

Data Set description

State-Business Relations in Russia's Regions. An Analysis of Socio-Economic Cooperation Agreements

Authors:

Dr. Ulla Pape

Freie Universität Berlin

E-Mail: ulla.pape@fu-berlin.de

Stanislav Klimovich, M.A.

Freie Universität Berlin

E-Mail: Stanislav.Klimovich@fu-berlin.de

Prof. Dr. Katharina Bluhm

Freie Universität Berlin

E-Mail: katharina.bluhm@fu-berlin.de

Date: 19 April 2021

Background and rationale for the study

The evolution of state-business relations in post-Soviet Russia has seen many profound changes over the past three decades. Since Putin's accession to presidency in 2000, the Kremlin's economic policy has been directed towards the construction of a specific model of state capitalism, in which the vertical integration of power takes centre stage. Although the state plays a leading role in Russia's authoritarian capitalism, the relationship between state and business actors is highly interdependent. According to the notion of the network state, informal power networks of political and business elites have emerged, particularly in the lucrative energy and military-industrial sectors. Within these power networks, a mutually beneficial exchange between business and state actors takes place.

The interdependence between state and business is particularly apparent at the subnational level: on the one hand, budgetary capacities are weak, which leaves regional administrations with little opportunity than to reach out for additional social investments from large corporations; on the other hand, companies depend on the administrative support by the regional authorities when they seek to develop their industrial and economic capacities in the regions. Scholars studying the interactions between state and business actors usually emphasize the high degree of informality. Yet, these relations can hardly be reduced to informal channels. One particular striking example of formal and binding contracts are the so-called socio-economic cooperation agreements (SECAs), concluded between a region's governor and its major companies.

The first SECAs came into being in Kemerovo Oblast in the late 1990s when governor Tuleev started to involve business actors in addressing the region's social problems. In the second half of the 2000s, they were adopted in other regions in Russia as well and gradually became a widespread practice at the subnational level. The agreements regulate corporate financial and infrastructural contributions to regional development and reciprocally define fiscal and administrative state support to companies.

Research objective and research question

This study is a case study on contractual relations between state and business actors in one of Russia's federal subjects, the Khanty-Mansi Autonomous Okrug (KhMAO). The study aims to understand the role of SECAs as formal contracts which shape the resource exchange between state and business actors at the subnational level in Russia. Two questions guide the analysis: (1) why do regional administrations and companies conclude binding agreements given the highly informal network character of their relations, and (2) what patterns of contractual relationships emerge between state and business actors and how can their variation be explained? To address these questions, we focus on the SECAs which are concluded between large oil and gas corporations and the administration of Khanty-Mansi Autonomous Okrug (KhMAO). This case study provides instructive empirical evidence for state-business relations in present-day Russia, as the oil extracting industry plays a critical role for KhMAO's regional economy and finances and therefore is a major source of extra-taxational resources for state authorities. Our analysis based on unique data, since KhMAO, to the best of our knowledge, is the only region in Russia, which grants public access to its agreements with companies.

Data sources

The data consists of formal contracts, concluded between KhMAO's regional administration and the ten largest oil and gas companies: *Gazprom*, *Gazprom Neft*, *Lukoil*, *Rosneft*, *Russneft*, *Salym Petroleum*, *Sibur*, *Slavneft*, *Surgutneftegaz*, *Transneft*. The data sample covers the timeframe between 2010 and 2019 and includes 21 socio-economic cooperation agreements, 75 additional agreements and seven other contracts which cover specific issues of state-business cooperation. In addition to these main data sources, the authors consulted the companies' financial and non-financial reports with regard to tax payments and social investments as well as statistical and other information on regional development provided by the KhMAO administration, including the regional budget. In the sample of contractual document,

one can distinguish between socio-economic cooperation agreements, additional contracts and other (supplementary) contracts.

1) *Socio-Economic Cooperation Agreements*

Socio-Economic Cooperation Agreements (SECAs; in Russian: соглашения о социально-экономическом сотрудничестве) are formal contracts which are concluded between a region's governor and its major companies. In KhMAO, all major extracting companies conclude agreements with the regional administration.

The SECAs define mutual obligations of business and state actors. The SECAs are umbrella agreements which are usually concluded for a period of three to five years. The details of the agreements are prepared and monitored by the companies' regional offices, in close cooperation with headquarters. The contracts share a similar structure, starting with general provisions, followed by stipulations regarding the main areas of cooperation and finally implementation rules and concluding provisions. Typically, the agreements cover three main areas of cooperation between business and state actors, including infrastructure, environment and socio-economic development in the region.

The sample for this analysis includes all 21 SECAs which were concluded between KhMAO's regional administration and the ten largest oil and gas companies between 2010 and 2019.

2) *Additional Agreements*

In addition to SECAs as umbrella agreements, the regional administration and the large business companies sign Additional agreements (AAs; in Russian: дополнительные соглашения) on a more frequent basis. These more specific agreements accompany the SECAs and specify the companies' financial obligations. The frequency of conclusion differs from company to company. In general, AAs are signed annually, but if necessary the parties conclude them several times a year. The AA can confirm, reduce or extend the financial volume of the corporate social investments, agreed upon in the SECAs

The samples includes 75 AAs which were concluded between the KhMAO's administration and largest oil and gas companies between 2010 and 2019 and published on the website of the regional administration.

3) *Other contracts*

The sample also includes seven other contracts between state and business actors in KhMAO, which cannot be classified as SECAs or AAs to SECAs. These agreements of different types and names are concluded between three or more

parties, with the involvement of federal ministries or federal-level officials. They cover a wide range of issues which go beyond the activities agreed in the SECAs: from multi-party infrastructural projects to memoranda on implementation of federal programs and initiatives.

Data publication

The SECAs and other agreements were published as full-texts on the website of KhMAO's regional administration: <https://gov.admhmao.ru/soglasheniya/>

For the study, the authors downloaded all published state-business contracts which were published between 2010 and 2019. Altogether, the sample of primary documents includes 103 documents: 21 SECAs, 75 AAs and 7 other contracts.

Russian law explicitly allows the unrestricted reproduction of official documents (Civil Code of the Russian Federation, Article 1259, Paragraph 6.1).

Data analysis

In the analysis of contractual relations between state and business actors in KhMAO, the authors combined a qualitative content analysis of the agreements' full-texts and a descriptive quantitative analysis of the financial volumes of social investments, agreed in the SECAs, and their amendments in the subsequent additional agreements (AAs). The qualitative content analysis focuses on six categories of contractual provisions: social welfare, environment, infrastructure, regional development, taxes and state support for companies. It sheds light into the formulation of mutual obligations regarding the resource exchange between state and business. The descriptive quantitative analysis aims at understanding the dynamics of the financial obligations of individual companies and their relations to those of other companies and the regional budget. It illuminates the adaptive nature of SECAs and allows for identification of patterns of contractual relationships between state and business actors.

Overview of the data set

The data set for the case study consists of the following data:

- 1) Overview of the 103 primary documents (excel data table);
- 2) Overview of the analysis (excel data table); and
- 3) 103 full-texts (SECAs, AAs and other contracts) as pdf-files.