



Independent RAP Monitoring

**Sakhalin Energy Investment Company
Limited**

Final Report

November 2008

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Sakhalin Energy Investment Company Limited

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November 2008

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For and on behalf of ERM

Approved by: *Neena Singh*

Signed: *Neena Singh*

Position: *Partner*

Date: *20 November 2008*

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The Sakhalin Energy Investment Company Limited (SEIC) was established in 1994 to develop the Piltun Astokhsk (PA) and Lunskeye (Lu) oil and gas fields in the sea of Okhotsk, off the north-eastern shores of Sakhalin Island, in the Russian Far East. As a result of the project, there were social impacts as well as resettlement of families, which led to the preparation of a Resettlement Action Plan. The RAP had been prepared in accordance with the World Bank Group's Operational Directive 4.30 on Involuntary Resettlement (OD 4.30).

A part of the commitment of the RAP was to engage an independent external resettlement specialist to undertake a semi-annual audits of the project related resettlement activities. ERM has been engaged as that independent consultant, and has since completed 2 independent semi-annual audits of the project. This is the second audit report for the period between November 07 and July 08.

1.1

A BRIEF PROJECT DESCRIPTION

Sakhalin has a total area of 76,400 km². A long narrow island, it stretches 948 km from north to south, with a maximum width of approximately 160 km and a minimum width of about 30 km. Layout of the Sakhalin II Project has been largely driven by:

- The location of SEIC's oil and gas fields off the northeast coast;
- The need to transport oil and gas from these fields to a year-round, ice-free export port in the south.

Oil and gas fields on the island are located primarily in the two northern-most districts of Okha and Nogliki. Onshore development and commercial production of these fields has a long history dating back to the early 1900s and has involved both Russia and Japan.

Oil from Sakhalin has historically been transported to the Russian mainland via a sub-sea line extending from Okha District to De Kastri. Gas is also transported to the mainland where it is used for industrial and domestic purposes in the Russian Far East. The Sakhalin I Project oil pipeline follows this established route.

With the exceptions of the Offshore Platforms and Pipelines, the Sakhalin II Project is sited entirely on Sakhalin Island. The Project's oil and gas pipelines generally follow the island's existing north-south transportation corridor. The pipelines terminate at an LNG Plant / Oil Export Terminal site on the southern end of the island at Prigorodnoye, Korsakov District. The length of the on-shore route followed by the Sakhalin II pipelines is approximately 816 km.

1.1.1

Project Components

Sakhalin-II Phase 2 has offshore and onshore components. The principal offshore components include the following:

- A new oil and gas production and drilling platform (PA-B) in the Piltun-Astokhsk Field with separate sub-sea oil and gas export pipelines to a landfall at Piltun,
- A new gas and condensate/oil rim production and drilling platform at Lunskoye (LUN-A), and
- Export pipelines from the LUN-A platform to the Onshore Processing Facility together with a mono-ethylene-glycol (MEG) flow line and combined power and fibre optic cables.

The main onshore facilities for Phase 2 include:

- An Onshore Processing Facility close to Lunskoye Bay in eastern Nogliki District;
- Gastello Booster Station in Poronaisk District, Central Sakhalin;
- A Liquefied Natural Gas plant at Prigorodnoye, Korsakov District, in the south of Sakhalin;
- An Oil Export Terminal, also at Prigorodnoye;
- Pig trap stations at Piltun landfall and within facility sites at the Onshore Processing Facility, Gastello Booster Station and LNG/OET;
- Gas pipelines and compressor stations to convey gas from PA-A, PA-B and the Onshore Processing Facility to the LNG plant at Prigorodnoye, and onwards to the Offshore Export Terminal;
- Oil pipelines and booster stations to transport oil from the platforms and the Onshore Processing Facility to the Oil Export Terminal at Prigorodnoye, and from there to an offshore Tanker Loading Unit to be located in Aniva Bay; and
- Supporting power, fibre-optic and telecommunications infrastructure.

In addition to these elements of the Project, a substantial Infrastructure Upgrade Project (IUP) has taken place, which has upgraded roads, bridges, railways, ports and an airport hospitals and landfills to support logistical activities for Project construction and operations. Much of this work has been carried out in partnership with local authorities.

1.2

OBJECTIVE OF THE EXTERNAL MONITORING

The specific objective of the RAP, as outlined in the RAP includes:

- To assess overall compliance with the RAP and World Bank OD 4.30;
- To verify that measures to restore or enhance project affected people's standard of living and livelihood are being implemented and to assess their effectiveness;
- To assess the extent to which livelihood restoration has been achieved and to advise when Project livelihood restoration is effectively complete; and

- To recommend any corrective actions necessary to achieve compliance with the RAP and OD 4.30, or to improve RAP implementation.

1.3

APPROACH AND METHODOLOGY

This second external RAP Monitoring was conducted between the months of August-September 2008. The following tasks were undertaken:

- Review of the RAP, HSESAP and other project related documents that were relevant for the monitoring, including various progress and monitoring reports, additional social impact assessment taken for access road near the Stroitel dacha plots etc.;
- Review of the grievance list and action taken against those complaints;
- Detailed discussions with the SEIC team, including the Social Assessment Group, the External Affairs team, the Approvals team, people responsible for engagement with specific groups like dachas, fishing enterprises, social investment etc. and CLOs from SEIC and contractors;
- Consultations with some households that were resettled;
- Consultations with two fishing enterprise;
- Consultations with a small sample of land owners/users impacted by the pipeline and who have registered complaints about the project and its construction activities;
- Discussions with Government representative from the Capital Construction Department in the Korsakov Administration, Head of Social Development and Indigenous People in the Nogliki Administration and the Deputy Head of Onor district;
- Discussions with representatives of dacha community located near LNG/OET ('Stroitel'); and
- Consultations with Knowledge is Power, a citizens group based in Korsakov.

In an effort to cover specific issues with more depth, the approach for the monitoring has been to concentrate on a few issues at a time and cover the remaining in subsequent visit. Hence in the first monitoring, the focus was on families whose land was impacted by the pipeline and home impacted at the LNG site. The focus during this second visit was on dachas issues, fishing related issues as well as the progress of improving the Korsakov Park. However, some of the grievances registered along the pipeline route were covered.

Issues discussed in the first monitoring report have been briefly reviewed wherever necessary, but not repeated in detail. In case those issues need to be referred to, please look up the first monitoring report in the SEIC website.

1.4

LAYOUT OF THE REPORT

Section 1 (This section): Introduction, project description and objectives of the RAP monitoring.

<i>Section 2:</i>	Status of RAP Implementation.
<i>Section 3:</i>	Findings of the external monitoring, compliance against HSESAP-2 commitments as well as recommendations.
<i>Annex A:</i>	Field Schedule of the External Monitoring process.

The project has been undertaking compensation and resettlement/ rehabilitation activities since 2002. These activities were carried out within the framework of an international standard Social Impact Assessment and Supplemental Assistance Programme developed in 2002. The Resettlement Action Plan as a document was formally adopted in November 2005. This section highlights the progress in the process of compensation, resettlement and rehabilitation in the project between November 2007 and August 08.

Key findings and compliance against the RAP commitments and discussion on specific issues have been provided in Section 3.

2.1 *PROGRESS IN LAND ACQUISITION*

2.1.1 *Land requirement*

At the onset the Sakhalin-II project Phase 2 was expected to acquire rights of 4,340 ha of land for a 3-year period to construct the natural gas and crude oil production infrastructure. In addition about 275 ha of land was required for a period of six-months to five years for temporary construction facilities and the construction phase Safety and Sanitary Protection Zones. This project also required 273 ha of land for permanent facilities.

All land required for the project, both on temporary and permanent basis, has been taken by SEIC. Additional land of about 2.5 ha has been taken as part of Chaivo Bay re-routing.

2.1.2 *Current status*

According to the Approvals team, no additional land is required on a permanent basis. However land for development of access roads is still being acquired. All the land required is either forest land or Municipal land, and no private land is being taken for this purpose. Forest land is being leased for a period of 49 years. The current status of the total amount of land being used for the project was not known at the time of the monitoring visit.

2.2 *NUMBER OF HOUSEHOLDS AND ENTERPRISES IMPACTED BY THE PROJECT ACTIVITIES*

The RAP states that about 125 households (432 individuals) were impacted by the project, of which 117 households will face only short-term or temporary impacts during the pipelines construction phase. 10 households, including 2 farms, and 13 enterprises have been permanently impacted and resettled to

make way for permanent above ground facilities or sanitary Protection Zones and Safety Exclusion Zone.

In addition to households, there were 66 enterprises that were impacted.

2.2.1 *Current status*

The total number of project affected households and persons have reportedly not changed from the numbers provided in the RAP. The additional land being taken for access roads are not private land, hence no families are expected to be impacted. However this needs to be verified before the land is legally transferred and construction of roads begin.

2.3 *RESETTLEMENT*

Of the 10 households that were resettled:

- 3 permanent households were moved from the LNG terminal;
- 2 farms were moved, 1 from the LNG/OET site and 1 from the Sanitary Protection Zone of LNG/OET;
- 1 household moved from the pipeline Safety Zone;
- 4 summer dachas users, 2 from LNG/OET site and 2 from pipeline construction site.

2.3.1 *Current status*

Resettlement of all families had been completed, with a majority of them being resettled between 2003 and 2005. The last resettlement was completed in December 2007, and the legal formalities of transfer of land and house titles to the family were completed in August 2008. This was the family displaced from the Safety Protection Zone of the pipeline. Interactions with the family show that the family had settled down in the new location, though some small construction works remained.

2.4 *PAYMENT OF COMPENSATION AND SUPPLEMENTAL ASSISTANCE*

2.4.1 *Affected Land Users*

During the last monitoring visit, the Approvals team had reported that all affected households have been paid full compensation due to them along with the additional Supplemental Assistance (SA) wherever required. This had been confirmed from the household level discussions the consultant had. Wherever additional supplemental assistance was provided, an agreement was signed with details on the amount of land required, the purpose for which it was being taken, and the method to calculate the SA. Compensation has been paid for:

- Land plot withdrawal for project needs, for temporary and/or permanent purposes;

- Renewal of land user agreements for the project;
- Socio-economic impacts from project activities; and
- Grievances and complaints on specific damages.

Current Status

Between January and August 2008, SEIC provided compensation either under the Russian Legislation, or as Supplemental Assistance to 17 land users/owners and 4 agricultural enterprises. These were paid to compensate for the changes in the Project schedule in the restoration of land and handing it back to the land owner/enterprise for continuation of agricultural activity. The lease arrangement for the construction activity between SEIC and the farmer/enterprise was duly extended whenever there was such a delay.

2.4.2 *Fishing enterprises*

3 Fishing enterprise operating where the LNG plant is currently located, have been impacted. These are Lenbock, Calypso and Contract. Full compensation has been paid to all enterprises based on several rounds of negotiations.

Compensation was paid for:

- Loss of income, justified and based on the value of the catch averaged over a period of time;
- Cost of removal and relocation of fishing equipment;
- Assistance and compensation for applying for new fishing licence issued by the relevant state agencies; and
- Tax

Of the three, Lenbock has moved operations to another location, Calypso continues operation at their original location with two nets, and Contract continues operation with one net.

Current status

All the three companies continue with their fishing activity, though at a smaller scale than before. Channels of communication have been established between SEIC and the companies on shipping routes and location of nets. In general the fishing enterprises report that the volume of fish production has declined over the years.

2.4.3 *Other enterprises*

There were 16 agricultural enterprises, 9 forestry enterprises and 11 other enterprises. All the enterprises have reportedly been fully compensated. 4 agriculture enterprises have been additionally compensated this year because of the delay in restoration of land and handing them back to the enterprises. The lease agreements in such cases have been extended.

2.4.4

Prigorodnoye Beach

The construction of the LNG/OET facility required the withdrawal and closure of a part of the Prigorodnoye beach, which has been a popular recreational spot for the local residents of Korsakov and nearby areas. The people continue to use the remaining part of the beach for recreation (bathing and fishing). SEIC had agreed to pay a compensation of \$800,000 to the Korsakov administration to support the development of a local park in lieu of the impacts on Prigorodnoye beach. This alternate was chosen after a series of consultations and negotiations with the Korsakov administration as well as the community of Korsakov. An Initiative Group was formed to discuss and reach a decision on the alternatives. The agreement that was reached in 2003 included:

- Infrastructure;
- Administrative building;
- Utilities;
- Paved roads and sites for attractions;
- Toilets;
- Fencing and a rotunda at the main entrance; and
- Transformer substation.

Current status

The upgradation of the Korsakov park is underway. The works are being handled by the Capital Construction Department in the Korsakov administration. Once the works are complete, the park will be handed to the Social Development Department, who will then be responsible for its upkeep and maintenance. Due to the change in the Rouble-USD exchange rate, the \$800,000 was revaluated by Sakhalin Energy's own initiative at approximately \$ 930,000 in December 2007, which has been welcomed by the local government as well as the citizens.

In the first phase of the park development, the internal pedestrian roads in the park, as well as access road and parking area to the park have been asphalted. In addition, new steps to the park have been constructed, making it suitable for the use of children and older citizens. The next phase is the internal illumination of the park which has already started in November 2008) for which a Contractor is on board. About 68% of the work required has been completed. The Approvals team in SEIC reviews and approves the tenders before the work is awarded to the contractor.

There have been some concerns expressed on the quality of construction, which has been discussed in Table 3.1.

2.4.5

Prigorodnoye Dacha community

In addition to the landowners directly impacted by the LNG and pipeline who have already been compensated and/or resettled, there are about 71 Prigorodnoye beach area dachas, with approximately 230 members, that had

concerns about being impacted by the project activities. The dacha residents belong to the Stroitel community.

In 2005, there was an agreement with the Dacha Executive Committee to do the following:

- Evaluate the loss of value of land and crops and compensate losses;
- Give an option of voluntary “waiver of rights” which would allow the dacha owners to give up claims over the property in turn for getting compensated by SEIC for residual market value of their property. The understanding was that after waiver, the dacha owner would not be able to lay claims on any other compensation, even if the SPZ is increased in future for any reason;
- Provide a targeted social investment programme; and
- Develop a mitigation package.

As a result of the above a targeted compensation programme was developed and implemented for the dacha owners/users near the LNG site even whose properties are not located close enough to require resettlement under Russian law.

Current Status

SEIC reports that all the 71 Dacha owners have made their choices on the basis of the 2005 agreement, and have been duly compensated as on May 2008. Of those 28 agreed to take the compensation for loss of value as well as for waiver of rights, while 43 opted to take only the compensation of loss in value. The remaining 2 dacha owners, one showed no interest in progressing compensation, and 1 dacha owner died prior SEIC engagement with the community. No nominee has been identified till date.

Quality of Life Monitoring

The issues of dust (air pollution) and noise have been issues of concern to the dacha owners. SEIC, in consultation with the Dacha owners, agreed to develop Quality of Life indicators, which included air and noise monitoring.

Licensed Contractors undertake air and noise monitoring in the presence of the dacha cooperative representatives, during the dacha season. The August, September and October 2008 monitoring data, show that the pollution levels are within permissible limits.

Crop quality assessment

The dacha owners had raised concerns about presence of arsenic in soil in 2006 and attributed it to the LNG construction and flaring activity. In response to that, SEIC had agreed to undertake an additional soil survey in 2007 to assess the arsenic level and reason for their presence. The independent study concluded that the arsenium concentration in the land parcels posed are

within permissible limits and no risk of possible accumulation in the area, and could not be attributed to the LNG activity.

Access to Public Transport

SEIC had committed to providing a transport service to the dacha owners from Korsakov to Prigorodnoye as a part of mitigation measures identified during the QLI monitoring. The bus service was made available for two years on a weekly basis, after which it was discontinued for various reasons discussed in Table 3.1. While SEIC is making efforts to re-start the bus service, it also points out that due to the ongoing demobilisation, there are plenty of vacant seats available in the public transport used by the contractor personnel. The dacha owners however would prefer to use their own bus service, as committed by SEIC.

2.4.6 *Plans for road upgradation in Prigorodnoye.*

For the PP operation, SEIC is planning improvement of access road passing through the Dacha community. According to the principles of the RAP, a relevant and targeted social assessment was carried out for this road prior to construction in August 2007. The aim was to describe the current situation and use of the road, and try and address the concerns of the Dacha owners and potential impacts to the community.

The dacha owners/users have been using this road for their light vehicles during the dacha season and are concerned that the development of the road, and movement of heavier traffic will further disrupt their lives as well create noise and dust pollution. These concerns and outcomes of the social assessment study have been discussed in Section 3.1.

2.4.7 *Reindeer Herders and Indigenous Communities*

According to the RAP, the project would impact 5 Reindeer Herder families or 18 individuals, belonging to the Uilta and Evenk communities residing in Val (Nogliki District). The impacts are temporary and have been primarily due to the pipeline passing over their grazing areas. According to Russian legislation SEIC transferred compensation to Nogliki Administration with an understanding that it would, in consultation with the herder families, use that money for addressing herders' needs and improvement of infrastructure in Val where herders families live. SEIC has also committed to a separate Sakhalin Indigenous Minorities Development Plan (SIMDP) to address specific issues facing all Sakhalin Indigenous people (including the herder community) and implements required measures.

Current status

In the current year there was no compensation paid to the reindeer herders or were there any complaints or claims received from the community in this period. No indigenous land was impacted by the project this year. The

SIMDP continues to address issues related to indigenous peoples and their development. The Company continues provide support to reindeer herders as required and agreed (assistance with their staff transportation, fuel granting, etc.). Regular consultations are conducted with them to update on Project activities and SIMPD progress, etc.

2.5 *OTHER COMMITMENTS*

2.5.1 *Fishing and ancillary industries*

In addition to the 3 commercial fishing enterprises directly impacted by the project and duly compensated, the RAP indicated that there due to restriction on movement of fishing vehicles around the project off-shore facilities, the fishing activity, potentially impacting the fishing business in general, and the ancillary industries associated with these industries, including its employees.

SEIC had committed opening a regular communication channel at least twice a year. SEIC also proposed to monitor impacts on this sector. In case there were losses that would need to be compensated, SEIC would follow the principles outlined in the entitlement framework to compensate.

Current status

A socio-economic impact assessment of fishing enterprises and ancillary industries was undertaken in 2005-2006¹. As committed, a person has been designated as the fishing enterprise interface from SEIC's side to ensure regular communication with this stakeholder group. There have been no demands for compensation by this group till today as reported by the internal monitoring process. The external monitoring covered fishing enterprises in Nogliki district. There are reportedly 5 enterprises in Nogliki district. The external monitor interacted with one representative of such a fishing enterprise which has been operational since 2005. It reported that there has been no obstruction to fishing activity due to the project activity in that area, and that they has been provided information booklets about the project activity, where contact names etc. had been listed. They know that if and when they do have a grievance, they can approach those contact people.

2.5.2 *Natural Resource users*

During the last monitoring visit, when the construction activity was on, there were several complaints registered by berry and mushroom collectors that their leisure activity had been disrupted or their access routes obstructed. Since the easing off of the construction activity and subsequent demobilisation of the construction team in a few stretches of the pipeline, such complaints

(1) ¹ State Institution Regional Center for Coastal Fishing and Fish Finding carried out the survey "Socio-economic impact assessment of Sakhalin II project related works on the enterprises of fishing industry and ancillary industries".

have reduced significantly. Many of these areas have been restored and returned back to the community/local administration.

2.5.3 *Additional measures emerging from recommendations of the first independent monitoring report*

The first monitoring report had recommended a number of measures to strengthen the implementation of the RAP as well as address specific issues emerging out of the monitoring review.

Land registration

The monitoring report had required SEIC to explore if the non-registered land users were looking for support and advice for registration of their land. On the basis of this recommendation, SEIC included questions in their internal monitoring tools/questionnaires to specifically ask people the need to land registration and the support they would require. SEIC has since reported the outcome of this survey in their most recent monitoring reports as well as discussed the issue with the RAP monitor during the August visit.

Focus on vulnerability

The first monitoring visit had pointed out that there were some impacted land owners/users who were old and had less land than before for their agricultural production. Such families may face hardships in keeping the income levels at the pre-project level, and that SEIC needs to identify such families and understand if they need livelihood support.

SEIC, during their December 07 and June 08 monitoring visit did discuss the matter with the probable vulnerable families as a part of their continued attention on vulnerability. The feedback they received was analysed in the context of the larger socio-economic changes that Sakhalin Island was going through to come up with possible explanation for the responses they received. These have been discussed in table 3.1.

2.6 *PROCESS COMMITMENTS*

2.6.1 *Consultation and Disclosure*

The commitment to continue consultations with different stakeholders and affected families is demonstrated by the fact that meetings are being held with individual groups on a regular basis.

Consultation with land users and resettled households

SEIC has been consulting with land impacted households and the resettled households at least twice in a year during the semi-annual socio-economic internal monitoring process. Till August 2008, 10 such monitoring rounds

have been completed. 26 meetings were held in the second part of 2007 and 9 meetings in 2008 during the socio-economic monitoring.

The family that was resettled in 2007-08 was met by the Social Assessment, CLOs and the Approvals team at least twice a month till the time the resettlement process was completed and the family handed over their ownership papers. The Company continues communicating with the family at least once a month.

Consultation with the fishing enterprises and organisations

SEIC has been consulting with the commercial fishing industry, especially the enterprises that were directly affected or those who could be potentially impacted. The consultations have been conducted through the Sakhalin Fishermen Association. In the second part of 2007 and the first part of 2008 SEIC has been interacting with the Sakhalin Fishermen Club and discussed possible engagement strategy with the fishermen in the region.

Consultation with the Korsakov administration about the Prigorodnoye beach compensation

The LNG EA team has been closely interacting with the Korsakov District Municipality (which is managing the project) about the park upgradation and has been informing the Korsakov citizens on the progress of work on the park. The team has also been informing citizens groups like KiP, a local NGO, about the park as also discussing any issues that are concerning them. These issues are then passed on to the administration as well as SEIC. The LNG EA team also organises public meetings twice a year, and the park is one of the topics discussed at the meetings.

Consultation with Prigorodnoye Dacha community

This remains one of the most challenging engagement issues for the LNG EA team, and regular meetings have been held with this group in the latter half of 2007 and till August 2008. The issues being discussed have started moving away from the waiver package and loss of value issues, to issues related to social investment, road access, concern regarding the flaring as well as the Quality of Life Monitoring process. The results of the monitoring have been communicated to the Dacha owners/users. Dacha community members often drop into the LNG CLO office during the open hours that the office runs.

Consultation with Indigenous People

All consultations with IP are currently being held through the SIMDP programme. Meetings with the entire community are held once every 3 months. As there were no grievances and compensation claims from this community, no separate meetings were held with individuals for such purposes by the Social Assessment team. Documentation suggests that in all, 77 meetings were held with individuals and small groups of the IP community in the second half of 2007, and a further 60 meetings in the first half of 2008.

Meetings with IP representatives included meetings with their leaders, IP related authorities in the Nogliki administration, and the community in general.

Area specific issues and consultations have been managed through the CLO network. In addition Independent External Monitor biannually carries out regular monitoring of SIMDP. The monitoring report is disclosed in the SEIC website.

2.6.2 *Grievance Redressal*

SEIC developed Community Grievance Procedure that lays down clear guidelines on the grievance redressal process in place. This process has been disclosed extensively through public campaigns (including different media ways), groups and individual meetings as well as disclosure in prominent places. Pamphlets on the grievance process being displayed in prominent places like the Korsakov Mayor's office, in the office of the Heads of Communities along the pipelines as well as in the CLO office.

SEIC reports that till 2006, they had not been able to meet their commitment of resolution of grievances within 45 days. 44% of RAP related grievances took over 90 days to resolve, whereas only 26% could be resolved within the stipulated 45 days. The remaining took between 45 -90 days for the primary reason that the land related grievances (that comprised a majority of the complaints) had seasonality constraints and in most cases difficult to be closed within 45 days. On those grievances the Company endeavoured to agree about actions and reasonable and realistic timelines. The current GP categorises these complaints as "Action Agreed".

In 2006, 2007 and 2008 (during monitoring visits) the GP process was reviewed and strengthened to reflect the lessons learned and experience gained in implementing the grievance management process in previous years, along with extensive communication about the process and improved tracking of progress. SEIC now reports that since then the average resolution time has decreased significantly.

According to the revised GP (August 2007) 'A grievance shall only be considered resolved when the Complainant signs the Statement of Satisfaction with grievance resolution. The Statement of Satisfaction will contain the words of contentment clearly stated by the complainant.

Overdue grievances and grievances where no consensus is foreseen to be reached with the complainants will be reviewed by the Business Integrity Committee (BIC). In the absence of a statement of satisfaction, the BIC shall be the only body within SEIC able to decide whether all reasonable actions have been taken within SEIC and with the authority to change the status of a grievance.

If the BIC decides that no additional steps can reasonably be taken to resolve the grievance, whether or not the individual remains dissatisfied with actions taken, the grievance will be considered as closed out. In this eventuality the complainant will be issued a "Close-out" letter advising of SEIC position and that no additional steps can reasonably be taken. Full records of how this decision has been reached shall be maintained.

Current status

Since the culmination of construction activities in different sections of the pipeline and LNG site, the number of construction related complaints have dropped. Only 4 RAP related grievances were received by SEIC in 2008 till August. All of them are in the stage of "action agreed" and responses are being processed. Of the total 89 RAP related grievances that have been registered in the GP, 84 have been resolved till date.

Some more changes are being brought into the GP, with a focus to close out grievances. It is proposed that the Social team will now be responsible for the grievance handling, and will manage all the GP data. Previously it was the Finance team handling this. The GP committee will now consist of the GR Custodian, the relevant CLOs, and the social team. The primary role of the grievance committee is to assess against issues matrix the level of grievance received, identify the action party, contractor/community involved, document relevant information, type of grievance, details related to the grievance, identify CLO to be involved in resolution, communication.

The External Monitoring reviewed the grievances received in 2007/2008, and held discussions with the GR Custodian and Social team on progress on some of the actions agreed. This consultant also met with 2 of the 4 complainants that had registered the complaints in 2008. One was a case of the land owners losing access to his land or harvest hay due to the laying of the pipeline. The land restoration took longer than what was originally agreed. The Social team and the CLO investigated the matter. He has since received additional compensation, and his land is in the process of being restored. On consultation, he was satisfied with the way his complaint was addressed.

The second complaint reviewed was case in which the complainant has gone to court, alleging that the land was used for laying the pipeline without her written permission, something that SEIC refutes. She is also not satisfied with the rates being offered as compensation. The GR team has made a number of attempts to resolve the case through negotiations and discussions, as well as formally responding to her complaints and actions taken, but these have not resolved the issue. The company has not received any written response from her. At the time of the monitoring visit the case was sub-judice, and interactions between SEIC and the complainant have been temporarily stopped. At the time of completion of this monitoring report SEIC reports that the district court decision has since been received and the court has refused the complainant's claim.

2.6.3

Monitoring (internal and external)

The RAP commits SEIC to both internal and external/third party monitoring. Internal monitoring was proposed on a bi-annual basis, and to be conducted by the Social Assessment team, with support from the CLOs, for a period of 36 months. The monitoring focussed on the restoration of livelihood process of all project impacted land owners/users, potential and actual issues and concerns related to RAP, as also of the effectiveness of the consultation/disclosure as well as grievance redressed.

External monitoring (this assignment) was also slated to be conducted on a semi-annual basis for a period of 36 months. The focus was to ensure that the RAP commitments were being made, and recommend measures to close gaps, if any, and to strengthen the process of implementation.

Current status

Till date the internal monitoring process has completed 9 rounds since November 2003 of which the 9th one was conducted in June 2008. The monitoring process has interacted with project affected land users, fishing and other enterprises and farmers. It has highlighted issues regarding use of compensation money, continuation or severance of livelihood activities, overall satisfaction with the compensation and the payment process etc. The monitoring process has often been able to identify grievances and/or potential issues that were not registered with the SEIC, and helped in the resolution of the same.

This is the second round of external monitoring and the third round is proposed in late December 2008.

FINDINGS OF THE EXTERNAL MONITORING AND STATUS OF COMPLIANCE AGAINST RAP COMMITMENTS

The HSEAP Part 2 Table clearly outlines the specific commitments made by SEIC regarding the Resettlement Action Plan. This section comments on the status of compliance against select, most important commitments and discusses the reasons behind non-compliances or partial compliances, if any. For the full commitment table, please see the HSESAP table provided in the SEIC website <http://www.sakhalinenergy.com/>

Table 3.1 Compliance Table

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
1.	SEIC shall compensate in accordance with the provisions of OD 4.30 or Russian Federation legislation, whichever is more extensive. The Supplemental Assistance Programme shall be drawn on as necessary to meet this commitment.	Y	<p>All compensation payment under Russian Federation laws has been completed. Wherever the project affected family was not eligible under the Russian laws, they were provided SA. From January to August 2008, compensation against was provided under Russian Legislation or Supplemental Assistance Programme to 17 land owners/user and 4 agricultural enterprises. These were paid to compensate for the delay in the restoration of land and handing it back to the land owner/enterprise for continuation of agricultural activity. The lease arrangement for the construction activity between SEIC and the farmer/enterprise was duly extended whenever there was such a delay. Majority of the affected families have reported satisfaction with the compensation amount.</p> <p>Supplemental assistance has been used effectively and innovatively to provide compensation to non-registered users, to people not eligible under Russian laws but eligible under World Bank standards, to provide compensation for damages etc, and in a few cases, for income restoration initiatives. The Social Assessment Group and Approval Teams have managed to retain flexibility in the use of this assistance to respond to claims/issues as they emerge.</p>	
3.	Wherever possible, and consistent with the preferences of the PAP, SEIC shall endeavour to provide replacement land and structures equivalent to or better than those lost to the project.	Y	<p>SEIC has provided replacement structure to all the families who were relocated from the LNG site. In all cases, the quality of the structures provided is better than before. Cash compensation and supplemental assistance was provided in lieu of land loss (temporary and permanent).</p>	
	A third party specialist appraisal firm to		SEIC has been using an independent estate valuation agency	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	determine the compensation for land, crops and assets. Compensation payment prior to the land being occupied by the project in accordance with OD 4.30.		for determining value of land and assets. Even in the case of verifying dacha owner's claims on loss of value, SEIC has used an independent agency to evaluate the loss in value or develop the waiver package. During the first monitoring visit, there were cases when the land owners complained that their land was used during construction activities by the contractor sometimes without prior permission and sometime without the payment of compensation upfront. Such cases have significantly dropped, primarily because construction activities have been completed in many stretches of the pipeline. Currently compensation is being paid primarily due to extension of lease for completion of land restoration before handing it back to the owner.	
4	Project Affected Persons shall be assisted with livelihood restoration measures through the Supplemental Assistance Programme. This includes monetary support as well as non-monetary support	Y (ongoing)	The Social team has been conducting household surveys to track the change in occupational patterns and livelihood/income levels to identify families that may have problems in restoring their income and livelihoods. On recommendations from the first monitoring report, specific questions were added in the questionnaire to track this change. These include questions on: <ul style="list-style-type: none"> • Change in farming area and patterns • Use of harvested crops • Expenses incurred • Quantity and volumes produced • Supplementary activities like poultry and livestock • Reasons for continuing/discontinuing farming/current occupations etc. <p>Within the limitation that the sample selected are small, the following results have emerged:</p> <ul style="list-style-type: none"> • A majority (~85%) of the affected households 	The socio-economic survey in 2007-June 2008 has done a good in-depth analysis of livelihoods among the project affected persons. The only limitation is that the sample size was small and therefore not fully representative. The same questions need to be repeated on a larger number of land - impacted households along the pipeline and analysed again in the summer of 2009. The families who have reported having significantly smaller land plots, as well as only elderly members should be included in the survey. The Social Team should also continue to inform the people of the project's commitment to provide livelihood restoration support so that, if required, people know whom to approach for this

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<p>continue their pre-project economic activity. Hence there is no significant impact on occupational patterns</p> <ul style="list-style-type: none"> • 29% of affected households have increased the total area of their land plots, while the remaining 71% of households have decreased it. • 100% of the interviewed households report that their current land plot size is adequate to satisfy their agricultural needs and they do not want to increase this size. <p>The reasons for decrease in the land plots size were discussed with the land impacted, and it emerged that they key reasons included lack of capacity to cultivate larger plots (both in terms of manpower, as well as resources), and inability to work on larger fields because of age of the owners. It is to be noted that many of these respondents fall in the elderly age category whose younger member of families have since moved out into cities, as has been the trend in Sakhalin over the recent years. Dependence on agriculture as the main livelihood source has significantly decreased and families have other sources of income, especially from jobs and pensions.</p> <p>Related to the above issue is the feedback from the affected land owners about restoration of their socio-economic status. The proportion of people stating that their livelihoods have not been restored has decreased from ~55% in 2007 to about 11%. A number of people who report not reaching the same income levels as before are the ones who have also reduced their land holding size, hence the decrease. However the very same people also report that on an average their household income levels have risen, primarily because of an increase in salaries, pensions and other social transfers; increased number of employed family members or change in the family</p>	purpose.

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<p>structure wherein some younger families have moved out to live independently. Hence the possible adverse impacts of the project on livelihoods seem to have been adequately offset with an increase in the overall incomes among the project affected families.</p> <p>What emerges from these surveys is also that most people do not require project assistance in restoring livelihoods, and if and when they do, they know that the project will consider providing some support for this.</p>	
5	<p>Lack of legal titles should not be a bar to compensation, un-registered land users to be compensated as any other PAP.</p> <p>In case where land has fallen out of compliance due to non-payment of taxes, primarily due to economic circumstances, the project shall also, where feasible, assist in getting alternative land of equivalent quality and shall undertake to pay all fees for registration of that land.</p>	Y (ongoing)	<p>Non-registered land users have been compensated through the Supplemental Assistance programme. They have been treated at par as registered land users as far as the compensation amount/process goes.</p> <p>The first monitoring report recommended that SEIC should try and find out the families that are keen to get their land registered and provide information and support as required. The December 2007 and June 2008 survey asked specific questions to landowners about their land registration status and future requirements. In June 08, only 3 of the sampled 26 interviewed households asked for more information about the registration process. SEIC has informed them of the process which entails 5 steps. Reportedly the process is simple and does not require additional resources, and the lack of requests for registration support indicates that most people see little benefits in registration. This is a little contrary to the feedback from the some affected households during the first monitoring visit and would need continued exploration.</p>	Continue identifying people needing support for land registration during the socio-economic surveys and consultations and provide information and procedural support if required.
6	SEIC has identified that 89% of the project affected households are potentially vulnerable. The RAP lays	Y (ongoing)	As in the livelihood restoration process (row 4)	Continue focussing on identifying vulnerable families and providing assistance as required in the RAP.

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	<p>down specific provisions for such households:</p> <ul style="list-style-type: none"> • Supplemental Assistance specially designed to address the needs of such households; • Non-monetary assistance in the form of training; • access to loan or credit; • provision of employment opportunities within the project, where feasible; • assistance to become formally registered landowners of the land they have been using; and • SEIC will maintain procedures to deal with claims from vulnerable people promptly. 			
7	Mitigation measures related to reindeer herders	Y	Te RAP addresses damage and resultant compensation, as well as additional mitigation measures as agreed before the SIMDP. All these commitments have been met. The community mitigation measures are being addressed through the broader Sakhalin Indigenous Minorities Development Programme (SIMDP).	
8	<p>Commitment related to natural resource users include:</p> <ul style="list-style-type: none"> • Careful attention to facility siting to avoid impacts on natural resources • Provide transport to enable them to reach alternative areas • Social monitoring of communities adjacent to the 	P (Ongoing)- M	<ul style="list-style-type: none"> • There were complaints to loss of access to natural resources and community recreational areas for berry and mushroom picking during the peak construction activities. These complaints have since reduced significantly and no complaints regarding loss of access have been reported in 2008. This consultant visited a site in Onor where such an area was impacted by the project activities, which has been since restored. The restoration process has 	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	<p>project construction to identify project related impacts.</p> <ul style="list-style-type: none"> Careful restoration programme on the pipeline corridor. Rigorous enforcement of no hunting, no fishing, no gathering policy among project people; and Clear channels for local communities to lodge complaints. 		<p>been satisfactory. It is reported that in other such areas the biological restoration process may not be complete.</p> <ul style="list-style-type: none"> In case the community has complaints or grievances on access to natural resources, they can approach the contractor for redressal. The project has been fairly successful in ensuring that the project people do not indulge in hunting or fishing activities. Social monitoring process has continued to identify project impacts and has worked closely with the contractor team to address those impacts. One such a case was reviewed by this consultant in Tymovsk. Another example is the preparation of a social impact assessment report for the proposed access road through the dacha area in Prigorodnoye. Along the pipeline, wherever construction is complete, the land restoration process is on. At places the physical or technical restoration is in progress, while at others the biological restoration process has started. There has been delay in some cases in the restoration process. The Government has laid down clear guidelines for the reinstatement or restoration process which has been summarised below. <p>Reinstatement Process: The GOST dated 17.05.04-83 clearly defines the steps that are required for the technical reinstatement of land. It includes removal of all structures and clearing of the ROW, backfilling the top soil, levelling, bank protection works and erosion control in the slopes. The government order no: 525/67 issued by the Russian Ministry of Nature and Rozkomzen Authority defines the requirements for biological restoration</p>	<p>As the reinstatement process will be the focus in the 2008-2009, the social monitoring process needs to track the status of reinstatement more rigorously and get feedback of the land owners on the quality of the reinstatement after the land has been returned. As with other</p>

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<p>of land impacted by the pipelines constructed under Sakhalin II project. It involves humus restoration by perennial crop seeding according to the types of soil and includes soil treatment, liming, injection of minerals and organic fertilizers and planting locally suitable grasses.</p> <p>The government orders also describe the approval process and the parties to be involved, including the land owners, regulatory authorities and contractors to provide the service. The scope of the reinstatement is agreed with the land owners before the commencement of construction activity. On completion of the reinstatement to the satisfaction of the owners, the owner and the company sign an agreement on the return of the land.</p> <p>Though the social monitoring process includes tracking the reinstatement process as a part of the monitoring, it needs to give a more intensive focus to it.</p>	<p>impacts, the monitoring should identify cases where people may have complaints about the process or the outcomes, which would need to be addressed through appropriate channels.</p> <p>The external monitoring process will also focus on reinstatement of the pipeline impacted areas in June 2009.</p>
10	The Supplemental Assistance Programme shall be used to meet OD 4.30 requirements. SEIC shall ensure transparency and consistency by documenting compensation communications, approaches and actions between users, communities and SEIC.	Y	SEIC continues to provide the affected households and enterprises the basis for the derivation of compensation and has documented every compensation related communications and provided the same to land owners with whom agreements were reached. The additional compensation has been used in case of delay in handing back land to the owners.	
13	Where there is a need to relocate commercial fisheries, SEIC shall ensure appropriate compensation and assistance is provided. SEIC shall provide compensation for lost income based value of catch; assist in the removal and relocation of equipment; and assist in and compensate for enterprises applying for	Y	<p>Compensation to all the three impacted fishing enterprises were completed in 2007 based on negotiated assessment of loss of fishing areas and reduction in the number of nets in the long run.</p> <p>One of the three enterprises compensated was consulted during the second monitoring visit. They report that there is regular communication and coordination between them and</p>	<p>SEIC should continue its communication with the enterprises, informing them of ship movements and working with them to ensure that there is no damage to nets and assets, and that safety standards are maintained.</p> <p>SEIC should also clearly confirm that there</p>

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	new fishing licences.		<p>SEIC on movement of ships/vehicles and the location of the fishing nets etc, though sometimes, especially during the fishing season, the frequency needs to increase. They have however received no specific safety related information or training from SEIC.</p> <p>The project has not significantly impacted the number of people employed by the fishing enterprises.</p> <p>The enterprise expressed the hope to work with SEIC to modify the shipping vessel routes to enable them to put in a third fishing net. Apparently the government is finalising a new set of Port rules which has an implication for this. SEIC on the other hand, is firm that the compensation package included loss of net and fishing areas and this is clearly stated in the agreement. According to agreed Project documentation, Documentation of Prigorodnoye Sea Specialised Port and requirements of RF legislation there SEUC believes there is no basis to undertake further payments for losses of fishery fields and decreasing of number of fishing nets to fishing enterprises in framework of Sakhalin II Phase 2 Project. The company therefore is not obligated to allow for the reinstatement of the nets.</p>	should be no expectation of further compensation for loss of fishing area and reduction in the number of nets.
14	<p>Ancillary fishing industries: SEIC aims to avoid or minimize any socio-economic impacts on ancillary fishing industries with economic ties to the commercial fishing industry through implementation of environmental mitigation measures set out in HSESAP, EIA and EIA addendum.</p> <p>SEIC will conduct informal surveys through the CLO network and SPT on ancillary enterprises and individuals</p>	Y	As the first monitoring report brought out, there is not a big, independent, ancillary industry in Sakhalin island that is critically dependent on the fishing enterprises. Most enterprises have their own ancillary support either within the enterprise or different enterprise specialise in particular services and provide those services to each other. Repair /maintenance/processing facilities are generally located in the mainland. This opinion has been confirmed by the social impact assessment study on fishing enterprises and ancillary industry.	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	engaged in activities linked to commercial fishing.		<p>There were no grievances recorded from this sector in 2008.</p> <p>There is ongoing engagement with the fishing enterprises and organisations. One person in SEIC has been appointed with that responsibility. The internal monitoring process also follows issues of concern within this sector. This consultant met one such an enterprise in Nogliki. There are 5 fishing enterprises in Nogliki who operate around the project activities there. The enterprises have not faced any direct impact from the project. They get their information about the project from various sources, including SEIC. SEIC has provided an information booklet to all such enterprises, providing basic project information and contact details. The companies know where to go in case they have grievances.</p>	
15	Resettlement: Affected owners and users shall be compensated for loss of land, assets and livelihood in accordance with the Russian Federation regulations, or given the option of receiving equivalent replacement land and structures at a nearby location approved by them, along with assistance during moving and access to basic amenities and infrastructure. Additional allowances shall be paid from the supplemental assistance Fund where required to meet OD 4.30 principles. Resettled families will be provided income restoration support.	Y	<p>All the 8 families displaced by the project have been duly resettled. The first monitoring report provided a status of some of the families who chose to move to Korsakov houses. During this second visit the consultant visited the person whose dacha was impacted and who chose to get a replacement dacha near Korsakov. The current dacha is larger than the one before, and he is able to grow a much wider variety of fruits and vegetables. The dacha is located close to Korsakov and is easily accessible. The bus service to the dacha is much more frequent than the service to his previous dacha. In all, the family feels that they are better off now than before.</p> <p>The consultant also visited the last family to be resettled from the pipeline safety zone. During the last monitoring visit the new house was being constructed. At the time of the second visit the family had moved into their new house and had received legal ownership papers. The house is larger and more spacious than the one before with better facilities/amenities. The family said that they had settled in</p>	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			and were happy with the house they got, though some small construction work was pending.	
			None of the displaced families have had a significant impact on livelihoods, as they continue with their previous occupations and sources of income. They however report that cost of living has increased when compared to before, specially for those who chose to move to Korsakov.	
17a	<p>The Dachas community is to be compensated on principles set out in the RAP. The company is committed to regular dialogue with the dacha owners/users to seek to understand their concerns regarding the proximity of the project to their communities and to discuss appropriate mitigation measures.</p> <p>SEIC will employ an expert assessor to provide an independent valuation of property value. The expert assessor will be acceptable to both dacha community and SEIC.</p>	P (M)	<p>As far as SEIC is concerned, the compensation and resettlement issues with respect to the dachas are closed now, with the acceptance of either the waiver package or the loss of value amount by the Dacha owners. Of the total 71 dacha owners, 43 received the compensation for only loss of value compensation, while the remaining 28 received compensation for loss of value as well as waiver of rights. One owner did not show interest in choosing either of the options and one owner died during this period.</p> <p>The engagement with the Dacha owners, however, continues with the LNG CLO being available for the Dacha owners to approach and discuss any issues of concern. There is a perception among the Dacha owners that since the completion of the compensation offers and a “change in the SEIC management”, the frequency of engagement and level of interest in their issues has dropped.</p> <p>The dacha owners continue to have the following concerns:</p> <ul style="list-style-type: none"> • The upgradation of the access road proposed by SEIC to their pumpsite, crossing the dacha community Stroitel area will create dust and noise impacts. The Dachas owners had put a barricade on this road to control access through their lands. This barrier was reportedly broken. • The bus service promised by SEIC has not re- 	<p>Continue engagement with the Dacha community on a regular basis. Some of their concerns about the road and consequent disturbance and pollution are genuine and it needs to be ensured that such impacts are minimized.</p> <p>Follow up progress to develop safety measures on the Korsakov-Prigorodnoye road with the Traffic police Korsakov, and the relevant federal authorities.</p> <p>Analyse the increase in electricity costs for the remaining dacha owners. If the issue is serious, explore possibility of working with the local authorities to provide them individual connections, rather than common electricity supply. This can be done under the social investment programme for this community and in consultation with the dacha owners and through a proposal developed by them. The company itself is not committed to providing this electricity.</p> <p>While the CLOs have been providing information booklets on the LNG plant,</p>

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<p>commenced after running for 2 years during the dacha season. This has created some transport difficulties for the elderly people.</p> <ul style="list-style-type: none"> • After the waiver package, a number of people moved out of the dacha cooperative, leaving behind fewer people to bear sundry expenses like electricity bills. Average cost of electricity per head has gone up. • Lack of knowledge about safety and emergency drills with respect to LNG operations. <p>They voiced the following demands:</p> <ul style="list-style-type: none"> • Continued and regular consultations between them and the EA team; • Access to the power supply that SEIC proposes to develop for the road. Currently for them the cost of electricity has risen too high. • Consider the option of constructing a new road, at a safe distance from the community instead of improving the existing road. • A temporary bus shelter till the new, permanent one is made near their dacha access. • Training on emergency response and safety. • A resettlement package. <p>SEIC has maintained that there is no question of exploring the resettlement option, as the people have accepted the options for compensation/waiver that were offered of their own free will. As far as the bus service is concerned, the service was discontinued after objection on road safety were raised by the Korsakov traffic police, especially on the inadequate road signage. Once these are in place, the bus service is expected to re-start.</p>	<p>flaring etc., the dacha owners need safety trainings and evaluation drills in case of emergencies, especially considering that most of the dacha community comprises of elderly people. Beside the information booklets/leaflets distributed by SEIC, the dacha members can also participate in the Safety Awareness Programme programmes organised by the World Best Practice Company has developed, which includes distribution of special leaflets, holding of public meetings and holding individual meetings by the CLO's network. SEIC can facilitate their participation.</p> <p>Explore options of developing a new access route instead of repairing the existing one, primarily to reduce potential impacts on the dacha community.</p>

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<p>A targeted Social Impact Assessment was done for the upgradation of the PP access road which the community has expressed concerns about. It identifies the following issues:</p> <ul style="list-style-type: none"> • Possible damage to water conduits and water reservoirs during road expansion, • potential damage to fencing, • dust pollution and noise, • management of access to the dacha community and • possible damage to agriculture crops due to the construction activity. <p>The assessment report has provided a series of management and mitigation measures to minimize these impacts, and at places, replacement of damaged structures/amenities. A key recommendation is to involve the land users/owners in the development of such measures, and closely monitor the impacts and implementation of management measures. It is to be noted that optional route for the access is being explored.</p>	
17b	<p>Quality of life indicators such as health, livelihood and access to basic services will be monitored using indicators and a methodology will be agreed by, and to the satisfaction of the affected community and Senior Lenders by end of 2006. Significant impacts will be evaluated through monitoring the performance of QoL indicators over a period of time. Where significant impacts are established an appropriate compensation package will be worked out through a participatory process.</p>		<p>Quality of life monitoring is continuing as per commitments made. Since the complaints of the dacha owners on the authenticity of data, SEIC has ensured that Dacha owners are informed about the monitoring schedule, and that one or more of them are present during the air and noise monitoring. In the last few months, the monitoring reports show that the air and noise pollution levels are within the accepted norms.</p> <p>The dacha owners are still contesting the validity of the data, and continue to be concerned about the impact of pollution on their fruit trees and vegetation. They are also questioning the standards being used for ambient quality levels saying that town and urban area levels are being used as standards</p>	<p>Continue monitoring through a licensed contractor as is being done now, and sharing the data with the dacha community. Provide information on the standards being used and how those are applicable for the area that is being monitored.</p> <p>It is understood that the impacts on soil and vegetation was studied by a third party, and the study concluded none of the impacts were directly related to the LNG activity. This consultant also did not find significant traces of dust and soot in the area when visited. However as an ongoing engagement</p>

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			whereas their dacha should be considered as a rural/recreational area.	<p>process, undertake a joint monitoring/ observation of the dust and black soot that the community has been complaining about, with the community members. This joint monitoring should include the Social Team, The LNG CLO, the contractor representatives and some members of the dacha community. . The possibility of local NGO KiP or any respected third party joining this monitoring should also be explored. While the ingoing process is fairly transparent and participatory, and agreed with the Dacha owners, some change in the process may address the ongoing concerns about the dust.</p> <p>The monitoring should be able to identify if the concern is genuine, and if yes, what can be the cause and what can be done about it. In case the complains are not verified, clearly state this to the dacha families, while reassuring them that the grievance system and Open House meetings have been provided to ensure that if any project related issue comes up, they are encouraged to approach these forums.</p>
17c	In addition to compensation, the dacha community will be entitled to a targeted social investment programme to ensure that the quality of life is restored to pre-project levels, and in some cases improved.		A Social Investment fund of \$50,000 was allocated for addressing the dacha community needs. The fund has not been utilised till date, primarily because there have been no proposals from the community to avail of the fund. Some proposals on street lighting were being considered by dacha owners/users but not followed up. The dacha community on the other hand is in a dilemma. They feel that the moment	Explore the use of the investment fund to address issues like fencing, internal road improvement, water etc. Work with the community to prepare the required proposals. Communicate with the dacha owners on the value and advantages of this fund, and the fact that it will lapse if not

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<p>they start availing of the fund, their demand for relocation will weaken. A good opportunity to address the needs of the community is yet unutilised.</p> <p>SEIC has been providing potable water to the community once a month in the months of May, June, and July, free of charge.</p>	used.
21	Gatherers: Traditional users of common resources like berry and mushroom collectors will have alternative sites where they can access these resources. Families facing problems in access to similar resources will be provided with transport to alternative sites by the project. Such families can approach their CLOs and register their grievances and concerns.	Y	<p>As in row 8 (Natural resource Users)</p> <p>SEIC reports that no demand or request for transportation to alternate sites was received from any of the communities. The respective CLOs have been in regular touch with people, and would have responded had such requests been made. No claim for compensation has been made or paid on this issue.</p>	
22	Traditional Land Users (Hunting, Fishing, reindeer herding): Supplemental Assistance will be available in accordance with the principles set out in the RAP, where there is verifiable adverse impact. SEIC to develop or support some sustainable development initiatives through consultations with such stakeholders as discussed in the SIMDP.	Y	An SIMDP has been designed and is being implemented in parallel to the RAP, specifically addressing IP related issues.	
23	Compensation for Prigorodnoye Beach	P (ongoing)-M	<p>As discussed in section 2.4.4, the park upgradation work is underway and work completed includes improvement to the steps leading to the park and asphaltting of the internal roads.</p> <p>During consultation with the local NGO, KiP as well as Deputy of the City Council, the following concerns emerged:</p> <ul style="list-style-type: none"> Dissatisfaction with the quality of construction and 	SEIC and the Korsakov administration need to continue engaging with the Korsakov community and informing them about the park upgradation activities. They should also seek the community's suggestions on design elements where possible.

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			<p>unclear about the quality control process.</p> <ul style="list-style-type: none"> • Poor information dissemination from the local government that is handling the park upgradation. The citizens of Korsakov are very keen about the park improvement and have become a little frustrated about the lack of information. • Not sure about the overall vision for the park, and what would it look like after improvements. 	
			<p>Apparently most of the concerns are directed towards the local administration and the capital works department, and not SEIC. However as it is SEIC's commitment to compensate the loss of beach by way of improvements in the park, it needs to be concerned about the community feedback. SEIC, on its side, has reportedly been providing as much information as possible to the community and this was acknowledged by the community members. Company regular communicates with Administration and Korsakov community regarding Project news, including Park's upgrade information, by the CLO's network, public meetings and etc. Beyond that according to RF legislation all people who interesting in such information as Park's upgrade can send to Administration official request and Administration shall reply in identified by the low term to the applicant</p>	
			<p>As far as quality control is concerned, the tenders and designs are reviewed and approved by SEIC and the Capital Works Department merely implements the designs. Hence there is a quality control process in place. In response to the community concerns, meetings have been held to discuss the issue and inform the community about the status of repair and the construction material has been analysed by technically competent people for its material and found to be meeting the required standards.</p>	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			The key issue is the lack of involvement the community feel about the park. The decision to upgrade the park as a compensation for loss of the Prigorodnoye beach was taken by a Citizen's Council that was created by SEIC and the administration. That Council has been since disbanded, and there is now a feeling of alienation from the park upgradation work.	
24 and 25	Temporary land use: Landowners and users shall be compensated for the use of land during the lease period for loss of fixed assets and for any loss of income experienced during the construction period. Land shall be returned to the original owners and users upon construction completion, with the land duly restored.	P (ongoing) -M	See reinstatement process in row 8.	
26 and 27	Road usage: Wherever possible, the project shall make use of existing roads to minimize the requirement for additional land acquisition. The project shall upgrade these where necessary to accommodate project traffic.	Y (ongoing)	<p>Since the construction activity has reduced, many of the concerns regarding use of roads by contractors have also reduced. No grievances were recorded on use/damage to local roads.</p> <p>The project is considering upgrading the road to their pump site in Prigorodnoye, the road passes near some of the dachas. A specific social impact assessment has been conducted to identify possible risks and impacts on the dacha community. This issue has been discussed along with the Dacha issue in row 7a. The community would prefer a new road to be made and used for the purpose, at least 10 mt away from the existing road, which is proposed to be used.</p>	The project needs to compare the impacts on upgrading the existing road as being planned, and of constructing a new road away from the dacha community, specially considering that the community is already concerned about existing impacts and will not be ready for additional impacts of the road, even though the impacts may be limited and manageable. A decision on the access road should be taken accordingly.
31	Independent mediation: Where RAP related claims have not been satisfactorily		Till date the project related grievances have not required independent mediation. There is however now a case where	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	resolved, the company has made provisions for independent mediation.		the complainant has approached the court and the issue will be decided at that forum.	

Y: The commitment has been fully met;

P: The commitment is either still in progress, or has been partially met. Partial Compliance has in turn been rated High (H), Medium (M) and Low (L) depending upon the relative significance of the issue and ease of managing that issue; and

N: This commitment has not been met. This is a non-compliance.

In conclusion to the findings, the RAP commitments are being broadly met. A number of commitments have not been fully met, primarily because the related activities have not been completed or the issue is still being brought up by the community like the Prigorodnoye dacha issue and the Korsakov park upgradation issue. There are also cases where there are gaps in implementation, and the remarks in the compliance table bring out those gaps. Against some of these issues specific recommendations have been made.

The systems of grievance redressal as well as consultation and disclosure through a strong CLO network continue to be the strengths of the RAP implementation. Built on a process of continual improvement based on feedback and reviews, both the systems have ensured that the project has been able to respond to issues in a prompt and effective manner. The social monitoring process has also been nimble in adapting to changes in the monitoring scope and requirements as the RAP implementation process has progressed. It has also tried to explore, discuss and analyse the trends in status of the project affected families within the context of the project as well as the context of the trends in the island at large.

The recommendations provided stress on the need to continue engagement with the affected people, and change the focus in monitoring to aspects like reinstatement and livelihood restoration.

Annex A

Monitoring Schedule

Monitoring Schedule: 25th August to 1st September

Date	Activities	Location
25 th	Meeting EA Team and update on progress in RAP	Yuzhno
26 th	Meeting with LNG CLO,	Korsakov
26 th	Meeting with NGO KiP	Korsakov
26 th	Meeting with Deputy City Council	Korsakov
26 th	Meeting with Dacha Owners	Korsakov
27 th	Meeting with Social Investment Team	Yuzhno
27 th	Meeting with Approvals Team	Yuzhno
27 th	Meeting with Calypso Fishing Enterprise	Yuzhno
28 th	Meeting with Grievance Redressal Team	Yuzhno
28 th	Meeting with Head of Capital Construction Department, Korsakov Administration	Korsakov
28 th	Meeting with Resettled Family (dacha) near Korsakov	Korsakov
29 th	Meeting with Head of Social Development and Indigenous People, Nogliki Administration,	Nogliki
29 th	Meeting with Ireda, Fishing Enterprise	Nogliki
30 th	Tymovskoye to meet with 2 spread pipeline CLOs and Complainants	Tymovsk
30 th	Visit to the reinstated land over the pipeline	Onor
30 th	Meeting with Deputy Head, Onor Administration	Onor
31 st	Meeting with spread pipeline complainant in Porechye	Makarov
31 st	Meeting with the resettled family from Pipeline Safety Zone	Firsovo
1 st	Meeting with EA Manager (feedback)	Yuzhno

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ERM India Private Limited

6th Floor, Block 4B,
DLF Corporate Park,
DLF City, Phase-III,
Gurgaon - 122 002

Tel: 91-124-4170300
Fax: 91-124-4170301
Email: india@erm.com

www.erm.com

