

COMMUNITY INVESTMENT PLAN

Azeri, Chirag & Gunashli Full Field Development Phase 1



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1. INTRODUCTION

This document is the Community Investment Plan (“CIP”) for the Azeri, Chirag and Gunashli (“ACG”) Full Field Development (“FFD”) Phase 1 Project (the “Phase 1 Project”). The objective of the Plan is to describe the approach that the Phase 1 Project is taking with respect to community investment and relates to the community investment commitments made by the project, and described in the Phase 1 Project Environmental and Socio-Economic Impact Assessment (“ESIA”). The Plan serves as an important part of the social management process in translating these commitments into guidelines for the Operator. The community investment aspects of the Phase 1 Project will be the responsibility of the Operator.

The Operator’s goal of social investment is to create sustainable development for local populations – to generate employment opportunities and a steadily improving quality of life, both during the period when the oil and gas development activities are more active and also in the longer term. As a result it aims to target resources and skills where they can make a positive contribution and be mutually beneficial. As a vehicle to achieve this, the Plan was established with the aim of:

- Reinforcing Operator business policy objectives;
- Enabling a constructive relationship between Operator and the community;
- Addressing any negative impacts of resource use and construction; and
- Targeting resources and skills where they can make a positive social and community contribution and be mutually beneficial.

Community investment is defined as:

- Community projects that will provide positive benefits in communities potentially affected by Operator activities;
- Community projects in the project area and elsewhere in Azerbaijan that increase the benefits to the population and contribute to meeting community expectations of benefits from Operator’s activities; and
- Community projects that deliver mutual gain for communities near the project area and for the Operator.

The Azeri CIP commenced in 2002 and will run through March 2007. The Plan aims to support social development projects that are sustainable and which bring long-term benefits to the affected areas. The Plan works across all the project affected communities, but specifically relates to construction works in the Garadag Region in Azerbaijan, focussing mainly on the communities of Sangachal, Umid, Sahil, Lokbatan, Alyat, Gobustan, and Umbaki as they are located around the main project construction and operation activities. As projects are implemented and proven to be sustainable, effective and efficient the Plan may be extended to outlying communities.



2. POLICY CONTEXT

BP sees positive environmental and social performance as essential conditions for sustainable business. BP's approach to effective social investment is that it hinges on its ability to proactively manage the interactive impact of its operations and society - mitigating the potential negative impact and extending the positive impact wherever possible. BP views social performance as the combination of three things as follows:

“Our behaviour (whether we live up to the standards we set for ourselves in our business policies); Our impact (how well we manage the impact of our operations on people); and Our overall contribution to society (including our support for community programmes and charities).”¹

BP's business investment constitutes its contribution to the community anywhere the company operates, whether through revenue contribution, employment practices, ethical conduct, technology sharing, or the generation of economic activity. This is further borne out in BP's business policies, as detailed in “What We Stand For” (June 2000).

“Where-ever the company operates its activities should generate economic benefits and opportunities for an enhanced quality of life for those on whom the business impacts the company's conduct should be a positive influence; its relationships should be honest and open; and the company should be held accountable for its actions. The goal of social investment is to create sustainable development for local populations – to generate employment opportunities and a steadily improving quality of life, both during the period when the oil and gas industry is most active, and also in the longer term when operations have concluded.”

IFC provides guidelines to help others establish effective community development programmes for communities located near or affected by operations². The guidelines state that companies, communities, governments and NGOs all have a role to play in promoting development. Companies recognise that it is increasingly difficult to do business without building good relations with all stakeholders. It continues by stating that good community relations involved both engaging community members in ongoing dialogue and demonstrating to communities that they will derive development benefits from a company's operations, whilst recognising that promoting community development is key to good community relations. The guidelines provide valuable information for those developing community programmes, including listing a series of key principles, as follows:

- Engage in effective community consultation;
- Build trust;
- Manage expectations by clearly defining roles and responsibilities;
- Develop appropriate capacity;
- Mobilise core competencies;
- Set measureable goals and report on progress;
- Forge strategic partnerships; and
- Plan for sustainability.

¹ www.bp.com/environ_social/

² Investing in People : Sustaining Communities through Improved Business Practice, IFC, 2000.

IFC also recognises that building a good community relations and development programme also involves effective public consultation and reference should be made to an IFC document which offers practical guidance to companies on developing consultation strategies and conducting culturally appropriate consultation on project-specific environmental and social assessments³.

³ Doing Better Business Through Effective Public Consultation and Disclosure: A Good Practice Manual, IFC, 1998.

3. ROLES AND RESPONSIBILITIES

The Sangachal Terminal Expansion Programme (“STEP”) Human Development Forum (the “STEP HDF”)⁴ for the Phase 1 Project will be responsible for:

- Reviewing, approving and co-ordinating implementation of the projects funded under the CIP.

The Human Development Action Groups for the Phase 1 Project will be responsible for:

- Identifying, developing and submitting appropriate projects for funding under the CIP.

The Human Development Manager for the Phase 1 Project will be responsible for:

- Communicating the contents and requirements of this Plan to STEP HDF and Action Groups;
- Providing advice and guidance to STEP HDF and Action Groups;
- Assurance of performance with respect to the requirements of this plan;
- Consultation with local experts, expert organisations and government authorities;
- Coordination and supervision of inspection and audit programme; and
- Maintenance of records.

The Project Director for the STEP will be responsible for:

- Chairing the STEP HDF;
- Providing overall direction for the implementation and performance of the CIP;
- Providing advice to the Community Investment and Human Development Managers as required;
- Attending meetings with the STEP HDF, Action Groups, local communities, relevant government authorities and services providers as appropriate; and
- Interfacing with the Azerbaijan Business Unit’s Social Investment Forum, providing updates on activities and progress and effectiveness.

The Community Investment Manager for the STEP is responsible for:

- The successful execution of the Plan and its projects;
- Monitoring the performance of the project, providing advice and executive direction as appropriate to ensure that works are undertaken in accordance with established corporate guidelines from the conceptual stage through to handover; and
- Participate in the STEP HDF to assist in identifying, developing, and implementing sustainable development projects in Garadag Region.

⁴ Members of STEP HDF include: AIOC Project Director, AIOC Human Development Manager, representatives of the main contractors, representatives of AzBU Social Investment Forum and representatives of relevant NGO implementing partner(s).

4. PROGRAMME IMPLEMENTATION

4.1 Introduction

The CIP sought to draw from a number of sources to inform and focus its work, including :

- The issues and concerns raised by the communities in Sangachal, Umid and Sahil settlements during the ESIA process;
- A baseline and needs assessment of the areas closest to Sangachal terminal was undertaken by World Vision International;
- Discussions with national and international NGOs; and
- Use of the Logframe approach to identify goal, purpose, outputs, resources, etc.

As a result it was possible for the priorities of communities local to the Phase 1 Project to be identified, as follows:

- Health,
- Economy, and
- Education.

Alongside this work, World Vision International has been mobilised to undertake a Community Development Program in Sangachal and Umid for a 24-month period beginning at the end of 2002. The program will initiate capacity-building elements at the community level to foster community mobilization, economic development and skills enhancement opportunities within the neighboring communities.

4.2 Target Areas

The three key target areas of health, economy and education provide a structure for the implementation of the Plan. A series of individual projects will be funded under each target area. Details of what each target area will seek to support is detailed further below.

1. To Improve Livelihoods And Business Opportunities For Phase 1 Project Affected Communities

The improvement of livelihoods and business opportunities for affected communities will be developed through micro-credit facilities, micro enterprise development and support schemes and respective training and technical assistance. The objectives of providing support in this area are to increase income, provide income opportunities and support the development and/or establishment of new businesses. Micro-credit loan fund or funds provided through the MFBA will inter alia provide the financial framework. As a result, this part of the CIP will seek to support the following activities:

- Provide training in new business opportunities to those in project affected communities, specifically those in the Garadag Region;
- Provide training in basic business practices (i.e., marketing skills, administration, cashflow management) to those in project affected communities, specifically those in the Garadag Region;
- Develop an exchange programme to allow those in project affected communities, specifically those in the Garadag Region to observe other similar business operations; and
- Establish micro-credit programmes in project-affected communities.

Resources and input will be provided by the Operator as follows:

- Technical support from NGOs, BP business staff (e.g., Enterprise Centre), etc;
- Seed capital from loan funds for setting up new business opportunities; and
- Gearing up (matching funds) of financial resources for project implementation by community partner NGO and other third parties (e.g., local government, International Development Organisations).

2. To Support Access To Improved Social Infrastructure

The baseline infrastructure assessment undertaken by World Vision International revealed that an upgrade to the sewage and drainage infrastructure was sorely needed in the surrounding communities. In an effort to improve the sewage systems and also improve school facilities to project affected communities, this part of the CIP will undertake the following activities:

- Identify and provide support for social infrastructure projects (e.g., sewage and drainage systems upgrade);
- Provide training of participants in constructing and maintaining sewage systems; and
- Develop exchange programmes to allow those in project affected communities, specifically those in the Garadag Region to observe other similar community-managed infrastructure systems.

Resources and inputs required to implement the above will be provided by:

- Technical support from NGOs, Azeri project engineers, etc;
- Ongoing advice and training in maintenance from appropriate NGOs and Azeri project engineers;
- Labour will be provided by local communities as a form of in-kind support; and
- Gearing up (matching funds) of implementation by community, partner NGO and other third parties (e.g., local government, International Development Organisation).

3. Improved Awareness Of Health And Sanitation Issues

Health and sanitation issues are a key concern and as a result there is a desire to increase awareness of sanitation and communicable diseases and improve the capacity of local health clinics in project affected communities. Thus, this part of the CIP will seek to undertake the following activities:

- Undertake a health needs assessment for all villages within Garadag region, focusing on health incidences, health facilities and health education in schools;
- Provide training to health clinic staff;
- Prepare of training and education materials;
- Distribution of materials through competent channels; and
- Support to local health service initiatives.

Resources and inputs required to implement the above will be provided as follows:

- Training and educational materials will be provided by appropriate and competent personnel;

- Time input from health professionals; and
- Engineering input with regards to sanitation / water issues if necessary.

4.3 Implementation

The CIP for the Phase 1 Project will be administered by the STEP HDF. STEP HDF has been formed with the following objectives:

- Formulate and coordinate the project's sustainable human development strategies, utilising international and national non-governmental organisations and relevant institutions; and
- Participate in Government and Non-Governmental plans and activities to enhance synergies and prevent overlap with national strategies and plans.

Participants of STEP HDF include:

- ACG Phase 1 Project Director (chairperson);
- AIOC Human Development Manager;
- AIOC Community Investment Manager;
- Representatives of the Human Development Action Groups;
- Representatives of the main contractors;
- Representatives of AzBU Social Investment Forum; and
- Representatives of relevant NGO implementing partner(s).

World Vision International is currently participating in STEP HDF, as they are undertaking Community Development activities in the area. Their participation in STEP HDF ensures that synergies are maximised and potential overlaps between projects are avoided

STEP HDF is seeking to partner NGOs wherever possible in order to meet the aims, objectives and development priorities of the CIP. To assist STEP HDF in its work, three Action Groups have been established. Each group focuses on a different issue, namely health, economy and education. These groups provide a focus for discussion, project identification and implementation. They will have a specific role in identifying, developing and bringing to STEP HDF projects for the CIP to support.

4.4 Project Selection

To achieve the objectives detailed above a series of projects will be funded under the CIP. The project development, approval and implementation process is outlined below:

- Identification of project by relevant Action Group;
- Development of project proposal by relevant Action Group;
- Discussion of the project proposal by STEP HDF including budget proposal;
- Discussion of the project proposal with relevant local authorities and key members of the local community (i.e elder groups) by STEP HDF;
- Discussion of the proposal with relevant Governmental officials and NGOs by STEP HDF;
- Final discussion and approval of the project proposal by STEP HDF;
- If project approved, allocation of project funding by STEP HDF;
- If project approved, completion of project documentation and any appropriate project implementation procedures; and
- If project approved, introduction of appropriate monitoring and evaluation processes.

The selection process for projects outlined above will require the Action Groups to submit project proposals to STEP HDF. The project proposals to be submitted will include, at a minimum:

- A needs assessment, including how the project contributes to the CIP's aims and objectives;
- A description of the project including its target group, location etc;
- Intended outcomes and targets;
- Indicative budget;
- Implementation process, including responsibilities; and
- Monitoring and evaluation process.

On receipt of the project proposal from the Action Group, STEP HDF will appraise each project on the basis of a range of criteria, as outlined below.

- **Community needs based:** projects must be designed in consultation with communities and other stakeholders;
- **Impact:** projects must deliver material and measurable social and/or economic benefits to communities directly or indirectly affected by the project;
- **Sustainability:** projects must be designed to deliver lasting benefits, by securing matching funding and/or building increased self-reliance among affected communities (e.g., economic efficiency, long term human capacity building);
- **Policy Contribution:** projects must illustrate how they comply with BP corporate, national and global policies and local obligations with regards to social investment, in addition to the overarching aims and objectives of the CIP;
- **Transparency:** programmes and projects must be transparent and be open to internal and external scrutiny to allow potential beneficiaries, NGOs and government departments to understand the approach;
- **Prevention of duplication:** in selecting projects, all efforts must be taken to avoid duplicating the efforts of other companies, international and local agencies or government departments;
- **Measurement:** clear targets and measurements of success for the projects must be identified; and
- **Best practice:** The Operator must set its programme and select projects that are “best practice” in social investment in Azerbaijan.

5. MONITORING PROGRAMME AND PERFORMANCE INDICATORS

5.1 Monitoring Programme

- The monitoring programme will generate tangible evidence to demonstrate whether the CIP is being effectively implemented and that its desired intent – that of maximising social benefits - is being achieved. Specific objectives of the monitoring programme can be summarised as follows:
- Verify the performance of Operator in implementing the community investment measures outlined in the CIP;
- Monitor the need for, and implementation of, corrective action in the event that the described measure does not, or appears unlikely to, meet the nominated level of performance; and
- Provide a mechanism for implementing new measures, or altering existing practices, based on performance, thus facilitating continual improvement.

Arrangements and procedures will be developed for the following monitoring activities:

1. The Human Development Forum will monitor and record the number and value of projects supported.
2. The Human Development Forum will monitor and record the number of procurement contracts issued to local businesses for the project (reference should be made to the Procurement and Supply Chain Management Plan).
3. The Human Development Forum will monitor and record the number of local people employed during the construction and operation period of Phase 1 (reference should be made to the Recruitment, Training and Employment Plan).
4. The Human Development Forum will monitor and record the number of new business ventures, funded under the CIP, in business after 6 months, 1 year, 2 years.
5. The Human Development Forum will monitor and record the number of loans issued under micro-credit programmes.
6. The Human Development Forum will monitor and record the number of loans defaulted after 1 year.
7. The Human Development Forum will monitor and record the number of households benefiting from improved sewage system.
8. The Human Development Forum will monitor and record the number of training sessions held and number of people trained.
9. The Human Development Forum will monitor and record the number of training and educational materials distributed.
10. The HSE Advisor for the STEP will periodically audit the CIP procedures.
11. The CLO and implementing partners will monitor public attitudes and note any complaints or issues arising from this process.

5.2 Key Performance Indicators

Drawing from the monitoring programme outlined above a series of key performance indicators are set out below to measure the success of the CIP:

- Number of new businesses established as a direct result of the CIP;
- % of businesses created under the CIP operating 2 years;
- % increase in income levels in local communities;

- Number of training sessions undertaken and number of attendees;
- % increase of local suppliers and employees; and
- % of local population employed after training.

6. RECORD KEEPING AND REPORTING

Records, as detailed below will be compiled and reported by the Operator.

- Records to be held of all projects funded. These records will include: copies of all correspondence pertaining to that project, the project proposal document, approval documentation and monitoring and evaluation reports;
- Minutes to be produced for each meeting held and attended in relation to the CIP on a monthly basis;
- Progress reports to be produced quarterly on the CIP;
- Training records in relation to health clinic staff, household training, teacher training and any other training to be provided on a quarterly basis; and
- Details of all consultation and disclosure undertaken to be recorded (and fed into the PCDP).

MANAGEMENT PLAN

TORTOISE PROTECTION AND AUGMENTATION

**Azeri, Chirag & Gunashli Full Field Development Phase 1
Construction Programme**

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Table 6.1: Key Performance Indicators Relevant to Tortoise Protection and Augmentation

Appendices

Appendix 1 – Commitments Register Spur-thighed Tortoise

Appendix 2 – Applicable IFC Policies and Guidelines

Acronyms

ACG	Azeri, Chirag and Gunashli
CCP	Contractor Control Plan
EBRD	European Bank for Reconstruction and Development
ESIA	Environmental and Social Impact Assessment
ESAP	Environmental and Social Action Plan
ESMS	Environmental and Social Management System
FFD	Full Field Development
HSE	Health, Safety and Environment
IFC	International Finance Corporation
KPIs	Key Performance Indicators
PSA	Production Sharing Agreement
SLIP	Supplementary Lenders Information Package
STEP	Sangachal Terminal Expansion Programme

7. INTRODUCTION

This document is the Tortoise Protection and Augmentation Management Plan for the Azeri, Chirag and Gunashli (“ACG”) Full Field Development (“FFD”) Phase 1 Project (the “Phase 1 Project”) and forms part of the Environmental and Social Management System (“ESMS”) for the project. The Plan specifically relates to the Spur-thighed Tortoise (*Testudo graeca iberica*), which is known to inhabit the Sangachal terminal development area. As part of the mitigation of potential impacts to fauna during the project development, a Spur-thighed Tortoise augmentation programme has been developed to compensate for potential impacts to these species associated with project construction activities. This Plan includes a captive breeding effort with the objective of breeding the animals and subsequently releasing them into the wild, thereby adding to currently viable populations in Azerbaijan. The Spur-thighed Tortoise was chosen among the vulnerable (and added to the Red List) fauna identified in the project activity area for the following reasons:

- The species is nationally and internationally protected (Red List);
- The species is included in international conventions such as the Convention on the International Trade of Endangered Species (“CITES”), to which Azerbaijan is a signatory; and
- Tortoises are particularly vulnerable to the direct impacts of project construction activities such as mortality and burrow destruction.

The management of the Spur-thighed Tortoise during the Phase 1 Project construction activities, including the augmentation programme for these species, is the responsibility of the Operator.

7.1 Purpose

This Plan fulfils the following:

- Serves as an important part of the Phase 1 Project environmental management process. It translates environmental commitments made in the Phase 1 Project Source Documents (Environmental and Socio-economic Impact Assessment (“ESIA”) and the Supplementary Lenders Information Package (“SLIP”)) into the implementation of procedures with respect to the protection of the Spur-thighed Tortoise. Commitments relating to Tortoise augmentation are attached as Appendix 1;
- Serves as a key tool by which the Operator can manage and monitor the protection of the Spur-thighed Tortoise in the terminal development area; and
- Provides transparency to the Lending Agencies that the commitments for the Phase 1 Project are being met.

It presents:

- References to control guidelines and standards;
- Responsibilities for the implementation of the Plan;
- Mitigation measures to be employed;
- Verification and monitoring requirements; and
- Recording and reporting requirements.

7.2 Objectives

The Phase 1 Project ESIA contained the following commitment:

- Development of a Tortoise augmentation programme to compensate for potential mortalities of the Spur-thighed Tortoise, a nationally and internationally protected species that is known to inhabit the area.

The broad objective of this Plan is to describe an outline of the procedures that the Operator will follow with regards to the management, including rescue and augmentation, of the Spur-thighed Tortoise population during Phase 1 Project construction in the Sangachal terminal construction area. The implementation of this Plan and the provisions in related associated documents have been prepared to ensure that the management and procedures are in place to allow for the intended outcome of this Phase 1 Project commitment to be achieved.

7.3 Scope

The Plan outlines the requirements for Spur-thighed Tortoise protection and augmentation during the Phase 1 Project construction activities. Additional documents contain detailed procedures to be followed for Tortoise rescue and augmentation namely:

- The Tortoise Rescue Plan; and
- The Tortoise Captive Breeding programme.

This Plan covers the activities associated with the terminal construction programme and includes all designated access areas including access roads, the drainage channel and associated facilities. It also covers activities relating to the installation of the onshore pipeline sections of the Phase 1 Project marine pipelines from the landfall to the terminal as well as activities on the beach associated with installation of these pipelines in the nearshore at Sangachal Bay.

7.4 Definitions

Red List: a list of rare or threatened species of plants and animals (either nationally or internationally).

Red Book: a book containing the Red List species that categorises each species as either endangered, vulnerable or at risk with the objective of identifying species which are in need of greater conservation.

8. RELATIONSHIP TO OTHER PLANS AND RELATED DOCUMENTS

This Plan should be read in conjunction with the Phase 1 Project ESMS that specifies project-wide requirements for environmental and social management. Phase 1 Project Environmental and Social Management Plans, including this Plan, are integrated with the ESMS. The documents most relevant to this Plan include:

- **The Tortoise Rescue Plan** covering detailed procedures describing the rescue of the Spur-thighed Tortoise from the area of construction activity in order to minimise potential injury and mortality to these animals;
- **The Tortoise Captive Breeding Programme** covering detailed procedures that describe the augmentation of Spur-thighed Tortoise populations in Azerbaijan in order to mitigate mortalities incurred during construction activities; and
- **The Fauna-Management CCP** covering fauna protection management measures for the project;
- **The Transport Management CCP** covering transport and traffic management measures for the project including speed limits and off-road driving procedures;
- **The Nearshore Pipeline Installation Environmental and Social Management CCP** covering measures to limit pipeline installation activities within a designated fenced beach area as well as measures to re-instate disturbed areas on the coast;
- **The Onshore Pipeline Installation Environmental and Social Management CCP** covering measures to limit pipeline installation activities within a designated right-of-way, as well as measures to re-instate disturbed areas;
- **Ecological Monitoring Programme** covering planned faunal survey programmes and schedule to monitor temporal fauna abundance and distribution; and
- **The Environmental Investment Programme**, including a Habitat Compensation Programme which seeks to compensate, through habitat management, the habitats lost to flora and fauna as a result of land clearance required for the Sangachal terminal facilities;

9. POLICY AND CONTROL STANDARDS

9.1 Policy

BP's business policies and commitments apply to all aspects and phases of BP business operations and are clearly set out in the BP document "What We Stand For".

What We Stand For Our business policies focus on five areas. They apply to all our activities world wide. We are committed to:				
<i>Ethical conduct</i>	<i>Employees</i>	<i>Relationships</i>	<i>Health, safety and environment</i>	<i>Control and finance</i>
Respect the rule of law, conduct our business with integrity, and show respect for human dignity and the rights of the individual wherever we do business	Develop employment practices which create a stimulating working environment in which diversity is valued and encouraged	Create mutual advantage in all our relationships so that people will trust us and want to do business with us	Demonstrate respect for the natural environment and work towards our goals of no accidents, no harm to people and no damage to the environment	Manage our financial performance to maximise long-term value for our shareholders

The Health, Safety and Environment ("HSE") policy objectives within "What We Stand For" are translated in the BP HSE Management System Framework "Getting HSE Right" into a series of thirteen Elements, each Element having its own set of Expectations. Individual Operating Companies and Business Units are responsible for implementing "Getting HSE Right" through local management systems.

All aspects of the Phase 1 Project will be managed in accordance with BP HSE policies and standards and the specific HSE Design Standards for the project agreed amongst the Project partners.

9.2 Control Standards

9.2.1 National Laws

National Azerbaijani, as it pertains to the Phase 1 Project, is embodied in the ACG Production Sharing Agreement (the "PSA"). As such, the Phase 1 Project is subject to the terms and conditions of the PSA and with respect to the environment is subject to the Environmental Protection and Safety Standards agreed within Article 26. Paragraph 26.3 in Article 26 of the PSA states:

"[The PSA Parties] shall comply with present and future Azerbaijani laws or regulations of general applicability with respect to public health, safety and protection and restoration of the environment, to the extent that such laws and regulations are no more stringent than the then current international Petroleum industry standards and practices being at the date of execution of this Contract those shown in Appendix IX with which [the PSA Parties] shall comply."

There are no specific standards or requirements relevant to the protection of fauna in the PSA but paragraph 26.1 states the following:

"...shall take all reasonable actions in accordance with said standards to minimise any potential disturbance to the general environment, including...animal life..."*

*Petroleum Industry Standards

The Environmental Strategy in Appendix IX of the PSA outlines the environmental programme to be followed for the project with respect to environmental data collection and monitoring.

9.2.2 International Policies and Guidelines

Beyond the framework of the PSA, the Phase 1 Project will also be carried out according to Applicable IFC Policies and Guidelines. A list of the policies, guidelines and procedures applicable to the Phase 1 Project are included in Appendix 2.

The IFC Operational Policy 4.04 for Natural Habitats (OP 4.04, November 1998) states:

“The conservation of natural habitats like other measures that protect and enhance the environment is essential for long-term sustainable development. IFC therefore supports the protection, maintenance, and rehabilitation of natural habitats and their functions in its project financing and advisory activities. IFC expects its project sponsors to apply a precautionary approach to natural resource management to ensure opportunities for environmentally sustainable development.”

Paragraph 1(d) in Annex A – Definitions of OP 4.04 goes on to state:

“Appropriate conservation and mitigation measures remove or reduce adverse impacts on natural habitats or their functions, keeping such impacts within socially defined limits of acceptable environmental change. Specific measures depend on the ecological characteristics of the given site. They may include full site protection through project redesign; strategic habitat retention; restricted conversion or modification; reintroduction of species; mitigation measures to minimise the ecological damage; post development restoration works; restoration of degraded habitats; and establishment and maintenance of an ecologically similar protected area of suitable size and contiguity. Such measures should always include provision for monitoring and evaluation to provide feedback on conservation outcomes and to provide guidance for developing or refining appropriate corrective actions.”

10. ROLES AND RESPONSIBILITIES

The roles and responsibilities with respect to this Plan are described below:

The HSE Manager for the Sangachal Terminal Expansion Programme (“STEP”) will be responsible for:

- The provision of overall direction for the implementation and performance of the Plan;
- Provision of advice to the Environmental Advisor as required; and
- Provision of assurance to the Project Director that the Plan is being implemented and is effective.

The Environmental Advisor for the STEP will be responsible for:

- Communicating the contents and requirements of this Plan to the contractors;
- Environmental awareness training to the workforce;
- Provision of advice to the contractors on the recognition of the Spur-thighed Tortoise;
- Provision of advice to the contractors on appropriate rescue and removal activities;
- Consultation with local experts, expert organisations, government authorities and adjacent local communities;
- Coordination and supervision of the field monitoring, inspection and audit programme;
- Maintenance of records; and
- Implementation of the monitoring programme.

The contractor Zoologist will be responsible for:

- Day-to day management of the Tortoise Captive Breeding Programme;
- Development of further research initiatives related to the Captive Tortoise Breeding Programme in coordination with Environmental Advisor; and
- Maintenance of records and reporting on the performance of the Tortoise Captive Breeding Programme to the Environmental Advisor.

11. IMPACT MITIGATION

11.1 Impacts

The ESIA determined that fauna species would be at potential risk of impact during the construction programme activities such as: land clearing and levelling in the area where the terminal facilities will be built, the excavation of a flood protection channel for the terminal, road construction, vehicle and equipment movement and pipeline installation of the onshore section of the marine pipelines. A total of approximately 170 hectares of land will be permanently lost for the STEP and associated facilities with a further approximately two hectares being disturbed during installation of the onshore section of the marine pipelines between the landfall and the terminal.

It was concluded that direct impacts to fauna through direct mortality or burrow destruction from traffic and excavation or heavy equipment movement are possible. Slower moving animals, in particular the Spur-thighed Tortoise, would be most vulnerable and at higher risk.

The Spur-thighed Tortoise, known to inhabit the area of the terminal construction activities, is listed in the 1989 Red Data Book of the Azerbaijan Republic and the 1997 International Union for the Conservation of Nature (“IUCN”) Red List of Threatened Animals as ‘vulnerable’.

The commitments for the Phase 1 Project relating to community liaison are included in Appendix 1. The mitigation and management measures below will be implemented to ensure that these commitments made are met.

11.2 Mitigation and Management

As stated, due to the international protection status of the Spur-thighed Tortoise and the particular vulnerability of these species to direct impacts during construction activities, a specific rescue plan and compensatory augmentation programme for the species has been developed.

11.2.1 Training

Awareness training will be presented to all individuals working onsite during the construction phase with respect to potential environmental interactions from the construction programme. This will incorporate information on the type of fauna that inhabit the area of activities, including the Spur-thighed Tortoise, their protection status, movement and behaviour and the times of the year when these animals are at their most vulnerable.

Training will also be provided to selected personnel on the following:

- The recognition of the Spur-thighed Tortoise; and
- The safe removal and care of the Spur-thighed Tortoise during hibernation.

The training will also include information on the procedures adopted to reduce impacts to wildlife and the reporting and recording procedures in place as per the Fauna Management CCP for the project.

Additional training to the workforce will be provided during periods when the Spur-thighed Tortoise is most vulnerable, such as at breeding times and to emphasise the procedures adopted by the project to protect these species during the construction activities. This training will be provided during routine tool-box talks as appropriate.

The Environmental Advisor for the STEP will keep a record of the training conducted.

In addition to awareness training of the workforce, information on the Tortoise and its protection status as well as on the Tortoise augmentation programme will be routinely provided to the communities at the project information centres established in Sangachal, Umid and Sahil.

The Tortoise enclosure will be open to the public and tours of the enclosure and the breeding unit will be arranged with community groups such as schools.

11.2.2 Tortoise Rescue Plan

The Tortoise Rescue Plan has developed procedures for the recognition and removal of Spur-thighed tortoises during construction activities to a designated safe area in which they can continue their hibernation in near natural conditions. The Tortoise Rescue Plan contains protocols for the recognition of Spur-thighed Tortoises, notification and reporting procedures, removal and care during hibernation and monitoring of the tortoises' health during hibernation.

The following procedures will be applied:

- Implementation of an action protocol for workforce personnel to stop all activities endangering Spur-thighed tortoises upon recognition during construction activities;
- Implementation of notification procedures for workforce personnel upon recognition of Spur-thighed tortoises and construction activities endangering the tortoises;
- Implementation of a protocol for the safe removal of Spur-thighed tortoises from endangering construction activities;
- Implementation of a protocol for the care of Spur-thighed tortoises during removal and hibernation;
- Implementation of a protocol for the construction of hibernation enclosures for rescued Spur-thighed tortoises;
- Implementation of monitoring protocol of the health of the rescued Spur-thighed tortoises during hibernation;
- Implementation of a protocol for the relocation of Spur-thighed tortoises at the completion of hibernation;
- Implementation of reporting procedures on the performance of the Tortoise Rescue Programme; and
- Consultation with Azerbaijani scientists, local educational institutions and local communities, where appropriate, in the development and implementation of the Tortoise Rescue Programme.

11.2.3 Tortoise Captive Breeding Programme

The Tortoise Captive Breeding Programme has been developed to compensate for any tortoises potentially impacted directly during construction activities. This programme has been designed to augment the Spur-thighed Tortoise population in the area of construction.

The following procedures will be applied:

- Implementation of a protocol for the construction of suitable enclosures for the tortoises during captivity, including during hibernation. This will include security measures to prevent tortoises escaping and predatory animals entering the enclosures and injuring or killing tortoises;

- Implementation of a protocol for the care of Spur-thighed tortoises during captivity. This will include care of eggs, juvenile, pregnant and mature tortoises;
- Implementation of a protocol for monitoring of Spur-thighed tortoises' health during captivity;
- Implementation of a protocol for the relocation of Spur-thighed tortoises once mature and able to be released, including identification of suitable habitat for release;
- Evaluation of resourcing requirements to effectively implement the Tortoise Captive Breeding Programme;
- Consultation with Azerbaijani scientists, local educational institutions and local communities, where appropriate, in the development and implementation of the Tortoise Captive Breeding programme; and
- Increase general awareness of the status and importance of the Spur-thighed Tortoise within the workforce and general community.

A Zoologist will be contracted to the Phase 1 Project and will be responsible for the day-to-day management of the Tortoise Captive Breeding programme and implementation of the programme, including maintenance of records and reporting on the performance of the Programme to the Operator. The Zoologist will also be responsible for maintenance of the Tortoise enclosures and will monitor status.

12. VERIFICATION AND MONITORING

The principal objectives of the verification and monitoring programme are to provide assurance that:

- The project is in compliance with the procedures in this Plan; and
- Evidence is demonstrated as to whether relevant Phase 1 Project commitments relating to Tortoise protection and augmentation are being effectively met.

The specific objectives of the verification and monitoring programme can be summarised as follows:

- Verify the performance of the Operator in implementing the mitigation measures outlined in the Plan;
- Measure the success of the mitigation measures in minimising impacts and maximising the augmentation of Spur-thighed Tortoise populations in the region;
- Monitor the need for, and implementation of, corrective action in the event that the described mitigation measure does not, or appears unlikely to, meet the nominated level of performance; and
- Provide a mechanism for implementing new mitigation measures, or altering existing practices, based on performance, thus facilitating continual improvement.

12.1 Compliance

An audit programme will be developed as part of the ESMS to monitor implementation and compliance of the requirements of the ESMS. This programme will include auditing of the compliance and implementation of this Plan.

The decision on the use and frequency of audits which are applied to Tortoise management, commensurate with any uncertainties associated with the success of the programme, and based on the necessity of repeat audits as indicated by actions and follow-up from previous audits, as well as the results of the monitoring of the Tortoise augmentation Key Performance Indicators (“KPIs”), as discussed in Section 6.2, below. Audits will be conducted every two months in the first instance.

12.2 Key Performance Indicators

A series of KPIs with related performance targets have been developed to monitor Tortoise protection and augmentation and these are included in Table 6.1. The frequency of monitoring of each KPI to be carried out by the Operator is also included. These will form the basis upon which the execution of and compliance with the measures will be monitored. The Environmental Advisor for the STEP will monitor progress against the KPIs.

Table 6.1: Key Performance Indicators Relevant to Tortoise Protection and Augmentation

ID	KPI/Measure	Rationale	Performance Target	Monitoring Frequency
TPA 1	Conduct environmental awareness training.	Training records indicate the number of personnel made aware of environmental sensitivities, in particular the presence of the spur-thighed Tortoise.	80%	Quarterly
TPA 2	Establish a breeding colony of spur-thighed Tortoise.	Indicates the level of success of the Tortoise breeding programme.	40% of the animals bred survive through to maturity (2 years old)	As required
TPA 3	Audit the Tortoise enclosure.	Ensures training records, schedule and activities meet the contractors planned commitments	4 per annum	Quarterly

The project Zoologist will monitor the following parameters for the Tortoise captive breeding programme:

- Number of individuals;
- Sex of individuals;
- Age of individuals;
- General condition of individual on a weekly basis;
- Weight in grams of each individual on a weekly basis;
- Length of carapace of each individual on a frequent basis (changes in carapace length differs significantly depending on age, e.g., adults grow only slightly over the year whereas young undergo significant change);
- Number of eggs present;
- Number of hatchlings on a weekly basis; and
- Temperature of enclosures at daily (morning and afternoon) intervals.

12.3 Action Tracking System

All non-compliance with this Tortoise Protection and Augmentation Management Plan identified during audits will be followed up and required corrective actions provided to the Environmental Advisor for the STEP. The Environmental Advisor for the STEP is responsible for managing and tracking the actions in an Action Tracking System. Tortoise management action tracking, including close out of actions (solutions and preventative actions taken), will be reported quarterly.

13. RECORD KEEPING AND REPORTING

13.1 The Project Zoologist

The project Zoologist will report the details as described in the monitoring section of this Plan (see Section 6.3) on a monthly basis to the Environmental Advisor for the STEP.

13.2 The Environmental Advisor for the STEP

The Environmental Advisor for the STEP will report the following to the HSE Manager for the STEP:

- Training records in relation to Spur-thighed Tortoise recognition and Tortoise rescue and relocation procedures on a quarterly basis;
- A monthly report summarising the Tortoise management activities;
- The Action Tracking System on a quarterly basis;
- Performance against the KPIs on a quarterly basis; and
- Action tracking including solutions, corrective and preventative actions taken.

The Environmental Advisor will report results of the monitoring programmes as required by the ESMS.

Appendix 1 Commitments Register Spur-thighed Tortoise

ID	Target Area	Commitment
ST1	Clearing and Grading Spur-thighed Tortoise	A procedural outline will be developed detailing how to respond when finding tortoises during construction efforts.
ST2	Clearing and Grading Spur-thighed Tortoise	A Spur-thighed Tortoise augmentation programme will be developed to compensate for potential impacts resulting from construction activities.
ST3	Clearing and Grading Spur-thighed Tortoise	Azerbaijani scientists and NGOs will be closely involved with the development of the Spur-thighed Tortoise captive breeding programme and local educational institutions will be included in the programme's implementation. This conservation programme is meant not only to educate people regarding this species, but also to introduce conservation in general and in practice to the Sangachal area and beyond.
ST4	Clearing and Grading Fauna	BP will evaluate the possibility of having on-site presence of an HSE representative to monitor construction activities and to identify vulnerable fauna, such as the red-listed Spur-thighed Tortoise.

Appendix 2 Applicable IFC Policies and Guidelines

IFC and EBRD have informed the Financing PSA Parties that they will apply relevant IFC environmental and social policies and guidelines for purposes of project assessment and require ongoing compliance with those policies and guidelines. These policies and guidelines, in the form attached to the CTA and as interpreted by IFC as at the date of the CTA, are referred to as the “Applicable IFC Policies and Guidelines”, and are listed below:

- World Bank Operational Policy Note 11.03 “Management of Cultural Property” (September 1986) (“World Bank OPN 11.03”)
- World Bank Operational Directive 4.30 “Involuntary Resettlement” (June 1990)
- World Bank Group Guidelines for Oil and Gas Development (Onshore) (July 1998)
- World Bank Guidelines: Thermal Power (July 1998)
- World Bank General Environmental Guidelines (July 1998)
- IFC Guidelines for Oil and Gas Development (Offshore) (December 2000)
- IFC Operational Policy 4.04 “Natural Habitats” (November 1998) (“IFC OP 4.04”)
- IFC Policy Statement on Forced Labor and Harmful Child Labor (March 1998)
- IFC Hazardous Materials Management Guidelines (December 2001)
- IFC General Health and Safety Guidelines (July 1998)
- IFC Waste Management Facilities Guidelines (July 1998)

If any of these policies or guidelines change between the date of the mandate letter for the Phase 1 financing and the date of the CTA, or new policies or guidelines are adopted, the policies and guidelines in effect at the date of the mandate letter between IFC and EBRD and the Financing PSA Parties, dated December 2001, shall apply.

In addition, the Operator has and will continue to take into account a number of good practice guides and manuals prepared by the Lending Agencies, including the following:

- IFC Doing Better Business Through Effective Public Consultation and Disclosure: A Good Practice Manual
- IFC Handbook for Preparing a Resettlement Action Plan
- IFC Investing in People: Sustaining Communities Through Improved Business Practice

The Lending Agencies have also informed the Financing PSA Parties that they have applied a number of policies in the course of their review and appraisal of the Phase 1 Project, including policies relevant to the preparation of the ESAP, including the following:

- Policy on Disclosure of Information (IFC; September 1998)
- IFC Operational Policy 4.01 “Environmental Assessment” (“OP 4.01”), including Guidance Note C: Outline of an Environmental Action Plan
- IFC Operational Policy 7.50 “International Waterways” (November 1998)
- IFC Operational Policy 7.60 “Projects in Disputed Areas” (June 2001)
- EBRD Environmental Procedures (1996)

These policies do not constitute “Applicable IFC Policies and Guidelines” because:

- The policies are reflected in the ESAP or another finance document relating to the Phase 1 Project,
- The policies’ requirements have been met prior to the date of the CTA, or
- The policies are relevant to project appraisal and review and do not constitute a source of ongoing requirements.

