



## Independent RAP Monitoring

**Sakhalin Energy Investment Company  
Limited**

## Final Report

April 2009

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Sakhalin Energy Investment Company Limited

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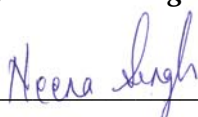
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For and on behalf of ERM

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Signed: \_\_\_\_\_



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Date: *22 April 2009*

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The Sakhalin Energy Investment Company Limited (SEIC) was established in 1994 to develop the Piltun Astokhsk (PA) and Lunkoye (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 3 independent semi-annual audits of the project. This is the third audit report for the period between September 08 and December 08.

## 1.1

### *A BRIEF PROJECT DESCRIPTION*

Sakhalin has a total area of 76,400 km<sup>2</sup>. 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 Kastro. 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 Lunskeye (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 Lunskeye Bay in eastern Nogliki District;
- Gastello Booster Station in Poronaysk 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*

As the second monitoring visit was undertaken in late August/early September 08, no significant change in status of the RAP implementation was expected by December 08, when the third monitoring visit was planned. This monitoring was therefore approached as a progress monitoring visit, with focus on the key issues that were identified during the second visit. This third external RAP Monitoring was conducted between the 21<sup>st</sup> and 26<sup>th</sup> of December 2008. The following tasks were undertaken:

- Review of project related documents that were relevant for the monitoring, including various progress and monitoring reports;
- Review of the new grievances that were registered since the last monitoring visit and of action taken against those complaints;
- Detailed discussions with the SEIC team, including the Social Assessment Group, the External Affairs team, the Approvals team and people responsible for engagement with specific groups like dachas;
- Consultation with one complainant;
- Discussions with Head of Social Department, Korsakov Municipal Administration; and
- Discussions with representatives of dacha community located near LNG/OET ('Stroitel').

Issues discussed in the second 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 and second monitoring report in the SEIC website <http://www.sakhalinenergy.com/>.

### 1.4

#### *LAYOUT OF THE REPORT*

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

*Section 2:* Status of RAP Implementation and comments on the Progress.

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 August 2008 and December 08. It also identifies the key issues have either not yet been fully addressed or have emerged in the past few months of the RAP implementation.

## **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 at the time of the monitoring visit. The land for development of access roads is being acquired: for all 89 land parcels for upgrading of access roads is being leased, while information on 2 more is awaited at the time of the monitoring visit. Almost all the land required is either forest land or state land, and no private land is being taken for this purpose. Forest parcels for linear objects (including land parcels for access roads and pipelines) are being leased for a period of 49 years. One of the roads is however passing through a collective farm enterprise. The work for signing long-term lease agreement is in the process. The current status of the total amount of land parcels being used for the project was being clarified at the time of the monitoring visit. This figure is expected to be collated by the Approvals once all road alignments and land requirements for them are finalised. The RAP monitoring will report this updated numbers thereafter.

## 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. Due to location of above ground facilities or sanitary Protection Zones and Safety Exclusion Zone, 13 enterprises have been impacted. These have been compensated.

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. The RAP monitor will seek documentary evidence to confirm that there are no additional project impacted people affected by the roads, and if there are, then an assessment of impacts on such people is undertaken.

## 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.

## 2.4 *PAYMENT OF COMPENSATION AND SUPPLEMENTAL ASSISTANCE*

### 2.4.1 *Affected Land Users*

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 monitoring process has 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 August 2008 and December 08, compensation was provided to 1 agricultural enterprise and 1 landowner due losses during the temporary land occupation and waiver of rights). In the past, additional compensation have been 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 has been duly extended whenever there was such an extension.

### **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 required by Russian legislation

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 having been fully compensated 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. No compensation related issues have been emerged during this monitoring period related to these fishing enterprises.

### 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. One collective farm stands to be impacted by one of the 89 proposed access roads. The process of determining the compensation eligibility is underway.

### 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. 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. 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.

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 internal illumination of the park is also complete. Therefore all planned works have been completed.

Department of Social Development of Korsakov Administration responsible for the management of the park proposes to work closely with the Korsakov Park Entity to attract local residents for volunteer work in the park (garbage cleaning, etc) Local people can be employed for tree pruning and snow

management. With improved facilities and amenities, the park is already seeing increased usage, especially among the elderly people.

Some concerns were expressed by local citizens groups during the second monitoring visit about the park construction quality, but with the completion of all construction works, the focus is now on the park functioning and use. SEIC should continue to monitor citizen's satisfaction on the improvement of the park through the internal monitoring process as well as through its bi-annual public meetings with the Korsakov community.

#### 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 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. Of 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.

## **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. This issue was raised in the second monitoring report as an issue. Since then the bus service has been re-started, from September till October 2008. The dacha community expressed their gratitude for this service.

The Company committed to provide special bus service to dacha cooperative during construction phase only. Due to construction completion bus service will not be provided in 2009 and beyond.

## **Quality of Life Indicators**

SEIC has been monitoring indicators like pollution and noise level, and in recent few months, these indicators have been recorded as within permissible limits. The monitoring is done by the LNG contractors, in presence of dacha representatives. The results are however contested by the dacha community. At present their representative is interacting with a US based ecological organisation, seeking technical help to undertake their own monitoring. She reports that she has been provided equipment and technical directions on their usage, and will shortly be sending the samples for analysis to the US. They have also been meeting with the Government department representatives responsible for SPZs and seeking clarifications on possibility of expansion of the same.

## **Social Investment**

SEIC had earmarked a social investment fund equivalent to USD 50,000 for the development of the dacha community and their dachas. This fund has not been utilised at all as yet as no concrete proposals have been received from the community. While SEIC is hoping and encouraging the community to discuss possible proposals that will help make the dachas better and improve access to basic amenities, the community is apprehensive that getting involved in projects from the social investment fund will weaken their demand for resettlement, even though they know that there are areas where investment will help improve the dacha conditions. This stalemate has gone on for more than two years.

As the fund will lapse in July 2009, SEIC should continue to engage with the dacha owners and discuss various options for the use of the investment fund. It should be made clear to the dacha community that the investment fund is a commitment separate from monitoring of life issues, and while the latter is being followed up on a regular basis, the investment fund should be made use of before its official lapse. It is understood that LNG CLO and her team are ready to help the dacha community in developing proposal ideas if they are

approached. Till now the dacha community has resisted the idea of discussing proposals.

An issue that is concerning the community however is the mounting electricity cost for the dacha owners remaining in Prigorodnoye. With more people having moved out of the area after accepting the various compensation and waiver packages offered by SEIC, the dacha owners claim that the cost of electricity per owner has arisen significantly, and that the community had to incur additional costs of 7000 Rb.

#### **2.4.6 *Plans for road upgradation in Prigorodnoye***

For the PP operation, SEIC is planning improvement of access road passing through or near 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. The Social Assessment study for this road has suggested a number of measures to minimize such impacts.

#### **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, and since the last monitoring period, there was no compensation paid to the reindeer herders and there were no 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 2005-2006<sup>1</sup>. 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. This group was not interacted with during this visit.

### 2.5.2 *Natural Resource users*

During the first 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 have reduced significantly. Many of these areas have been restored and returned back to the community/local administration. No complaints have been registered by this group since the last monitoring visit.

### 2.5.3 *Reinstatement of Land issue*

A key activity that has been taking place in 2008, and will remain a primary land related activity in 2009, is the restoration or reinstatement of land taken from land owners on a temporary lease for laying down the pipeline. The land is proposed to be restored both technically and biologically and the owner has to be satisfied with the restoration before being officially handed back his/her land. The Russian laws have laid down a clear process of land restoration that was described in some details in the second monitoring report <http://www.sakhalinenergy.com/>.

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(1) <sup>1</sup> 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".



There could be two-three kind of issues that might emerge during the land reinstatement process:

- People not signing the re-instatement closure agreement as they might not be satisfied with the process.
- People registering complaints about the reinstatement process even after signing the agreement. This would perhaps happen after the first time they start cultivation and face difficulties; and
- People claim long term loss in productivity and demand compensation.

These are obviously risks that the company is aware of and the reinstatement law addresses to a large extent. It is however suggested that the internal socio-economic monitoring process identifies a control group of land owners along the pipeline not impacted by the project and generates information on crop productivity from them for this year, in addition to consulting the impacted land owners on their satisfaction with the re-instatement process. The control group information/feedback, supplemented by data received from government statistics would help distinguish genuine issues of concern on crop productivity, from just opportunistic demands. The genuine issues would need to be addressed through the grievance process, and identified during monitoring (internal as well as external).

There have been instances when the land owners have preferred to reinstate the land themselves, and feel themselves capable of doing so. In such cases the monitoring process should ensure that if they are facing difficulties, that issue needs to be brought to the pipeline team to be dealt with sympathetically. Livelihood restoration is a key objective of the RAP, and even though such landowners are finally responsible for the quality of reinstatement they have undertaken, some of them might need professional guidance.

The grievance redressal process will need to gear up to address these issues.

## **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. Between August 2008 and December 08, 10 such monitoring rounds have been completed 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. No consultations however could be held with the Association in the second part of 2008 because the Association is going through a realignment process. Sakhalin Energy continues to notify fisherman marine safety department about the tankers voyages.)

#### *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.

In 2008, SEIC has involved specialists to answer specific queries of the dachas owners regarding air and noise monitoring, soil quality issues and crop productivity. The approach now is to bring in the EA team only on engagement issues when necessary.

#### *Consultation with Indigenous People*

All consultations with IP are currently being held through the SIMDP programme. Meetings with the entire community are held on regular base. 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, 31 meetings were held with individuals and small groups of the IP community in the second half of 2008. Meetings with IP representatives included meetings with their leaders, IP related authorities in the local - administrations, 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.

In 2006, 2007 and 2008 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.

The revised Grievance Process was described in some detail in the second monitoring report.

#### *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. No RAP related grievances were received by SEIC in the second half of 2008 till December 08). One of the complainants who had gone to court against the laying of pipeline on her land had demanded a dismantling of the pipeline. This demand has been reportedly rejected by the Court. Her second demand has been to conclude a long term agreement for the land with SEIC, and the court is still considering this issue. SEIC is waiting for the court's decision on the matter.

The second complaint was on the impact on land of the complainant due to the pipeline construction activity. However in his case there is unclarity about the exact demarcation of his land plot. The GR process is waiting for the landowner to clarify this issue before proceeding on the necessary action.

Of the total 89 RAP related grievances that have been registered in the GP, 87 have been resolved till date.

Due to the changes in the GR process, the process information and data is now more accessible and in control of the Social Team which has had the key role to play in redressing grievances. The data base is also being managed by the Social Team. The GR process is audited by the Compliance team, and this audit has been undertaken once in 2007 and the next audit is proposed in 2010.

### **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 10 rounds since November 2003 of which the 10<sup>th</sup> one was conducted in October 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 third round of external monitoring and the fourth round is proposed in June-July 2009.

## **2.7**      *SUMMARY OF KEY RECOMMENDATIONS*

No non-compliances were identified during this limited third monitoring visit.

The following key recommendations are being put forward:

1. SEIC should continue to monitor the citizen's satisfaction of the improvement of the park through the internal monitoring process as

well as through its bi-annual public meetings with the Korsakov community.

2. On the issue of land reinstatement, the internal socio-economic monitoring process should identify a control group of land owners along the pipeline not impacted by the project and generates information on crop productivity from them for this year, in addition to consulting the impacted land owners on their satisfaction with the re-instatement process. The control group information/feedback, supplemented by data received from government statistics would help distinguish genuine issues of concern and crop productivity, from just opportunistic demands. The genuine issues would need to be addressed through the grievance process, and identified during monitoring (internal as well as external). The GR process needs to gear up to respond to the land reinstatement issues that may emerge in 2009.

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