



# Sixth Independent RAP Monitoring

**Sakhalin Energy Investment Company  
Limited**

**Final Report**

December 2010

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Sakhalin Energy Investment Company Limited

## Sixth Independent RAP

December 2010

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For and on behalf of ERM

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Signed: *Neena Singh*

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Date: **14 December 2010**

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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 five independent semi-annual audits of the project. This is the sixth audit report for the period between January '10 and July '10.

## *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 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.

As of July 2010 Phase II of the Project is under completion. All assets are under operation, except the Booster station which shall be completed by the end of 2010.

### 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 sixth external RAP Monitoring was conducted between the 12<sup>th</sup> and 19<sup>th</sup> of July 2010. 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 CLO- LNG team, the SIMDP team, the land reclamation specialist and people responsible for engagement with specific groups like dachas;
- Consultation with complainants who had registered grievances;
- Consultations with Head of Communities of Sevetskoye, Novoye and Vostok; and
- Discussions with representatives of dacha community located near LNG/OET ('Stroitel').

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

In sync with the current status of progress of the RAP, the External Monitor focused on two issues during the fifth monitoring:

- Progress on land restoration/reclamation and handing over to land owners;
- New grievance and status of pending grievances and
- Any livelihood related issues that still remain.

### 1.4

#### *LIMITATIONS*

This report is based on review of secondary documents made available to the consultant, limited field assessment and select consultations with key stakeholders by the External Monitor. Media reports and information available in public domain (to the extent possible) have also been studied and analysed for the purpose of this reporting.

Professional judgements expressed herein are based on facts and information provided. Wherever the External Monitor has not been able to make a judgement or assess any process, it has highlighted that as an information gap and suggested a way forward.

#### **1.4.1**      *Use of this Report*

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#### **1.5**      *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 January 2010 and July 10, as committed in the RAP.

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 were required for a period of six-months to five years for temporary construction facilities. 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 on lease by SEIC.

### **2.1.2**      *Current status*

Additional land has been taken on short term and long term lease from the Municipal entities (being at the disposal of municipal entities) or the Forest Department (land in federal ownership) respectively. These are required for components like access roads and for laying down cables etc. 1721 ha lands at the disposal of municipal entities have been delineated into federal property in 2010. Currently the lease and transfer process is underway. SEIC has ensured access to the oil and gas pipelines and each of the block valve stations and in August 2009 Rostekhnadzor (Federal Technical Supervisory Authority) inspected the pipelines and access roads for compliance to design documentation. The final approvals have since been received.

The current status of land taken on lease for various purposes is shown in the following table:



**Table 2.1 Total Land on Lease with SEIC (July 2010)**

Component	Area of land leased (ha)	Area of land leased (ha)
Pipeline and FOC (Pipelines, BVS, CPS, pig launchers/receivers, access roads, soil storages, monitoring pits, helipads, etc)	4025	<ul style="list-style-type: none"> <li>• 19 ha Lands at the disposal of municipal entities</li> <li>• 1219 ha lands have been delineated into federal property</li> <li>• 2787 ha Lands in the federal ownership</li> </ul>
Other large assets (LNG-OET, OPF, BS2 etc)	605	<ul style="list-style-type: none"> <li>• 420 ha - for LGN/OET Lands have been delineated into federal property;</li> <li>• 20 ha -for Prigorodnoye Port Lands have been delineated into federal property</li> <li>• 134 ha - for OPF (64 ha- Lands have been delineated into federal property, 70 ha- Lands in the federal ownership) ;</li> <li>• 31 ha - for BS2- Lands in the federal ownership</li> </ul>
PMD	44	have been delineated into federal property
Accommodation and Offices	59	<ul style="list-style-type: none"> <li>• 54 ha in Yuzhno Lands at the disposal of municipal entities</li> <li>• 5 ha in Korsakov Lands have been delineated into federal property</li> </ul>
Other Facilities (small facilities, FOC branches, water wells, Camps, etc.)	29	
<b>TOTAL</b>	<b>4762</b>	

Source: Central Approvals Team  
 FOC: Fibre Optic Cable  
 BVS: Block Valve Station  
 CP: Cathodic Protection  
 BS2: Booster Station 2  
 PMD: Pipeline Maintenance Depot

Note: There has been no change in this status since August 2009.

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

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

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.

### 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. It is also reported by the Approvals Team that none of the Federal lands or lands at the disposal of Municipal entities that are being taken on lease, have any issue of private use for any purpose, hence there would be no social impacts on the lease of such lands.

## 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 Zone of the pipeline.

SEIC has completed all the commitments made to the last family, including minor construction works, provision of fertilizer for the family's kitchen garden, putting a team bath into operation and replacement of the chimney for the heating system. The family reported satisfaction with the completion of all commitments and of the support provided by the company through the resettlement process. They report that their kitchen garden yield this year was better than previous years.

With the completion of resettlement of this last family, all the physical resettlements as a result of the project, as identified in the RAP, have been completed. If any family has any RAP related complaint, they have been advised to approach the Grievance Cell with their complaints. All of them have been given the details of the grievance procedure.

## 2.4 PAYMENT OF COMPENSATION AND SUPPLEMENTAL ASSISTANCE

### 2.4.1 *Affected Land Users*

The Approvals team reports 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*

No Supplemental Assistance was paid by SEIC in the first half of 2010 as this was not required. No family reportedly approached the company with any additional loss or impact that needed payment under supplemental assistance. This was confirmed by the small sample of land owners met during the field survey.

### 2.4.2 *Fishing enterprises*

3 Fishing enterprise operating where the LNG plant is currently located, were 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. No complaint or grievance was received from these 3 companies.

### 2.4.3

#### *Other enterprises*

There were 16 agricultural enterprises, 9 forestries and 11 other enterprises. All the enterprises have reportedly been fully compensated under Russian Laws. 1 agriculture enterprise has been additionally compensated in 2010 because of the delay in restoration of land and handing them back to the enterprises and 1 enterprise was compensated for waiver of rights (in October). 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*

In December 2007 the total sum of compensation for the partial loss of the beach was increased up to \$930,000 by mutual agreement with Korsakov Administration. Sakhalin Energy has fulfilled its agreed obligations. The park upgrade process has been performed as committed in the RAP. The facility is now a municipal property and all works were controlled by Korsakov Administration. Any outstanding queries are now directed to Korsakov Administration instead of SEIC, and it is they who need to provide responses. Some park users expressed some concerns about the quality of the park the details of which have been discussed in Table 3.1.

The Head of the NGO, Knowledge is Power, refused to participate in the consultations about the current status of the park this time as she did not agree with the monitoring report findings on the Korsakov park progress in December 2008. She has been requested to send her queries and concerns in written and that will be considered by the External Monitor. No correspondence with specific issues has been received from her as yet.

#### 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 of Stroitel cooperative even though they have no legal right for compensation under the RF Law.

#### *Current Status*

All the 71 Dacha owners have made their choices on the basis of the 2005 agreement, and have been duly compensated by May 2008. Of the total 73 dacha owners, 71 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. 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.

#### **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 monitoring results in 2010, as in the previous year, do not show any of the monitoring parameters exceeding permissible limits, except the May results of noise monitoring that showed values slightly exceeding the permissible limits. The issue, when analysed by experts in the authorised laboratory, Sakhalin Hydrometereological Agency, concluded that the noise exceeded because of

presence of birds during the monitoring. This was conveyed to the Dacha owners, though they have been sceptical about the conclusions.

## 2.2

### *Sound Monitoring Result May 2010 at Prigrodnoye Dachas*

Place	Sound pressure level in octave-frequency bands									Sound level DBA
	31.5	63	125	250	500	1000	2000	4000	8000	
Point 3	57.3	52.0	56.1	50.6	47.0	44.7	33.7	27.1	17.0	48.4
Max Permissible Limit (700 hrs- 2300 hrs)	<b>90</b>	<b>75</b>	<b>66</b>	<b>59</b>	<b>54</b>	<b>50</b>	<b>47</b>	<b>45</b>	<b>44</b>	<b>55</b>
Point 3	62.3	55.7	56.0	49.6	46.7	45.0	32.4	28.2	18.8	49.7
Max Permissible Limit (2300 hrs- 700 hrs)	<b>83</b>	<b>67</b>	<b>57</b>	<b>49</b>	<b>44</b>	<b>40</b>	<b>37</b>	<b>35</b>	<b>33</b>	<b>45</b>

Conclusion: The noise level exceeds norms of SN 2.2.4/2.1.8.562-96- "Noise at working places, in residential and public premises and on the territory of residential building" in the night time.

The dacha cooperative had initiated their own monitoring of air quality, soil and snow samples by labs they did not disclose the credentials of, but claimed that they certified agencies. When contacted during this monitoring, the Head of the Dacha community reported that the results of their independent monitoring also did not show any of the indicators exceeding 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 check 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. The Dacha owners however continue to express concerns about the impacts on their fruit trees and crops. They also allege that their fruit and vegetable sale has gone down significantly because of health concerns.

### **Safety and health**

The dacha community are concerned about the fact that a number of dacha plots are now empty as the owners have moved away, and report that incidence of theft and vandalism is on the increase. They also report increase in cancer incidence among the older residents. There is however no direct correlation to the project established scientifically. As the air monitoring and

crop quality data show no major aberration, SEIC understands that it has no obligation or a trigger to investigate the issue as a project impact.

### **Access to Public Transport**

SEIC had committed to providing a transport service to the dacha owners from Korsakov to Prigorodnoye during the construction phase as a part of mitigation measures identified during the QLI monitoring. The bus service was made available for two years three times a week during dacha season, after which it was discontinued for various reasons discussed in the previous monitoring reports. The bus service was started again between September and October 2008, and has been since stopped after the completion of the construction phase, as committed in the RAP. The dacha owners continue to request for the continuation of the bus service. SEIC however responds that that post demobilization of the construction workforce, there is now less pressure on public transport to the LNG site/dachas which the dacha owners can use.

A bus stop pavilion was installed in 2009 on the Prigorodnoye road on demand from the dacha, which was agreed by the Korsakov authority.

#### **2.4.6 *Road upgradation to the pipeline valve nearby Prigorodnoye.***

For the PP operation, SEIC planned to improve the access road passing 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 April 2009. 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.

##### *Current Status*

Sakhalin Energy upgraded the road to the pipeline valves running adjacent to Stroitel cooperative. Under request of dacha owners and in order to minimize impact on the cooperative during construction the original road route was changed and the section of the road was re-routed further from the dacha plots. The existing road used by dacha owners only was also upgraded (backfilled, levelled, drainage arranged) per their request. The Social Impact Assessment identified 3 dacha owners, whose unregistered potato plots were impacted by the road update due to re-routing. A compensation package was agreed in consultation with the impacted dacha owners, and it has been since paid.

No grievances or complaints have been registered by the dacha owners over the road upgradation and presence of contractors.

## 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 were 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.

SEIC had regular consultations with herders through herder workshops during construction period. During the early part of 2010, the company reportedly conducted more than 30 meetings. A number of support activities have been undertaken, as agreed during such quarterly workshops.

Some of the initiatives taken by SEIC are directly aimed at the 5 impacted herders and their families, while others are for the community as a whole (Val settlement where herders families live).

Within the SIMDP process, to make process more effective, it is discussed that Indigenous People have to form non-profit organisations to avail of the SIMDP funds under different categories (see details under the SIMDP). The 5 herder families, identified as impacted families under the RAP, have now registered themselves though not all as an NPO to avail of these funds.

## 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. Currently, the active construction phase of the Sakhalin II Project is finished, so the need in ongoing communication channel has reduced. The Company has not recently received any requests from the Fishermen's Association or representatives of the fishing community. Sakhalin Energy is now considering replacing ongoing communication channel with retroactive responses to fishermen's requests.

#### *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 more compensation by this group till today as reported by the internal monitoring process. This monitoring round did not cover the fishing enterprise specifically, though an update was sought from the Social Performance Team.

#### **2.5.2** *Additional measures emerging from recommendations of the previous independent monitoring report*

The previous 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. These included analysing the land registration issue, and identifying families that may need support in land registration. The other measure was to focus on vulnerable families and assess if they needed additional support. SEIC undertook activities to understand and address these issues. An assessment of these initiatives was provided in the second and third monitoring reports.

#### *Land re-instatement process*

A key activity that has been taking place since 2008, and was proposed to be completed by September 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

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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".

was described in some details in the second monitoring report  
<http://www.sakhalinenergy.com/>.

According to the Land Re-instatement Specialist in SEIC, more than 80% of the land has been restored and handed back to the owners. Of the remaining 20%, only 1% is privately owned land while the remaining is Municipal land. All the land was proposed to be handed over by the June 2010. A Land Handover Committee was formed in every district, comprising the head of the community, land owners, department of environment and Municipalities. These committees were instrumental in overseeing the land hand over process. However there has been a change in the Russian Legislation, which takes away the land related authority from the Municipality to the federal authority (Rosimushestvo). To reflect this change, the Handover Committees need to be reconstituted, which has delayed the process. At the time of the monitoring visit, there was unclarity on the way forward. The committee has started functioning again since August 2010

Status at the end of November is that about 90% of lands have been handed over to land owners. The 10% remaining are the following:

- Dolinsk and Yuzhno Districts -only one state farm lands outstanding. It is refusing to accept the lands reasoning no biological reinstatement have been carried out. Negotiations are ongoing;
- Aniva District - Municipality is refusing to carry out Lands Handover Committee due to the fact that the ownership of the lands has been changed (from Municipality to Rosimushestvo). Negotiations with both sides are ongoing.
- The Company has conducted re-reseeding of 41 km of ROW during 2010. At the moment new programme is being prepared for year 2011.

The External Monitor met with some people whose land was reinstated and handed over. There was a mixed response on the issue, with some broadly satisfied with the process and outcomes, while others not satisfied. There has also been a grievance registered on the reinstatement process (see details in the Grievance section).

The fifth monitoring report has asked the next socio-economic monitoring to focus on the reinstatement process and the feedback from landowners about it. The survey was advised to cover the following questions:

- Their satisfaction with the land restoration process;
- What could have been done better?
- What are they doing with the land this year?
- If its being cultivated what is the feedback on productivity- same as before, better or worse?

The internal socio-economic survey covered 19 land owners whose land was returned after restoration. Of the 19:

- 9 interviewed land users from 19 (47%) are not satisfied with reinstatement;

- 10 land users did not visit land plot and could not assess quality of affected land plots reinstatement;
- In 2 cases land lease agreements between land users and municipal authorities finished. They did not prolong agreements and stopped using land plots;
- All land users surveyed did not use land plots for any productive purpose this year; and
- Only 7 from 19 have plans to use land plot in future, but are not sure in what way because land use limitations have been established in safety zone of pipelines according to RL.

All land users were informed about land use limitations in safety zone of pipelines and relevant letters reportedly have been delivered to them.

## 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 since 2003. Since then twelve monitoring rounds have been completed and virtually all the affected groups have been met with at least one since the monitoring began. In 2010, 1 monitoring round was undertaken till August during which 21 meetings were held including:

- 19 meetings with affected households; and
- 2 meetings with the Heads of the local Communities.

Till date in 2010, the family resettled by the pipeline SPZ has been met twice a month on a regular basis. These meetings enabled the Social Assessment Groups to track the progress of the family settling down in their new house/homestead, and to be able to address any grievances they may have.

#### *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 2010, SEIC has continued communicating with representatives of the fishing industry and authorities to inform them about the project activities.

### *Consultation with the Korsakov administration about the Prigorodnoye beach compensation*

Based on the RAP, Sakhalin Energy has fulfilled commitments on Park Upgrade under the agreement with Korsakov Administration. However the LNG EA team continues to hold regular consultations with the Korsakov Administration (which is managing the project) about the park upgrade and has been informing the Korsakov citizens on the status of work at the park. The team has also been consulting citizens groups like KiP, a local NGO, about the park as also discussing any issues that are concerning them. The LNG EA team also organises public meetings twice a year, and the park is one of the topics discussed at the meetings. Focused meetings in the settlements and Korsakov organizations are also ongoing and park is included into agenda.

### *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 till August 2009. The issues being discussed are 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, more than 30 meetings were held with IP leaders, authorities and community. The SIMDP team on a regular basis informs about the SIMDP performance, monitors its implementation according to the mitigation matrix.

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 Resolution***

SEIC developed Community Grievance Procedure that lays down clear guidelines on the grievance resolution 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 (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.

#### *Current status*

1 RAP related grievance was recorded in June 2010. This was concerning access to land plot in Sovetskoye, due to construction of road to block valve. This was a group grievance raised by the Head of the Community. The access road currently provided was in poor condition due to movement of heavy vehicle. PSF, responsible for construction of road decided to upgrade the road and improve access. The action was agreed and the action completed on 8<sup>th</sup> of July, within 45 days of the registering of the grievance.

There were some other grievances related to a labour issue and to an IP issue. None of them were RAP related. Both have been addressed, and the process of the signing of the satisfaction letter is reportedly on.

There were some complaints from households in the neighbourhood of the permanent camps on 3 issues:

- Drainage
- Loose cables and
- Smell from the generator being used by the camp.

SEIC addressed those grievances as follows:

- Drainage- provided gravel to close the drains
- Cables – Sakhenergo, the power company, was asked to manage the issue which it did and
- Generator- Air monitoring has been initiated every 3 months. Measures to reduce the smell are being identified.

All these complaints have been closed to the satisfaction of the complainants. These were not RAP related complaints though.

#### *Potential new grievances*

Two potential grievances were identified during the internal monitoring process and during consultations by the external monitor. Both the issues were identified in Voskhod.

One related to an old grievance. As reported in the fourth monitoring a landowner in Vostok was not satisfied with the quality of reinstatement, and he complained of the land being full of stones and unproductive. When met in 2010, he reported that the grievance was not closed. To exacerbate the matter, there was a flood in the river, which washed away a lot of the soil from the

plot. The land has become so hard that it cannot be dug or ploughed for any cultivation. The local tractor supplier refused to plough the land as it could break his machine. The owner wants his granddaughter to inherit the land and so he is concerned about long term quality. The farmer feels that the unexpected flood (the river has never flooded before) might have been due to the digging up of the river bed to lay the pipe during construction. No embankments were made thereafter to control such floods. Even a part of the laid pipe was washed away. Contractor had originally removed the stones and handed back the land, but the owner has recently filed a fresh grievance for further restoration. He also requested that he be informed when the restoration work was being done. The last time he was not informed.

The second grievance was by an elderly lady land owner who lived alone in Vostok. She reports that she is happy with the restoration, and last year short hay had started growing. This year the hay has been tall. She has been giving her land on lease to contractors to take the hay. She earned around 2500 Rb/season. This year the rates expected are 5000 Rb in one season, but she is not able to give her land. This is because the handing over process is not complete due to the procedural delays (discussed in section 2.5.2), and she is not allowed to use any tractors on that land till the legal process is complete. Contractors have refused to take her land on lease as they will not be able to cut the hay without use of tractors. The lady stands to lose her seasonal income, which is an important to her.

### 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 resolution.

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 11 rounds since November 2003 of which the 12<sup>th</sup> one was conducted in June 2010. 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 sixth round of external monitoring and the seventh round is proposed in late December 2010, which will be a desk based monitoring.

***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
.	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	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. Most of the compensation process was completed by 2009. In 2009, SEIC has paid compensation to 3 dacha owners whose unregistered potato plots were affected by the road upgradation to pipeline valve nearby Prigorodnoye. The compensation package was decided in consultation with the Dacha owners, and there have not been any complaints or grievance on the issue. This compensation was paid as a part of Supplemental Assistance, as the land plots were unregistered and not eligible for compensation under the Russian laws.	
3.	<p>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.</p> <p>A third party specialist appraisal firm to determine the compensation for land, crops and assets.</p> <p>Compensation payment prior to the land being occupied by the project in accordance with OD 4.30.</p>	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> <p>SEIC has been using an independent estate valuation agency 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.</p> <p>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</p>	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			compensation upfront. These cases have been discussed in Monitoring Report 2 and 3. Since then all construction activity has been completed, and land is in the process of being rehabilitated and handed back. Even that process is 80% completed.	
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	<b>P (ongoing)</b>	<p>The Social team had 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 forth and fifth monitoring report, the socio-economic monitoring has focussed on the land reinstatement and handing over process. Specific questions asked included:</p> <ul style="list-style-type: none"> <li>• Satisfaction levels with the reinstatement process.</li> <li>• Suggestions on how it could be done better.</li> <li>• Use of the reinstated land this year and in the future. Future plans to use the land in the future.</li> <li>• If the land was used this year, what were the productivity levels as compared to that before the construction activity?</li> </ul> <p>The following trends have emerged:</p> <ul style="list-style-type: none"> <li>• A significant percentage of people (47%) of those interviewed were not satisfied by the reinstatement. While some of the reasons could be based on perceptions, rather than based on factual analysis, one of the grievances in Vostok does indicate that there could be specific reasons why people have responded as such.</li> <li>• The lack of dependence on the reinstated land. About 50% of people had not even visit the land since its reinstatement, indicating that the people were not economically dependent on the land, and</li> </ul>	<p>Though it is understood that the reinstatement process is still not complete, there are emerging grievances on the quality of reinstatement that need to be addressed as a priority. It should also be ensured that the reinstatement process should be undertaken after informing the land owners and giving them an opportunity to observe the process and make suggestions. There will be a higher level of satisfaction among landowners if they are fully involved in the process. There was an instance when land owners complained that the reinstatement was done without their knowledge.</p> <p>Loss of income due to the delay in handing back land and restriction on use of particular machines like a tractor should be compensated under the Supplemental Assistance provision till the time the land is handed back and these restrictions removed.</p> <p>SEIC has reported that since the monitoring visit in August all the private land owners were interviewed in October 2010. All the problem areas have been recorder and possible ways forward (compensation, conduction of additional works, providing additional access etc) have been prepared.</p>

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<p>the quality of reinstatement not a critical issue with them. However there could be several reasons for this feedback, especially the timing of the reinstatement and handing back could have been in the non-agricultural season.</p> <ul style="list-style-type: none"> <li>• None of the land users used the reinstated land and a minority among them (36%) had plans to use that land in the future.</li> </ul> <p>The External Monitor met some land owners and Heads of Communities, and the above feedback was reiterated during the meetings. Agriculture as an occupation appears to be on the decline in rural Sakhalin, and not just along the project pipeline and the above feedback are in line with that trend. That said, the quality of reinstatement could become reasons for discontent and needs to be addressed as soon as grievances come to notice. The issue of land not being formally handed back because of some legal procedures, and people not being able to use that land as a result, has led to a seasonal loss of livelihood, for example by leasing out land for cutting hay. These losses have arisen from the delay from the project.</p>	This initiative await for approval from Management.
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</p>	Y	<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. No family has approached the company for assistance on registration of land as yet.</p>	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	pay all fees for registration of that land.			
6	<p>SEIC has identified that 89% of the project affected households are potentially vulnerable. The RAP lays down specific provisions for such households:</p> <ul style="list-style-type: none"> <li>• Supplemental Assistance specially designed to address the needs of such households;</li> <li>• Non-monetary assistance in the form of training;</li> <li>• access to loan or credit;</li> <li>• provision of employment opportunities within the project, where feasible;</li> <li>• assistance to become formally registered landowners of the land they have been using; and</li> <li>• SEIC will maintain procedures to deal with claims from vulnerable people promptly.</li> </ul>	<b>P (ongoing)</b>	<p>As discussed in the livelihood restoration process (row 4). No specific vulnerabilities resulting from project's activities have been identified so far, from both the internal monitoring process, as well as from the external monitoring process. The elderly remain the most vulnerable, group, and the internal monitoring process aims to cover their concerns.</p> <p>No specific training of support has been initiated or a need felt to do so.</p>	<p>The internal monitoring process will continue focussing on vulnerability, and also ensure coverage of at least 50% of the people whose have received land after reinstatement. People who have lost income due to delay in handing back land, should be identified and compensated.</p> <p>As of November 21 land owners will be compensated in 2010 due to delay in handing back land under RF legislation requirements. Compensation payments are in the process.</p>
7	Mitigation measures related to reindeer herders	<b>Y</b>	<p>The 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).</p> <p>SEIC had regular consultations with herders through herder workshops. A number of support activities have been undertaken, as agreed during such quarterly workshops. Some of these include:</p>	The IP consultation should continue through the SIMDP programme.

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<ul style="list-style-type: none"> <li>• Repair of community gas pipelines (as part of compensation transferred to Nogliki Administration);</li> <li>• 3 snow mobiles (as part of compensation transferred to Nogliki Administration);</li> <li>• Financial support of construction of special fencing for deer (in Russian called koral’);</li> <li>• Provision of fuel for herders;</li> <li>• Provision of compound animal feedstuff for deer; and</li> <li>• Provision of hunting weapons (as part of compensation transferred to Nogliki Administration).</li> </ul> <p>Some of the initiatives taken by SEIC are directly aimed at the 5 impacted herder families, while others are for the community as a whole.</p> <p>The external Monitor visited the Herder camps near Piltun Bay. There was a general feedback that SEIC had met the all their commitments, and there was an ongoing interaction between the company and the Herders that allowed them to approach the company as when they needed any specific help. The SEIC team supports the Herders with supply of basic provision, if asked to, as well as provision of transport for herder families to meet with their folks in the camp.</p>	
8	Commitment related to natural resource users include: <ul style="list-style-type: none"> <li>• Careful attention to facility siting to avoid impacts on natural resources</li> <li>• Provide transport to enable</li> </ul>	Y	To a large extent, contractors have worked closely with SEIC CLOs and Heads of various Communities to ensure that people are apprised of the construction activities, that the grievance process is robust and is able to address complaints quickly and measures are taken to minimize impacts. Bulletin boards in libraries, presentation on the project and	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	<p>them to reach alternative areas</p> <ul style="list-style-type: none"> <li>• Social monitoring of communities adjacent to the project construction to identify project related impacts.</li> <li>• Careful restoration programme on the pipeline corridor.</li> <li>• Rigorous enforcement of no hunting, no fishing, no gathering policy among project people; and</li> <li>• Clear channels for local communities to lodge complaints.</li> </ul>		<p>the construction activities, distribution of pamphlets are some such communication tools being used. Now that most of the construction activity is over, the CLO activity is expected to reduce. The interactions between the community and SEIC will however be done through Information centres. About 20 centres are already operations, and 3 more are on the way.</p>	
10	<p>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.</p>	Y	<p>SEIC has provided 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. The SA has also been used to compensation unregistered land owners.</p>	<p>As discussed above, delay in handing over land and continued restriction on use of machinery on land, has resulted in loss of seasonal incomes (like lease for hay to contractors) needs to be identified and compensated. See above row 6</p>
13	<p>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 new fishing licences.</p>	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>The project has not significantly impacted the number of people employed by the fishing enterprises.</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>
14	<p>Ancillary fishing industries: SEIC aims to avoid or minimize any socio-economic</p>	Y	<p>As the first monitoring report brought out, there is not a big, independent, ancillary industry in Sakhalin island that is</p>	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	<p>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 conducted informal surveys through the CLO network and SPT on ancillary enterprises and individuals engaged in activities linked to commercial fishing.</p>		<p>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.</p> <p>There were no grievances recorded from this sector in 2009.</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.</p>	
15	<p>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.</p>	Y	<p>All the 8 families displaced by the project have been duly resettled. The final resettlement of the family displaced by the pipeline SPZ was formally completed last year with some additional commitments completed this year. One commitment was to provide the family with fertilizer for their kitchen garden which was done in the autumn of 2009. With this the family confirms that all resettlement commitments have been satisfactorily completed.</p> <p>The other displaced families from the LNG site have been living in their new locations for the past 5 years now. They were not covered during this monitoring round, but in the previous rounds, none of them reported any significant changes in their incomes and occupations as most of them (at least those with whom SEIC has managed to maintain contacts) continue to have the same income sources, though some did complain that living in Korsakov was more expensive.</p>	<p>It is also observed that it is more than 5 years since the families from the LNG site were resettled. The monitoring process focussed on these families in the first two rounds of monitoring and found the process satisfactory and the families settled in their new houses. The monitoring process did not identify any serious livelihood concerns among those nine families as many of them were already pensioners, and some of them continued with their old livelihood activities (livestock rearing and dachas).</p> <p>Regular monitoring of these families displaced by the LNG plant therefore may not be necessary any longer. On the contrary regular visits will keep raising expectations and also not allow the families to move on with their lives, mentally leaving behind</p>

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
				<p>their “displaced” status. In case any of these families do face an issue that needs SEIC intervention they are aware that they can approach the grievance process.</p> <p>The Polykov family, the last family resettled, will however need to be covered for some more time, though even they report no major impacts and continue with their income sources (government jobs). They report that the quality of house, homestead and amenities they have now is better than what they had before.</p>
17a	<p>The Dacha 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 employed an expert assessor to provide an independent valuation of property value. The expert assessor was acceptable to both dacha community and SEIC.</p>	Y	<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 73 dacha owners, 71 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. Of the remaining two, one did not show interest in choosing either of the options and one owner died during this period. A summary of the current status of issues concerning the dacha owners has been discussed in section 2.4.5.</p> <p>The engagement with the Dacha owners, however, continues with the LNG-EA team being available for the Dacha owners to approach and discuss any issues of concern. The Dacha owners however perceive that these consultations are being done merely as a routine with no honest efforts to resolve their issues. Their issues continue to remain the following:</p> <ul style="list-style-type: none"> <li>• The emissions are not being captured accurately</li> </ul>	<p>Continue engagement with the Dacha community on a regular basis as is already being done. Despite the obvious conflicts, it is apparent that there are channels of communication and formal and informal interaction with the Dacha community and the LNG-CLO team. The CLO office in Korsakov has regular visitors from the dacha community.</p>



HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
			<ul style="list-style-type: none"> <li>The soil quality has deteriorated, impacting their quality of crops,</li> <li>There is increased incidence of theft and burglary in the area, as a number of dachas are empty and fewer people live there;</li> <li>Continuous disturbance from noise from the LNG plant as well as movement of vehicles;</li> <li>Increase in costs of the electricity for the remaining few residents; and</li> <li>Considering the above, the need for their resettlement or for them to get “resettlement value” of the dachas to enable them to buy a new dacha. They have always maintained that the waiver package was not enough to buy a replacement dacha.</li> </ul> <p>The Dachas owners had initiated their own monitoring of air and noise recently. They shared that the results they got also indicated that none of these parameters exceeded the permissible limits.</p> <p>SEIC has also 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 discussed in section 2.4.5, the emission levels still remain within permissible limits, except the noise limits in one specific instance, which was attributed to a one-off incidence of high bird sound.</p>	
17b	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	Y	As above	Consider conducting the soil quality monitoring once again (to demonstrate the post flaring impacts) after some time to reassure the community against concerns

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	<p>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>			related to soil contamination. It has already been agreed with dacha owners that such an assessment will be done if air monitoring shows violation of norms.
17c	<p>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.</p>	<p>P (while SEIC did provide the fund, there was no outcome or use of that fund. Hence the broader objective of the social investment was only partially met).</p>	<p>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. Several attempts by SEIC to encourage the Dacha owners to discuss possible areas where the investment fund can be used for the improvement of the community has failed.</p> <p>In December 2008 SEIC notified dacha cooperative that they need to provide projects/ideas to be supported from SI Fund by July 01 2009. Assistance during project development was granted. Dacha owners have officially stated that they do not want to use this fund.</p> <p>It is understood now that the fund allocated for the investment has lapsed as no proposals were received from the owners for over tow years.</p>	
21	<p>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</p>	Y	<p>Most of these issues emerged during the construction stage. SEIC reports that no demand or request for transportation to alternate sites was received from any of the communities. No claim for compensation has been made or paid on this issue.</p>	

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	project. Such families can approach their CLOs and register their grievances and concerns.			
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	Y	<p>The park upgrade process is completed as committed in the RAP. Though there are still queries on the upgrade works, those queries are directed to the Administration instead of SEIC, and it is they who need to provide responses. Korsakov District Assembly (Council consisting of elected deputies) requested the Company for the information regarding park upgrade. SEIC has submitted a detailed letter to the Assembly explaining the works done and the detailed expenditure breakup.</p> <p>A visit to the park and some discussions with the park users indicated that they have observed some improvements like lighting and benches to sit. They however felt that the park did not look well maintained and should have some more amenities. They hope that SEIC will continue to support the park and improve it further.</p>	While SEIC has met the commitment it had about the park with the Korsakov administration, citizens/applicants can initiate some further improvements, specially in maintenance and upkeep, and improvement of some facilities for children, through the Korsakov Sustainable Development Partnership Council in the framework of approved policies and procedures of the Council. The applications will be considered by the members of the Council on similar conditions as any other applications/projects.
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	<b>P (ongoing) -M</b>	20% land is yet to be handed over due to some legal delays as discussed before. There have been grievances about the land that has been handed back that has been discussed in rows 4 and 10.	As provided in row 4 and 10.

HSESAP Reference	RAP Commitment	Status (Y/P/N)	Comments	Remarks/Recommendations
	period. Land shall be returned to the original owners and users upon construction completion, with the land duly restored.			
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	<p>Since the construction activity has stopped, concerns regarding use of roads by contractors have been eliminated. No grievances were recorded in 2009 on use/damage to local roads.</p> <p>The road in Prigrodnoye has been upgraded. Based on the social impact assessment, mitigation measures were taken to minimize impacts and 3 dacha owners were compensated for damage to their land plots.</p>	
31	Independent mediation: Where RAP related claims have not been satisfactorily resolved, the company has made provisions for independent mediation.		Till date the project related grievances have not required independent mediation. There have been cases where people have gone to court and these are being handled by the SEIC Legal Department.	

*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.*

The sixth monitoring has not come across any non compliances against the commitments in the RAP and thereafter. There are gaps, most primarily because the reinstatement process is not yet complete. In other cases, SEIC has completed the compensation and mitigation measures and closed the issue.

The key recommendations include:

- Ensure that all grievances due to the land reinstatement process are registered and responded. Any loss of income due to delay in handover should be compensated according to the Russian laws.
- Ensure that land restoration feedback is getting captured robustly through the socio-economic monitoring process, especially during the next cropping season.
- Continue engagement with the Dacha community on a regular basis as is already being done.
- Consider conducting the soil quality monitoring once again (to demonstrate the post flaring impacts) after some time to reassure the community against concerns related to soil contamination. SEIC has agreed with dacha owners that such assessment will be done if air monitoring shows violation of norms.

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