Capacity Building component was included in the SIMDP3 management framework. Given the importance of the Capacity Building component for the purposes of SIMDP, the Working Group included it as mandatory for the TEASP and SDF, which was supported by most participants of the second round of consultations. Specific programmes under the Capacity Building component will be determined by the TEASP and SDF Committees during the SIMDP3 implementation.</p>
<p>Continue the activities under the Culture component.</p>	<p>The Working Group for SIMDP3 development agreed with the proposals of consultation participants related to the continuation of the Culture component. The Culture component was included in the SIMDP management framework and was supported by most participants of the second round of consultations. Specific programmes under the Culture component will be determined by the SDF Committee during the SIMDP3 implementation.</p>



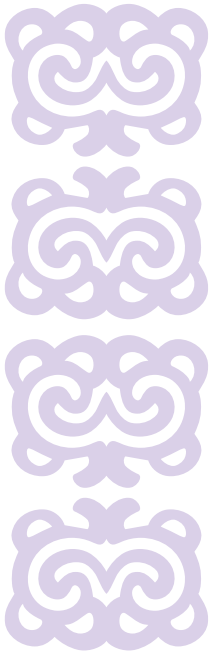
Proposal	Results
Establish the Microcredit Fund on Sakhalin.	The Working Group for SIMDP3 development agreed with the proposals of consultation participants related to the continuation of the Microloan component. The Microloan component was included in the SIMDP governance structure and was supported by most participants of the second round of consultations. Specific programmes under the TEASP programme will be determined by the TEASP Committee during the SIMDP3 implementation. Creation of the SIM Development Fund is reflected in the objectives of SIMDP3.
It is necessary to hold trainings on the writing of applications (Noted under TEASP)	The Working Group for SIMDP3 development agreed with the proposal of the consultation participants. Given the importance of the Capacity Building component for the purposes of SIMDP, the Working Group included it as mandatory for the TEASP and SDF, which was supported by most participants of the second round of consultations. Specific programmes under the Capacity Building component will be determined by the TEASP and SDF Committees during the SIMDP3 implementation. It is supposed that TEASP training workshops could be supported as part of the Capacity Building component.
While decision-making is up to the TEASP Committee and SDF Council, expert opinion should be taken into consideration	The Working Group for SIMDP3 development agreed with the proposal of the consultation participants. The Committee's Expert Groups should only make recommendations. The TEASP and SDF Committees have guaranteed rights to make decisions on projects funding.

BASED ON THE RESULTS OF THE SECOND ROUND OF CONSULTATIONS

Proposal	Results
Conduct Nanai language study courses. Support projects for the preservation and study of SIM languages.	The Working Group for SIMDP3 development agreed with the proposals of consultation participants related to the preservation of SIM languages. Taking into account the suggestions that were made during the first round of consultations and other suggestions, the Working Group agreed to establish Languages Preservation a separate component of the SDF Committee. (Note: in SIMDP2, SIM languages preservation projects were considered as part of the Culture component. The same approach was suggested during the second round of consultations. However, there were additional suggestions which led to establishing Languages Preservation as a separate component). Specific programmes under the Languages Preservation component will be determined by the SDF Council during the SIMDP3 implementation.
Hold an informational workshop on how to register an indigenous community. Organise courses for obtaining ship-driving licences. Pay attention to new communities. Organise a workshop on processing of skins.	The Working Group for the SIMDP3 development agreed with the proposals of consultation participants related to the continuation of the Capacity Building component. TEASP educational workshops could be supported as part of the Capacity Building component. Specific programmes under the Healthcare component will be determined by the SDF Committee during the SIMDP 3 implementation.
Include a condition to the Regulation on the Coordinating Bodies that would allow participation in face-to-face meetings via email and by telephone.	The Working Group for the SIMDP3 development agreed with the proposal of the consultation participant. The relevant provision is included in Section 4.4.2 "Coordinating Bodies" (Frequency of Meetings).



Proposal	Results
Representatives of Sakhalin Oblast Government should participate as consultants in TEASP and SDF Committees.	The relevant provision is included in Sections 4.4.2 “Coordinating Bodies”, 4.2.2. “Traditional Economic Activities Support Programme” and 4.2.1. “Social Development Fund”.
Introduce amendments to the Grievance Procedure so that the employees of departments would not have to review grievances against their colleagues. In case of complaints about a Governing Board member, there is a need for a procedure to remove such member from the Governing Board.	The Working Group for the SIMDP3 development agreed with the proposals of consultation participants. The relevant provision is included in Section 4.4.2 «Coordinating Bodies» (Terms of Office).



What would you like to see happen to resolve the problem?

Signature: _____

Date: _____

Consent to disclose grievance-related information to third parties

I hereby confirm submitting the grievance to managing bodies of SIMDP3, for consideration of my appeal I give consent to the Coordinator, Grievance Management Panel, Executive Committee, Board and SIMDP3 Partners to process my personal data in accordance with the requirements of the Federal Law from 27.07.2006 N 152- Φ3 On Personal Data.

I am aware that this grievance of mine is submitted to the governing bodies of SIMDP but may refer to the activities of third parties. I understand that in order to efficiently resolve my grievance the representatives of the Executive Committee of the SIMDP will have to contact these third parties so as to check into the facts stated in the grievance and elaborate a solution.

I hereby agree/do not agree (please specify) that SIMDP representatives can disclose this grievance (as well as additional information about it) to third parties. I hereby agree that representatives of SIMDP may disclose/transfer my personal data, indicated in the present grievance to third parties to provide for effective grievance resolution process. This consent is effective from the date of signing thereof until the provision of a written withdrawal request.

Signature: _____

Date: _____



The plan is supported
by Sakhalin Energy
Investment Company Ltd.



SAKHALIN INDIGENOUS MINORITIES DEVELOPMENT PLAN (2016-2020)

2016