

7.0 ENVIRONMENTAL AND COMMUNITY INVESTMENT PROGRAMMES

Summary

BTC Co has developed Project Environmental Investment Plans (PEIP) and Project Community Investment Plans (PCIP) to ensure that the project's environmental and social objectives are achieved.

These plans go beyond reduction of impacts identified in the Environmental and Social Impact Assessments (ESIAs), and will bring additional benefits to those brought by the project. The PEIP will help towards achieving the 'no-net-loss' principle in respect of the ecological impacts of the projects, by promoting and conserving biodiversity. Specific projects to be supported under the PEIP have been identified with the involvement of a wide range of stakeholders and include:

- the need for public awareness and community involvement;*
- the conservation of habitats such as the Tougay Forest conservation area; and*
- the conservation of important species such as the brown bear and black grouse.*

The PCIP will help to ensure that benefits from the project are enjoyed by the same people that may be adversely affected by the project. Stakeholder dialogue has identified key themes for the programme, including:

- the development of economic opportunities and income generation;*
- development of the agricultural sector; and*
- strengthening the capacity of communities to self organise, manage and initiate community drive development.*

Both plans will be monitored and reviewed to ensure that they bring durable benefits to the three countries affected by the project.

7.1 Introduction

BTC Co has considered carefully all of the requirements that the national governments and lending institutions specify in relation to managing the environmental, land and social issues associated with this pipeline project. BTC Co's approach in conforming with these requirements is set out in Section 6 and we have confidence, particularly as a result of our continuing dialogue with stakeholders, that our formal obligations are now being fully met.

BTC Co has been committed from the outset however, to moving beyond regulatory compliance, to ensure that the positive benefits of the project are maximised for the countries crossed by the pipeline and the communities they contain. To give effect to this commitment, the project will support additional environmental and community investment programmes to promote environmental, social and economic development within Azerbaijan, Georgia and Turkey.

These programmes are being developed in-line with the project's environmental and social goals, which are consistent with BP corporate policies. The project environmental and social goals include:

- no net damage to protected ecological areas or archaeological sites;
- no resettlement of local population; and
- no permanent disruption to the livelihoods of local populations.

The environmental and community investment programmes will be delivered via a Project Environmental Investment Plan (PEIP) and a Project Community Investment Plan (PCIP). These plans commence in 2003 and will run for an initial period of three years, up to 2005. Although the PEIP and PCIP are separate, emphasis will be placed on integrating the delivery of the plans to ensure, as far as possible, a unified approach to delivering environmental and social elements. To date, approximately \$9 million and \$25 million have been committed by the project to the PEIP and PCIP respectively. It should be noted that the funding covers both the BTC project and the related South Caucasus Pipeline (SCP) gas pipeline project, which will run in parallel through Azerbaijan and Georgia.

7.2 Project Environmental Investment Plan

7.2.1 Policy

BTC Co recognises that the countries crossed by the pipeline have a number of special environmental characteristics, most notably a wide range of wildlife habitats, with a rich diversity of associated flora and fauna that is both regionally and globally significant. The project is committed to the principle of 'no net loss' in relation to these valuable environmental resources and this principle underlies the development of the PEIP.

BP's position on biodiversity, developed in partnership with Flora and Fauna International, has also been a key driver in developing the PEIP (Box 7.1). An associated BP corporate strategy has been established that sets out five elements for action:

- *Responsible Operations* – understand impacts on biodiversity and demonstrate continual improvement in performance;
- *Public Policy* – contribute constructively to the public policy on biodiversity;
- *External Relations* – understand what is important to people; forming partnerships to develop solutions to biodiversity issues;
- *Conservation Projects* – create collaborative partnerships, fund and contribute to conservation activities aligned with local, national, regional and global priorities; and
- *Research, Education and Awareness* – make a positive contribution to biodiversity research and education; raise awareness and understanding of employees, people BP works with and customers.

Box 7.1 – BP’s position on biodiversity

- We recognise the current rate of biodiversity loss is unacceptable.
- We will play an important role in helping conserve biodiversity.
- We will take concrete actions to minimise the biodiversity impacts of our operations.
- We will work with others to raise the standards of our industry.

In order to achieve this we commit to:

- Constructively participate in and inform the debate and decision making process on access to new areas.
- Respect government decisions on protected areas.
- Engage others in determining the levels of performance required to conserve biodiversity in areas where we operate.
- Measure, then set targets to improve biodiversity performance;
- Openly report our progress on biodiversity in a transparent manner.
- Openly share biodiversity information to increase society’s understanding.
- Maintain a strategic overview of the biodiversity implications of our global activities.

The development of the PEIP also takes full account of the biodiversity initiatives that are being pursued by the national governments of Azerbaijan, Georgia and Turkey. These include:

Azerbaijan:

- a Biodiversity Strategy Action Plan for the countries around the Caspian Sea, covering marine and some terrestrial issues (2002); and
- the National Environmental Action Plan (1998) (NEAP) which addresses priority actions for biodiversity (a revised NEAP is near completion).

Georgia:

- a Country Study Report on the status of biodiversity (1997);
- a Biodiversity Action Plan (1999); and
- the National Environmental Action Programme that considers biodiversity issues (2000).

Turkey:

- a Biodiversity National Action Plan (1998); and
- an Interim Country Report on the Strategic Action Plan for Biodiversity in the Mediterranean Sea (1998)

7.2.2 Objectives and strategy

The **Principal Objective** of the PEIP is:

“The delivery of actions that are of benefit in the promotion and conservation of biodiversity”

This Principal Objective is supported by a number of **Specific Objectives**:

Specific Objective 1: To provide additional benefits (‘additionality’) that go further than mitigation of impacts;

Specific Objective 2: To respond to ongoing initiatives, issues and suggestions raised by stakeholders during the consultation process undertaken as part of the pipeline project to ensure that these are complementary and avoid duplication;

Specific Objective 3: To achieve maximum benefit from the level of financial input;

Specific Objective 4: To maximise opportunities for wider national and international application of outcomes; and

Specific Objective 5: To include international stakeholders in the development of the PEIP and reporting on the outcomes of actions.

The objectives of the PEIP will be delivered in adherence with a set of principles that have been developed taking account of stakeholders’ comments – these are set out in Box 7.2.

Box 7.2 – Principles to be followed in delivering PEIP objectives

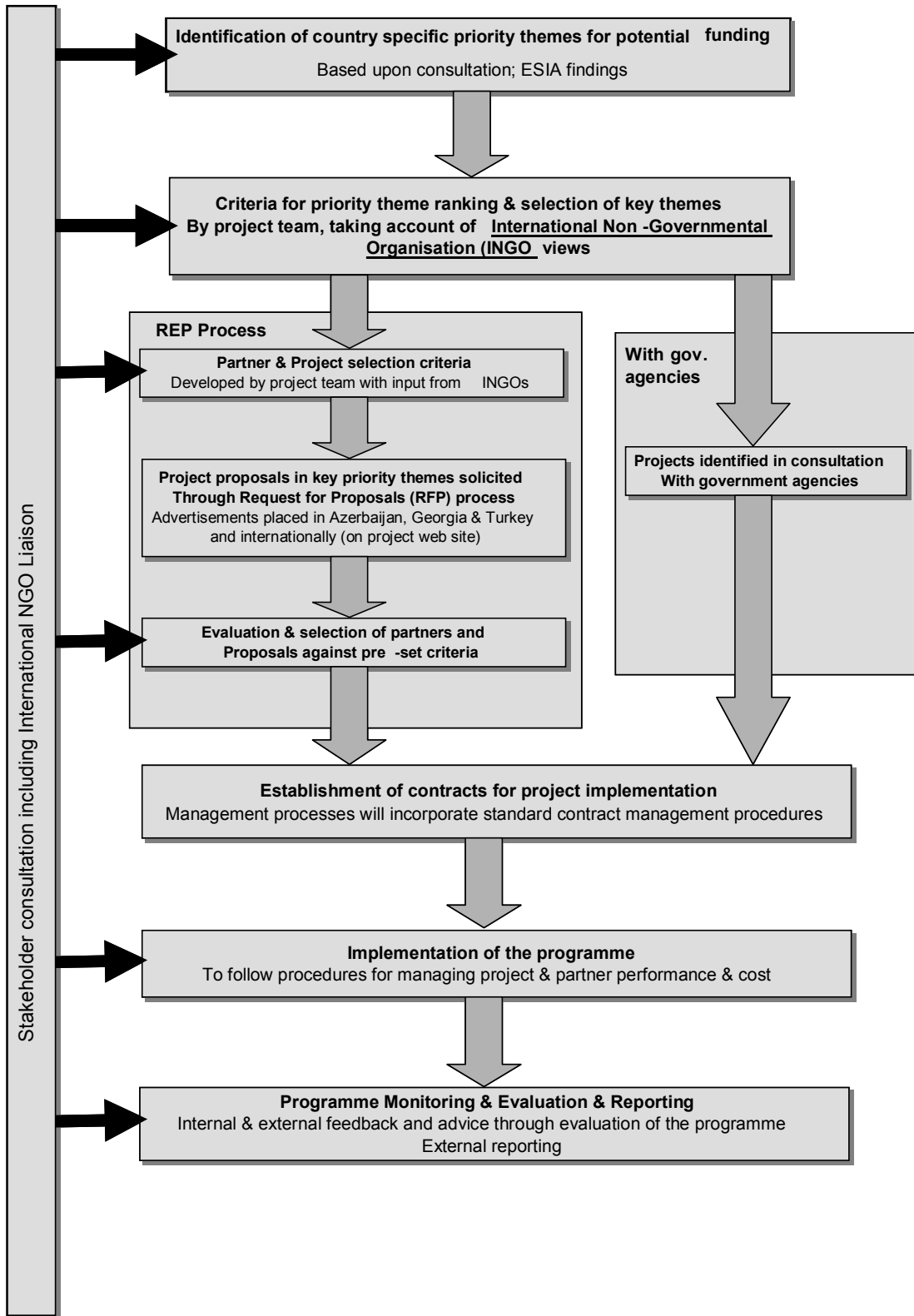
- **Impact:** deliver tangible benefits and go further than just direct impact mitigation.
- **Sustainability:** deliver lasting benefits.
- **Capacity building:** deliver a significant element of technology transfer and capacity building.
- **Linkages:** consider and build upon the biodiversity priorities of the host country.
- **Community Investment programme:** links with the Community Investment Programme to facilitate success and sustainability.
- **Prevention of duplication:** avoid duplicating the efforts of companies, international and local agencies or government departments.
- **Leverage of funding:** seek opportunities to co-operate with existing organisations and programmes or leverage additional financing.
- **Participation:** take account of views, roles and rights of NGOs and local communities.
- **Partnerships:** encourage the development of partnerships.
- **Monitoring and Evaluation:** strong monitoring and evaluation component with clear targets and measurement of success.
- **Transparency:** programmes and projects must be transparent and be open to internal and external scrutiny to allow potential beneficiaries, non-governmental organisations and government departments to understand the approach.
- **Implemented Under BTC Co Business principles:** the control procedures for managing project and partner performance and cost will be applied.

7.2.3 PEIP process

Implementation of the PEIP is following a defined process encompassing:

- stakeholder consultation;
- the identification of priority themes in each country;
- the selection of partners and specific projects for potential funding, award of contracts;
- management of projects; and
- monitoring and evaluation of the programme (Figure 7.1).

Figure 7.1: The EIP Strategy



7.2.3.1 Stakeholder consultation

Effective and on-going stakeholder consultation underpins the entire process of developing and implementing the PEIP. BP has established a network of relevant stakeholders over many years, through the work undertaken to develop a Regional Biodiversity Action Plan for its Caspian and Caucasus business units. This network includes international as well as national organisations with interests in promoting biodiversity and was used to identify the main areas of concern. A Consultation Report has subsequently been distributed to selected international NGOs and their feedback used to refine the PEIP.

7.2.3.2 Priority biodiversity themes

Based on preliminary stakeholder dialogue, the studies undertaken as part of the ESIA's and existing national biodiversity plans, a list of candidate priority biodiversity themes was drawn up (Table 7.1). As it is not feasible or cost-effective to fund all of these candidate themes, a selection process has been devised to identify the key themes under which specific biodiversity projects will be considered for funding. A set of criteria has been defined to ensure that the selection process used is rigorous, transparent and consistent across countries (Table 7.2). The candidate themes have been assessed against each criterion using a simple numerical scoring system.

Table 7.1: Candidate priority biodiversity themes for PEIP funding in each country

| Azerbaijan | Georgia | Turkey |
|--|---|---|
| Public awareness/community involvement. | Public awareness/community involvement. | Public awareness/community involvement. |
| Tougay forest conservation and restoration, Kura floodplain. | Brown bear <i>Ursus arctos</i> conservation management. | Important Bird Area programme. |
| | Black Grouse <i>Tetrao mlokosiewiczi</i> habitat investigation, monitoring and conservation management. | Black Grouse <i>Tetrao mlokosiewiczi</i> habitat investigation, monitoring and conservation management. |
| Semi-desert pilot area conservation management. | Ktsia-Tabatskuri Managed Reserve management planning. | Important Biodiversity Areas (IBOAs). |
| Lake Jandar management and environmental centre. | Borjomi-Kharagauli National Park/Support Zone. | Lesser Caucasus, Forest Gap Analysis and Sub-ecoregion Study, NE Anatolia. |
| Persian gazelle <i>Gazella subgutturosa</i> conservation management. | Sustainable forest management pilot project. | Forest Habitat Enhancement. |
| Community Level Sustainable Forestry Initiatives. | Tougay forest conservation and restoration, Kura floodplain. | Monk Seal Research, Gulf of Iskenderum. |
| | Persian gazelle <i>Gazella subgutturosa</i> conservation management. | Important Plant Areas. |
| | | Large Mammal Action Planning. |

Table 7. 2: Criteria used to select key biodiversity themes for funding

| Criterion | Attributes |
|------------------------------|---|
| Stakeholder Alignment | Consistency with national plans, eg, Biodiversity and Action Plans. The status of Biodiversity Country Study Reports; National Environmental Action Plans; national legislation. |
| | Consistency with regional plans/priorities eg, Conservation International 'Biodiversity Hotspot': 'Caucasus and Northeast Anatolia Temperate Forests'. WWF Global 2000 Ecoregion; WWF & IUCN Centres of Plant Diversity. Birdlife International Caucasus Endemic Bird Area. |
| | Consistency with BP corporate policies. |
| | Alignment with local community needs. |
| Project Alignment | Consistent with identified key areas for the project (identified through stakeholder consultation and residual ESIA/EIA impacts). |
| | In proximity to pipeline. |
| Linkages | Compatibility with other ongoing/approved projects (can be consistent but not competing). |
| | Compatibility with PCIP. |
| Sustainability | Financially sustainable if necessary (when BTC Co funding ends). |
| | Environmentally and socially sustainable (when BTC Co funding ends). |
| Monitoring | Tangible output (a measurable output, material product, tangible change as a result of the investment). |
| Business Value | Provision of BP and partners business (including reputation) gain (lack of risk to BP and partners). |
| Technology Transfer | Opportunity for wider application of methods/results/knowledge. |
| Geographic Range | Regional spread (of benefit to more than one of the three countries crossed by the pipelines). |
| Additional Resources | Potential to leverage additional funding or other resources (to promote financial sustainability). |

The assessment process has taken account of comments received from stakeholders and the key themes selected for each country are as follows:

Azerbaijan:

- public awareness/community involvement;
- Tougay forest conservation and management, Kura floodplain;
- semi-desert pilot area conservation management;
- Persian Gazelle conservation management; and
- forest creation.

Georgia:

- public awareness/community involvement;
- brown bear conservation management;
- Black Grouse habitat investigation, monitoring and conservation management
- Ktsia-Tabatskuri Managed Reserve management planning
- sustainable forest management pilot project; and
- Borjomi-Kharagauli National Park.Support Zone.

Turkey:

- public awareness/community involvement;
- Black Grouse habitat investigation, monitoring and conservation management
- forest habitat enhancement;
- Lesser Caucasus Forest Gap Analysis and NE Anatolia Sub-ecoregion study;
- sea turtles, Gulf of Iskenderum; and
- Important Plant Areas Project.

In addition, funds will be provided for two other elements:

- a regional project – Caucasus biodiversity planning and training; and
- provision of a series of small grants to NGOs aimed at capacity building and co-operation between national NGOs.

7.2.3.3 Partner and project selection

Consultation and working in partnership with different organisations is seen as essential to the success of the environmental investment programme. A dual approach has been adopted:

- Identification of potential project partners through Requests For Proposals (RFPs) made under the key priority themes; and
- Working with government agencies to define and implement projects within key priority themes.

A set of criteria has been defined to identify organisations eligible to make a submission via the RFP route. Eligible organisations are then evaluated based upon their experience and capabilities in implementing ecological projects (Table 7.3)

Table 7.3: Criteria for selecting partners applying for funding via the RFP route

Eligible organisations:

- Not-for-profit and private voluntary organisation officially registered with a permit to operate in each country for which a proposal is made.
- For-profit but where the fee/profit has been waived.
- Any combination of the above in partnership.
- Must produce auditable accounts.
- Either from within the country, or from outside the country for which the proposal is made if in partnership with a national organisation.
- Combinations of larger and smaller capacity organisations in order to enable smaller and relatively new organisations to participate.
- Proven experience in the management and/or implementation of grant-type projects with funds of at least \$50,000 over the course of the project.
- Able to demonstrate experience in the implementation of ecological projects.
- Able to undertake all work in a manner that protects the health and safety of all individuals who are involved in the activities.

Eligible organisations are evaluated using the following criteria:

- Extent of proven experience in the management and/or implementation of relevant projects.
- Extent of proven expertise in key sectors indicated.
- Number and capability of employed and volunteer staff.
- For partnerships between international and national organisations, the extent of capacity building and technology transfer anticipated.
- Organisational ability to deliver.
- Experience and co-ordination with other initiatives.

Project proposals received from qualifying organisations will be evaluated by a small number of key decision makers based on further technical and commercial criteria, to identify a short-list of proposals. Once this first stage review has been undertaken, a further analysis will be completed with the aim of identifying projects for funding where:

- synergies exist across the three countries involved; and
- linkages with on-going regional projects are maximised.

It is anticipated that international NGOs will be involved in this final selection stage.

A number of projects funded under the priority themes will best be undertaken through co-operation with government agencies. Candidate projects where government agencies play a major role will be identified via direct consultation with the relevant government departments, rather than via the RFP procedure outlined above.

7.2.3.4 Management and reporting

The overall PEIP process is managed by a Project EIP Manager, who acts as the link between the project Core Management Team and the in-country PEIP managers who are part of the BTC Co management structure.

7.2.3.5 Monitoring and evaluation

A structure and programme for project monitoring and evaluation is being established to ensure that:

- the projects are being implemented in a cost effective and technically robust manner in line with BP's ethical, contracting and business principles;
- the investment programme is on-target against stated objectives;
- other opportunities that become evident are evaluated; and
- the projects can be revised in response to findings, externally developments etc.

Internal monitoring will be undertaken by BTC Co management staff and in-house experts. There will also be an important external monitoring element and it is anticipated that this will be provided by national and international NGOs. Project elements that will be subject to external monitoring are likely to include:

- review of proposals for funding;
- overview of programme implementation across the three countries; and
- review of technical content and performance.

7.2.4 Transition to operations

One of the principles of the PEIP is that the benefits are sustainable. Although funding is due to finish in 2005, it is possible that projects may continue after this period. This will be dependent upon a number of factors including leverage of other funding, the position of the project in relation to other initiatives and the effectiveness of the PEIP funding as 'seed money'.

7.3 *Project Community Investment Plan*

7.3.1 **Policy**

BTC Co corporate policy states that the company will generate 'economic benefits and opportunities for an enhanced quality of life for those whom our business impacts.' To meet this goal, BTC Co has committed to designing and implementing a community investment programme in the areas affected by construction activities. The BTC Co's Community Investment Programme (PCIP) will go beyond the social impact mitigation measures described in the Environmental and Social Impact Assessment (ESIA) Reports, and take a step further in order to meet the goal of having a positive influence in the areas in which BTC Co operates.

The development of the PCIP also takes full account of the other Social Investment (SI) programmes that are taking place in Azerbaijan, Georgia and Turkey. These cover the entire band of macro -, mezzo - and micro - level interventions commonly associated with development-related investments. At the macro level are activities related to issues such as access to energy and revenue management. At the mezzo level social investment translates into capacity building and institutional development projects through, for example the support of national NGO representation structures, the enhancement of education, assistance to small and medium sized enterprises (SMEs) and their support structures, be it the Enterprise Centre (in Baku) or specific project designs that support a range of small and medium enterprises in a given sector.

At the micro level, Community Investment (CI) activities - as a part of the social investment programme - are about engagement in community-specific projects, aimed principally at the communities living near project activities.

7.3.2 **Objectives and strategy**

The overall purpose of the PCIP is to provide positive benefits through the promotion of sustainable social and economic and environmental development for the communities along the AGT pipeline route, within Azerbaijan, Georgia and Turkey.

The PCIP goes beyond the mitigation measures that the Project will employ and the compensation of affected people for adverse impacts. It ensures that additional benefits are brought to the settlements along the pipeline route in order to establish the Project as a 'good neighbour', and to meet policies and objectives set out in the respective ESIA's.

The programme will be implemented along the entire length of the pipeline and will address the majority of project-affected settlements, eg, those communities that are likely to experience impacts within the 4km pipeline construction corridor, 5km of construction camps and close to access roads (for more detailed definitions refer to relevant country ESIA's). As development projects are implemented and proven to be sustainable, effective and efficient, the programme might be extended to outlying communities.

The PCIP programmes have a dual aim to provide initial immediately visible results in the form of quick impact projects, and translate these into longer-term self-sustaining projects.

- **Long-term Sustainable Development Projects:** these projects will form the bulk of the Community Investment Programme and will aim to provide long-term sustainable development benefits; and
- **Local Community Quick Impact Projects:** these projects are relatively small in scale and duration but respond to an immediate felt need at the community level and build trust in the PCIP.

The **Principal Objective** of the PCIP is:

“The promotion of sustainable social, economic and environmental development with project-affected settlements along the BTC Pipeline route.”

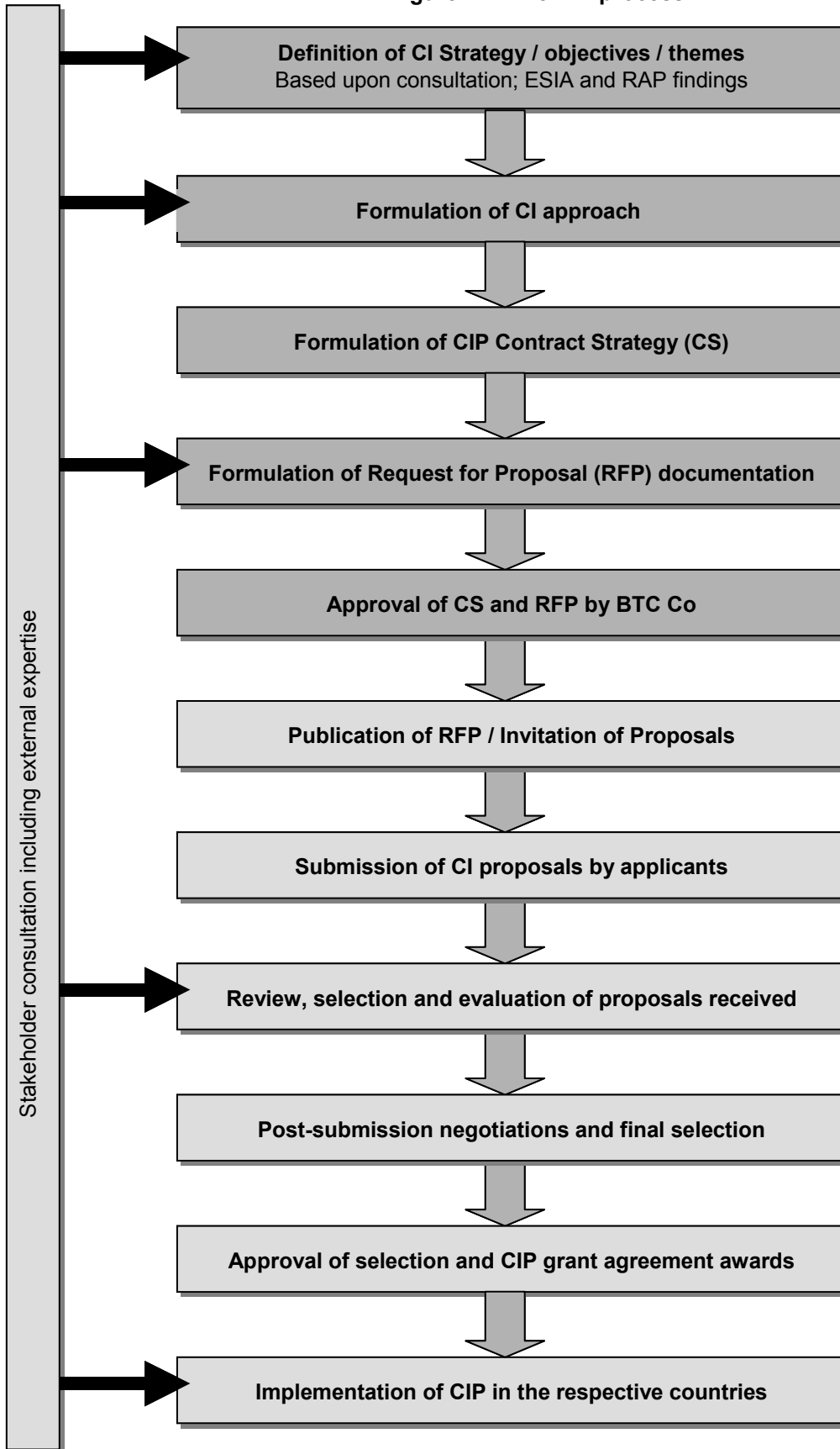
Given the operational requirements, funding limitations and time, it was recognised that interventions under the PCIP will not be able to provide assistance for everyone. Priority will be given to programmes that focus on the following:

- **increased economic opportunities for income and employment** creation through the provision of a mix of instruments, eg, micro-finance, rural credit in combination with vocational training, business services for micro-enterprises, extension services for rural areas;
- **capacity building and institutional strengthening** to develop organised and strengthened communities so that they are better able to meet their own needs through community mobilisation initiatives and community driven development approaches; and to ensure that communities are involved at all stages of project selection, implementation and management;
- **refocused health and sanitation programmes** to produce greater impact and sustainability at the community level. Activities that are identified should transition into locally run programmes that are able to sustain themselves through local financing and/or user fees or other cost recovery schemes while avoiding setting up parallel structures; and
- **improved economic and social infrastructure** at the local level through community organisation and participation, with rehabilitation of existing facilities and structures given a priority.

7.3.3 PCIP process

Implementation of the PCIP is following a defined process encompassing: stakeholder consultation (building upon consultations undertaken for the ESIA and Resettlement Action Plans), the identification of priority themes in each country, the selection of partners and specific projects for potential funding, award of grants, management of projects and monitoring and evaluation of the programme (Figure 7.2).

Figure 7.2: The CIP process



7.3.3.1 *Stakeholder consultation*

Effective and on-going stakeholder consultation underpins the entire process of developing and implementing the PCIP. BP has established a network of relevant stakeholders through the consultations undertaken for the ESIA's and Resettlement Action Plans (RAPs). It is particularly important that pipeline-affected communities are involved in setting the priorities for CI in all three countries.

The PCIP centres on the communities and is community-driven in its approach. One of the aims is to strengthen the organisational capacity of communities in order to enable them to pursue their immediate needs, objectives and interests. Specific empowerment techniques are used to assist the communities to organise and structure themselves. External organisations such as NGOs will be the facilitators and moderators and provide technical expertise.

7.3.3.2 *Priority CI themes*

Based on preliminary stakeholder dialogue, and the studies undertaken as part of the ESIA's and RAPS, the proposed programmes are limited to the priority geographic areas and broadly the following key sectors and themes:

- economic opportunities and income generation;
- strengthening of rural and agricultural systems in the communities;
- strengthening of community capacity and access to training and education;
- health and sanitation; and
- social and economic infrastructure rehabilitation.

Key sectors and themes will vary from country to country according to the specific needs. Priority will be given to programmes that maximise impact and sustainability and keep delivery costs to a minimum.

Table 7.4. Country-specific objectives for Community Investment

| | |
|-------------------|--|
| Azerbaijan | To support the creation and empowerment of community level institutions, investments in social and physical infrastructure and to support community based, sustainable income generation activities and other similar economic opportunities. |
| | <i>Specific Objectives:</i> |
| | <i>To support income generation interventions and improve livelihoods.</i> |
| | <i>To support access to improved social infrastructure.</i> |
| | <i>To support development of the agricultural sector.</i> |
| Georgia | To promote sustainable social and economic development that is environmentally sustainable for the communities on the pipeline route. |
| | <i>Specific Objectives:</i> |
| | <i>To improve income-earning and economic opportunities.</i> |
| | <i>To support the development and improvement of the agricultural sector</i> |
| | <i>To improve living conditions through rehabilitation of social infrastructure</i> |
| Turkey | To promote sustainable social and economic development. |
| | <i>Specific Objectives:</i> |
| | <i>To improve income earning and economic opportunities.</i> |
| | <i>To support the development and improvement of the agricultural sector.</i> |
| | <i>To raise awareness of and improve access to social infrastructure.</i> |
| | <i>To support the capacity of communities to self organise, manage and initiate community driven development.</i> |

Box 7.3: Principles to be followed in delivering PCIP objectives

- **Community needs based:** Programmes and projects must be designed in consultation with communities and other stakeholders experienced in community investment and development in the country.
- **Impact:** Material delivery of programmes and projects is to be directed towards social, economic and/or environmental benefits to communities directly or indirectly affected by the project.
- **Sustainability:** Programmes and projects should be designed to deliver lasting benefits, whether short-term or long-term in nature.
- **Transparency:** Transparency of programmes and projects that are open to internal and external scrutiny to allow potential beneficiaries, NGOs, and authorities to understand the approach.
- **Prevention of duplication:** In selecting projects, avoiding duplication of the efforts of other organisations, international and local agencies or government departments. However, leveraging opportunities with existing programmes and co-operating with existing organisations is acceptable and in some cases desirable.
- **Measurement:** Identifiable targets and measurements of programme and project success.
- **Local participation:** Programmes and projects should aim to encourage participation and contributions from local communities.
- **Local implementation:** The approach should encourage, as far as possible, the implementation of development projects to be managed by local NGOs and CBOs and should allow for transfer of experience and capacity building.
- **Partnerships:** Programmes and projects should encourage the development of partnerships between the commercial operations and a wide range of organisations/civil society.
- **Monitoring and measurement:** identifiable targets and measurements of programme and project success.
- **Best practice:** programmes and projects that represent “best practice” in community investment.
- **Cost:** well thought-out and value for money comprehensive budgets with effective control and oversight mechanisms.
- **Leverage/matching funds:** programme and project to facilitate the flow of additional funds into the project area and encourage the development of additional activity in the communities beyond the scope of the CIP

7.3.3.3 Partner and project selection

The Request for Proposals (RFP) strategy selects organisations and structures that can best work with BTC Co to deliver the project objectives relating to the PCIP in Azerbaijan, Georgia and Turkey. In this context, selection will not only be based on cost but considers other factors determining best value such as the proposals themselves, socio-economic impact, relevant experience, competency, understanding of BTC Co requirements, and commitment to delivering BTC Co’s objectives, within the available timeframe and resources available.

The RFP particularly encourages partnerships; inclusion of local NGOs; and matched or leveraged funding.

Applications undergo a two-tier evaluation process:

- applications are initially reviewed by members of the Project Units and the Business Unit against pre-defined organisational, administrative, legal and financial eligibility criteria; and
- representatives from multi-and bilateral donor organisations (such as the EU, USAID, DFID, GTZ, and UNDP are included in the second review.

Reviews follow a detailed proposal evaluation procedure that outlines the overall evaluation process, provides definitions of the scoring mechanisms for the proposals and defines the composition of the proposals evaluation team, its functions, as well as schedules and qualifications and recommendation for award procedures. All steps of the proposal evaluation are documented in writing in order to provide for transparent and accountable processes.

Box 7.4: Criteria for evaluation and selection of proposals

Management Structure / Organisational Experience

- This includes previous project management experience, management and implementation capacity, experience with similar programmes and capacity to provide technical support.

Methodology

- This criteria looks into the coherence of the overall project design, clarity and feasibility of the plan and its objectively verifiable indicators, the level and depth of involvement and interaction with implementing partners. Evaluation of the tangible impact on target groups and involvement of participants and communities in project design and implementation are reviewed.

Programme Concept

- Soundness of the proposed strategy and methodology in achieving project specific objectives, and the value added in terms of innovation and good practice are essential elements here. In addition, the proposed structure of co-operation with other implementing structures and synergies are an aspect. Consistency with the CIP strategic orientation and objectives and the coherence, appropriateness and practicability of the proposed activities are subject to review.

Sustainability

- The content of multiplier effects, the proposed financial sustainability as well as the institutional sustainability, the policy and structural impact are indicators for a sustainable approach.

Budget and cost effectiveness

- The level of detail and completeness of the proposed budget, value for money and the extent of cost sharing; matching funds and leverage are important aspects for the evaluation and selection of the proposals.

7.3.3.4 *Variations between countries*

While all countries apply the same programmatic strategy and technical processes, there are different design elements, to reflect the local country contexts and their respective capacities for PCIP implementation. Georgia provides a rich environment of donors and capable national and international implementing partners with sound expertise and in-country experience. The national NGO scene in Azerbaijan is still young and provides limited capacities in CI implementation. In addition, the donor situation is different with some of the key agencies in Georgia not represented in Azerbaijan and Turkey. Turkey again has a mature national NGO structure with a limited international NGO presence. Consequently, development programmes are more often implemented through national structures.

The implementation of the PCIP in Georgia has already seen the award of some funding. In Azerbaijan, contracts are in the process of being awarded, and in Turkey applications for funding are being assessed.

7.3.3.5 *Management and reporting*

Though the structures are slightly different in the three countries, a PCIP Manager, who is responsible to the senior country management team will undertake the management of the PCIP. Community liaison officers (CLO) in some countries will provide additional support and will also supervise PCIP implementation. In that case, the CLOs represent the direct link between the implementing partners, communities and construction-related parties. In Georgia, for instance, a dedicated CIP Coordinator will serve as that link. Implementing partners are required to submit project progress and financial reports on a regular basis. In general, the management and reporting systems follow standards and instruments applied by the development profession elsewhere.

7.3.3.6 *Monitoring and evaluation*

A common methodology will be applied across the countries for monitoring and evaluation, which is designed to:

- help the Project understand project progress, by learning from achievements and problems, to improve both strategy and operations;
- maximise the impact of the projects;
- demonstrate that this impact is accountable; and
- define the extent of impact positive or negative, intended or unintended – in the lives of the project participants.

The PCIP will be subject to both internal and external monitoring and evaluation. There will be a baseline, mid-term and ex-ante evaluation of the PCIP programme as a whole. All projects will be subject to a mid-term review (or appropriate review cycles according to project duration) and evaluations. Internal monitoring will involve management staff and in-house expertise, while external specialists will conduct the external evaluations.

7.3.4 PCIP budget

The allocations made for the PCIP activities are as follows: (Table 7.5).

Table 7.5: PCIP Budget by Country

| AZERBAIJAN | GEORGIA | TURKEY |
|-----------------------|-----------------------|-----------------------|
| Total: US \$8 million | Total: US \$8 million | Total: US \$9 million |

7.3.5 Transition to operations

The PCIP aims to bring long-term, sustainable benefits to communities. The mid-term review of the programme in 2004 will allow BTC Co to evaluate the lessons learned, and to subsequently recommend future activities. The review will look at ways to safeguard the achievements of the PCIP beyond the life of the programme.

Further information

More details of the PEIP and PCIP can be found in:

- *Project Environmental Investment Plan, Version 2, April 2003*
- *Project Community Investment Plan, Draft, March 2003*

These documents can be accessed via the project's website:
www.caspiandevlopmentandexport.com.