

Esso Highlands Limited



Papua New Guinea LNG Project

Community Support Strategy

Attachment 1

Community Support Strategy Action Plan

PGGP-EH-SPENV-000018-029

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ACRONYMS

BDG	Business Development Grants
CDSP	Community Development Support Plan
CGP	Community Grievance Procedure
CHSSMP	Community Health, Safety and Security Management Plan
CIP	Contractor Implementation Plan
CSS	Community Support Strategy
CSSAP	Community Support Strategy Action Plan
EPC	Engineer and Procure Contract
ESMP	Environmental and Social Management Plan (Construction)
HIIP	High Impact Infrastructure Projects
IDG	Infrastructure Development Grants
IFC	International Finance Corporation
ILG	Incorporated Landowner groups
LBD	Local Business Development
LLG	Local Level Government
LNG	Liquefied Natural Gas
MTDP	Medium Term Development Plan
OGA	Oil and Gas Act
PALO	Project Area Landowner
PG	Provincial Government
PIIM	Project Induced In-migration
PNG	Papua New Guinea
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SCI	Strategic Community Investment
SEP	Stakeholder Engagement Plan

1.0 INTRODUCTION

The Papua New Guinea (PNG) Liquefied Natural Gas (LNG) Project (the Project) is an integrated development that includes gas production and processing facilities in the Southern Highlands and Western Provinces of PNG, including liquefaction and storage facilities with capacity of 6.6 million tons per year. Over the life of the Project, it is expected that over nine trillion cubic feet of gas will be produced and sold, and the investment for the initial phase of the Project, excluding shipping costs, is estimated at US\$15 billion.

Unlocking value from the extensive gas resources of the Southern Highlands region has the potential to benefit PNG communities by:

- Transforming the economy of PNG;
- Boosting Gross Domestic Product and export earnings;
- Provide a major increase in government revenue and royalty payments to landowners;
- Creating employment opportunities during construction and operations; and
- Providing a catalyst to further gas-based industry development.

It is anticipated that the Project's benefits will spread throughout PNG's economy as the government applies earnings from its share of Project revenues to social and economic programs. These programs have the potential to improve the quality of life of Papua New Guineans by reinforcing essential services and enhancing the country's productivity. Benefits will also flow through the economy as the wages of Project staff are spent and as suppliers provide a range of goods and services to the Project. Landowners stand to gain from Project royalties and equity dividends through the Benefit Sharing Agreements as defined in the *Oil and Gas Act (1998)* and from improved social and economic infrastructure.

The Project has developed a Community Support Strategy (CSS) with the purpose of:

- mitigating impacts that may contribute to community tension and conflict,
- promoting the development of conditions conducive to enhancing the livelihoods of communities in the Project Impact Area.

More specifically the CSS describes how the Project intends to develop and implement a range of community-focused initiatives that will promote the development of conditions conducive to establishing and maintaining a stable operating environment and in doing so, mitigate business risk. Consistent with ESMP preparations for the Operations Phase, the CSS and its associated plans will be revised to reflect actions needed during operations.

This Community Support Strategy Action Plan (CSSAP) follows on from the CSS by outlining the Strategic Framework for community support, and summarising the roles, responsibilities and timelines of implementation activities, as described in the social management plans which support the CSS.

2.0 COMMUNITY SUPPORT STRATEGY ACTION PLAN

2.1 Strategic Framework

The CSSAP Strategic Framework aligns the strategic actions of the Project with the development priorities of local communities, civil society and government. A key element is the flow and distribution of Project-related benefits to enable the creation of shared benefits.

The Strategic Framework recognizes that, the project will complement and reinforce these benefit flows in traditional ways such as employment, creation of new supply chains, procurement of services, payment of taxes, etc. The Project also has the opportunity to create 'shared value' by applying its business competencies within the context of local communities priorities, including capacity building, livelihood development, skills transfer, and local business development (Figure 2.1).

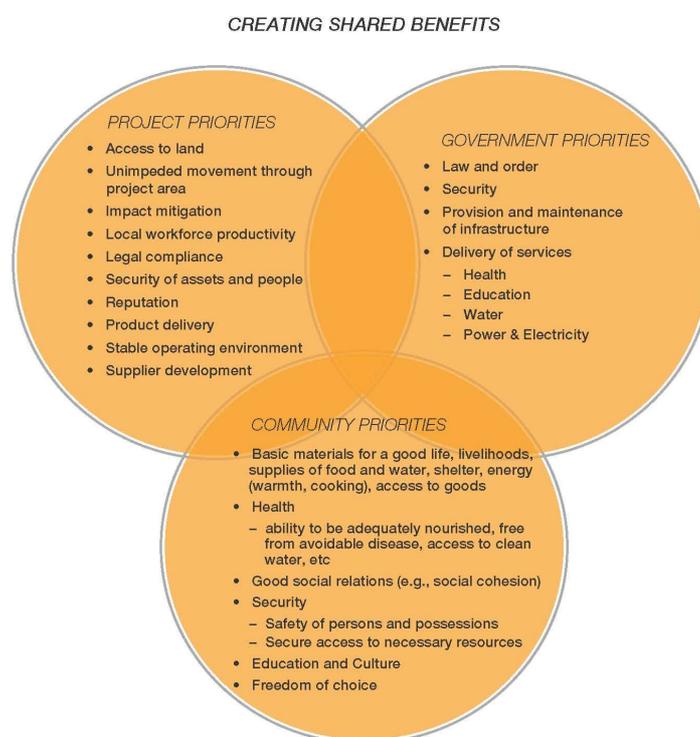


Figure 2.1: Strategic Framework Based on Shared Benefits

The Strategic Framework guides the design of individual approaches differing in forward execution based on geographic context and Project phase. (Figure 2.2). This is the essence of the Strategic Framework, and is addressed in individual plans.

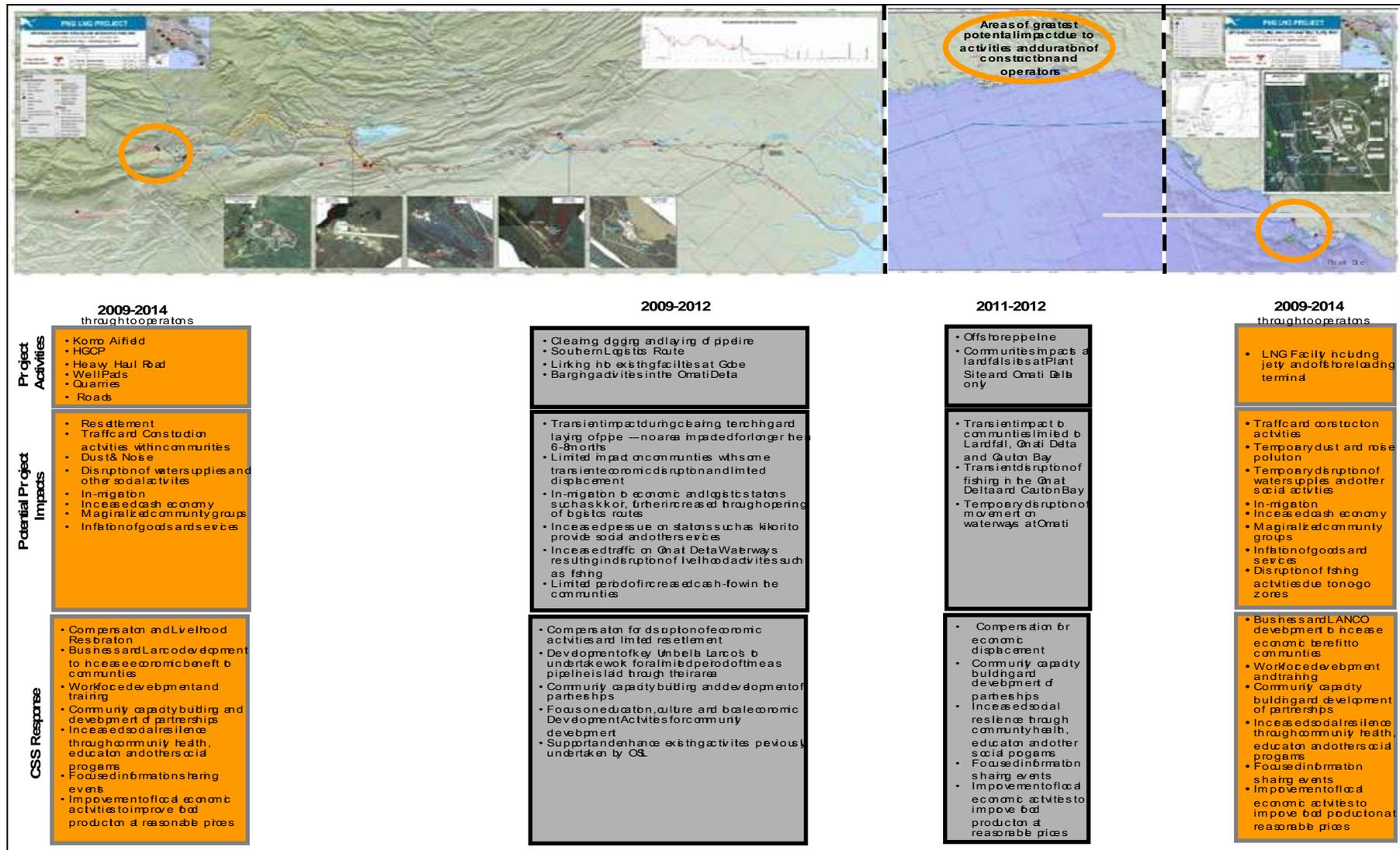


Figure 2.2 Overview of spatial distribution of Project Activities, Impacts and CSS Response during Construction

Key project stages are as follows:

- Commencement of construction (start-up employment, ramp-up of procurement and supply contracts, increases in the circulation of cash in what have traditionally been subsistence communities)
- Peak construction (employment, procurement and supply contracts, transition from subsistence to cash-based economies)
- Commencement of operations (small increase in skilled work-force)
- Royalty payments and disbursement of equity dividends

Distribution of benefits streams by the Government of PNG via the Benefits Sharing Agreement (equity dividends, development levies, infrastructure and business development grants, etc) is staged over the life of the project (Figure 2.3 and Figure 2.4).

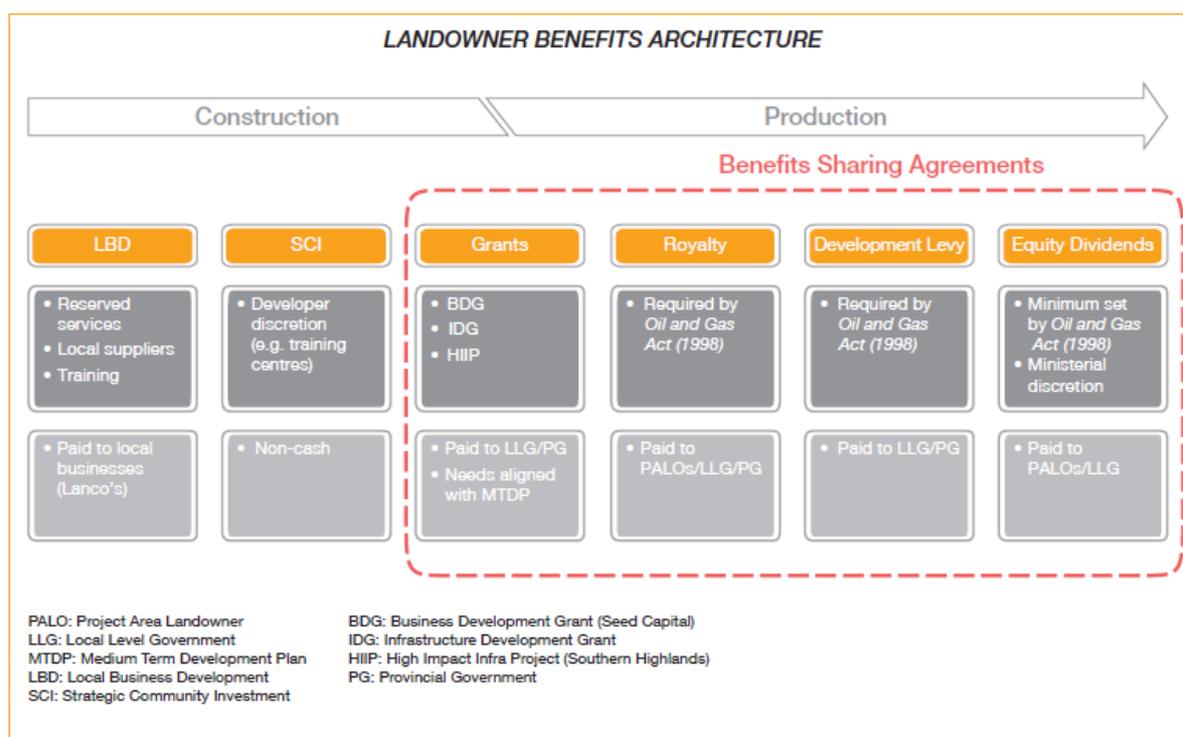


Figure 2.3: Landowner Benefits Architecture

The largest components of the benefits distribution process are the direct responsibility of State, Provincial and Local Government (seed capital, project grants, development levies, etc). Benefits then flow through the communities via formal and informal mechanisms to eligible recipients (Figure 2.4 & Annex A).

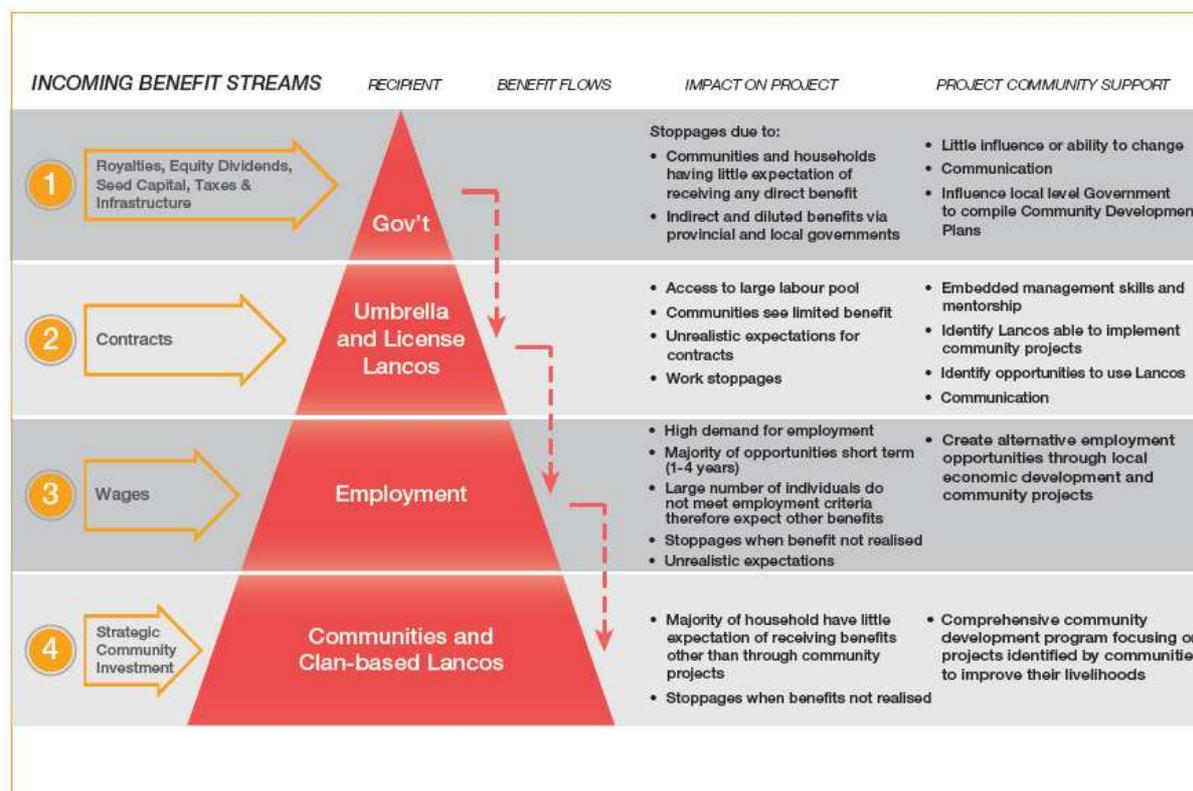


Figure 2.4: Project Benefits Impact Pyramid

The CSSAP and its components recognizes the potential disparities in the formal and informal project benefit distribution patterns and the effect this has on maintaining a stable operating environment. These potential distortions may manifest in a variety of forms and present an opportunity for a strategic response (Table 2.2):

Table 2.2: Strategic Framework Drivers

Characteristic	Description	Project Strategic Response
Spatial variability	Distributed benefits may appear to favor some communities over others, thereby creating or accentuating real or perceived inequities, or exacerbating existing tensions or creating new ones.	Spread project opportunities across the boundaries, recognizing the concepts of fairness and transparency.
Hierarchical and stratified community structures	Where the benefit flows do not cascade through the various layers of the community to reach the intended recipients.	Target community investments projects towards the base of the Benefits Pyramid (Figure 2.4), ensure that information is shared, and adopt inclusive dialogue and consultation processes.
Temporal variability	Where the formal and informal distribution of benefits will fluctuate over time creating surges of cash in subsistence, largely non-cash communities, resulting in unrealistic expectations that benefits will continue to flow or missed opportunities to build capacity and establish sustainable developments.	Sequence and tailor community investment projects to reflect project phases, i.e., ramp-up of construction workforce, rapid reduction in employment at the end of construction, transition into operations, flow of royalties, etc.
Impact Mitigation	Where the project has identified a need to mitigate an unavoidable impact, or the potential for an impact, arising from a construction-related activity.	Develop and implement Contractor and Company Management Plans. Monitor and evaluate for effectiveness.

2.2 Action Plan Components

This CSSAP is a summary of the actions planned to implement initiatives and mitigation measures described in the social management plans that make up the CSS (Figure 2.5). The CSSAP also includes an implementation timeline, a description of roles and responsibilities and mechanism for external reporting. Further details may be found in the individual plans.

The CSSAP fulfils a number of Company policies and standards, complies with relevant local laws, and meets the requirements of international standards.

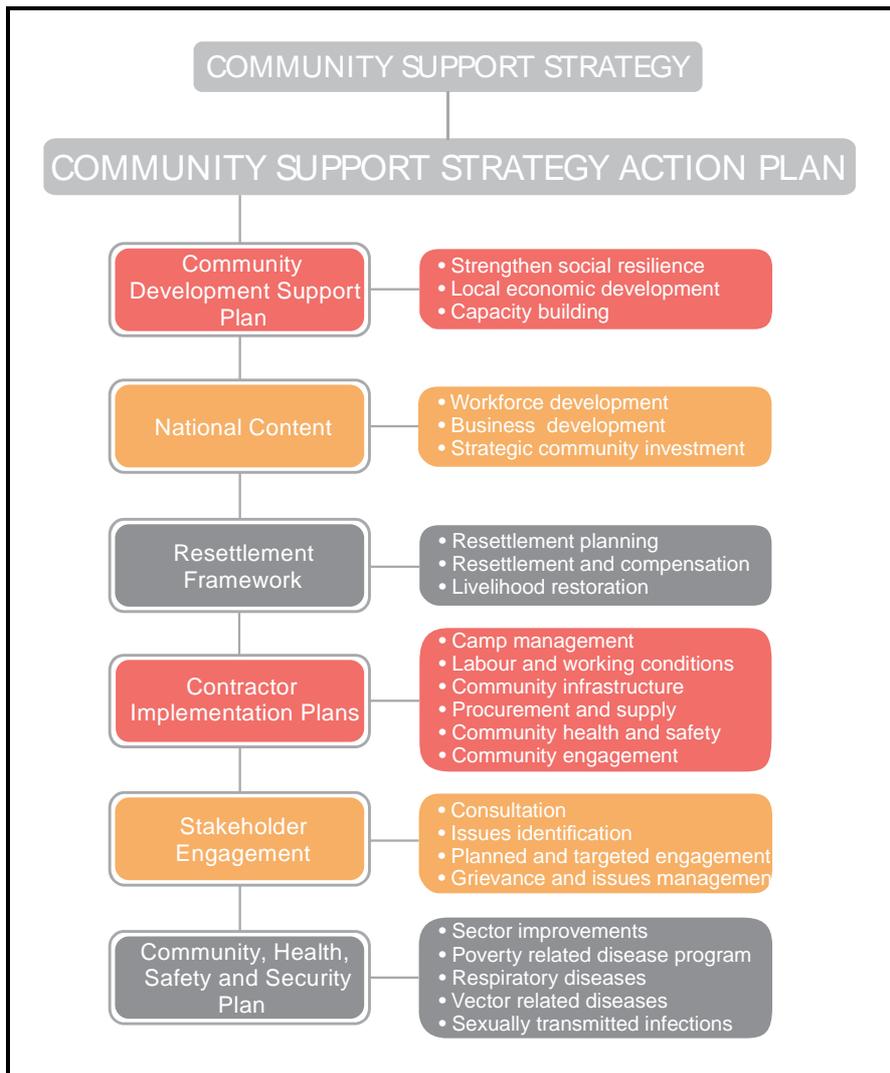


Figure 2.5: Community Support Strategy Social Management Plans

3.0 COMPANY SOCIAL MANAGEMENT PLANS

Six Company Social Management Plans describe how the Project will address and mitigate a range of potential impacts as well as promote opportunities for economic and social benefit. The major thrusts of each plan are summarised below.

3.1 Community Development Support Plan

The CSS identified a range of assessments required to develop additional community support initiatives that complement or reinforce measures covered in the Company and Project Contractor Environmental and Social Management Plans. These included:

- A livelihood assessment of communities' assets and vulnerabilities;
- An institutional review, and
- An industry review.

These assessments were undertaken during the first half of 2010 and led to the development of the Community Development Support Plan (CDSP). The CDSP completes the suite of plans making up the CSS.

The CDSP outlines implementation activities and initiatives to achieve the following objectives:

- Provide opportunities for sustainable development benefits in a culturally appropriate manner; and
- Avoid or reduce the risk of indirect adverse social impacts on Papua New Guinean communities during Project construction and production.

3.2 National Content Plan

Through the National Content Plan the Company supports development of local jobs, economic growth and improvements in the standard of living. The Company will achieve this largely through its requirements of Engineering Procurement and Construction (EPC) contractors in relation to the training and hiring of qualified PNG citizens and the use of local suppliers during the construction phase and similar activities by the Company itself during the 30-year production phase.

Recognizing the needs of communities affected by the Project, and the obligations of the *Employment of Non-Citizens Act* and the *Oil and Gas Act*, the National Content Plan focuses its efforts on three main areas:

- **Workforce Development** - Training and employing PNG citizens during the construction and production phases of the PNG LNG Project;
- **Supplier Development** - Increasing local suppliers' business skills to help them qualify for contracts with the PNG LNG Project and other projects;
- **Strategic Community Investments** - Voluntary investments in education, health, sustainable livelihoods and environment.

3.3 Resettlement Policy Framework

The PNG LNG Resettlement Policy Framework (RPF) outlines the goals, principles, and procedures employed for all physical and economic displacement associated with land access for the PNG LNG Project. The Framework includes:

- Resettlement goals and principles;
- The legal and regulatory framework for compensation and other support measures;

- Planning and implementation procedures, including a framework for the participation of people affected by displacement;
- Eligibility criteria, entitlements, organisational structure and resources planning for implementation of compensation and other support measures;
- Grievance redress mechanisms;
- Monitoring and evaluation processes;
- Indicative schedule with funding mechanisms for planning, implementing, and monitoring/evaluating resettlement.

Individual Resettlement Action Plans (RAPs) are prepared for discrete Project areas that require physical and/or have potential economic displacement. All RAPs are consistent with the RPF and address the specific conditions, characteristics, and needs of the particular people affected by displacement, as well as outlining the actions required to implement the resettlement of households.

3.4 Contractor Management Plans

Contractor Management Plans describe the Project's position with respect to a range of mitigation measures designed to avoid or reduce social impacts during construction. These mitigation measures are to be adopted by the Contractor (and its sub-contractors) with respect to:

- Camp Management;
- Labour and Working Conditions;
- Community Infrastructure;
- Community Impacts;
- Procurement and Supply;
- Community Health and Safety, and
- Community Engagement.

The division of responsibility between Company and Contractor (and its sub-contractors) is stated in the Plan and further defined in the Contractor Implementation Plans (CIP) prepared by the Contractors.

3.5 Stakeholder Engagement Plan

The Stakeholder Engagement Plan (SEP) describes the process whereby the Project's stakeholders will be engaged and informed of project information as well as how their issues are recorded. The plan also covers how stakeholder engagement performance will be monitored, reported and evaluated and describes the Community Grievance Procedure.

3.6 Community Health, Safety and Security Plan

The Company Community Health, Safety and Security Management Plan (CHSSMP) describes actions that will be undertaken by the Project to manage potential risks and impacts to the Project Impact Area relating to Community health. The CHSSMP provides for specific monitoring and evaluation plans based on the findings in the Health Impact Assessment. Workplace Safety and Project Security are managed by other parts of the project organisation.

4.0 ROLES AND RESPONSIBILITIES

Several teams work closely with the Project Management Teams and report to the Project Executive. The responsibilities of these teams relating to the CSS are as follows:

National Content Team

- Supporting, monitoring/evaluating the implementation of local workforce development.
- Supporting, monitoring/evaluating the implementation of local business development.
- Identifying and implementing projects from Strategic Community Investments.

Development Support

- Construction of resettlement housing
- Business Development
- Strategic Community Infrastructure Projects
- Rapid Implementation Projects (small community projects under <US\$5,000).

Land and Community Affairs

- Ongoing dialogue with communities.
- Identifying issues, grievances and concerns within the Project Impact Area communities¹, and facilitate appropriate responses and feedback.
- Identifying and executing additional studies, surveys, consultation and disclosure activities associated with the CSS
- Implementing overall mitigation measures related to the implementation of the CSS;
- Ongoing monitoring and evaluation of the CSS activities across the various teams;
- Providing guidance and direction to other teams to implement the CSS.

Project Teams

- Ongoing communication with communities.
- Implementing mitigation measures as described in the ESMP
- Identifying issues, grievances and concerns within the Project Impact Area communities.

Public and Government Affairs

Consultation with Government departments to support the implementation of the CSS and coordinating the involvement of the various Government levels where appropriate.

¹ Refer to PNG LNG EIS (2009)

5.0 SUPPORTING STUDIES

There are several studies to support the CSS. These include the Project Induced In-migration Study (PIIM) and the Fisheries Study.

The PIIM Study consolidates baseline information collected on the naturally occurring phenomenon of migration, assesses the risk of project-induced in-migration and describes a series of management actions. The PIIM Study was completed in July 2010.

The Project is undertaking fish catch landing surveys at each of the four villages surrounding the LNG plant site - Porebada, Papa, Lea Lea and Boera. The purpose of these surveys is to monitor catch data, such as number, size, weight and species caught, to understand the importance of fisheries for household consumption and for market. The data collected will be assessed against the baseline data collected in 2008. This will be of value in evaluating any potential future claims concerning commercial or artisanal fishing and determining an appropriate type and level of compensation if warranted. Fish catch landing surveys started in July 2010.

6.0 IMPLEMENTATION SUMMARY

The following table (Table 6.1) presents a summary of the key elements of each of the plans that collectively represent the means whereby the CSS will be implemented (Figure 2.1). The table effectively forms the core of the CSSAP. Additional supporting information is presented in the individual plans, including monitoring and evaluation elements

Table 6.1: Implementation Summary (Budgets associated with the actions provided below are contained within the individual plans)

Action #	Key Activities	Timing	Status	Resources	Deliverables
National Content Plan					
NCP 1	National Content Plan	July 2009	Complete	EHL	National Content Plan
Workforce Development					
NCW1	POM Construction Training Facility (CTF)	First Quarter 2010	Complete	Contractor	A modern purpose-built trade training facility that can be used beyond the life of the PNG LNG Project.
NCW 2	Training of workers at the POM Construction Training Facility (CTF)	1 st Quarter 2010	Ongoing	Contractor	Current forecast is for 2500 trained job-ready workers during construction
NCW 3	Juni Construction Training Facility	2 nd Quarter 2011	Complete	Contractor	A modern multi purpose training facility to train construction workers for the HGCP.
NCW 4	Training of Employees at Juni	4th Quarter 2011		EPC4 Contractor	Forecast 200 trained craftsmen during construction
NCW 5	Train-the-trainer program for POMCTF	1st Quarter 2010	Complete	Contractor	Trained PNG citizen trainers to staff the POM CTF facility
NCW 6	Training of Production Phase trainees	3rd Quarter 2010 to 2013	Ongoing	Global Operations, EHL and BTPO	Up to 150 Qualified PNG citizen operations & maintenance personnel
NCW 7	On the job training for 35 graduates embedded with the Project	November 2009 to 2012	Ongoing	EHL	35 PNG citizen graduates given first-hand training in EM Project delivery skills
Local Business Development					
NCB 1	Develop capacity of Lancos	2010 to 2013	Ongoing	Enterprise Centre and EHL	LANCO's supported according to National Content Plan
NCB 2	Facilitate agreements with Lancos to provide services and support to Project	2010	Complete	EHL	Umbrella Lancos delivering significant value of services to EPC contractors & sharing profits with stakeholders & communities
NCB 3	Establish an Enterprise Centre (EC)	2010	Complete	EHL	Facility able to assess PNG companies, complete gap analysis and deliver targeted training, capacity building and facilitate access to finance – beyond the end of the PNG LNG Project
NCB 4	Identify Enterprise Centre implementing partner	IBBM chosen in December 2009	Complete	EHL	Managing and implementing partner able to assist development of local businesses beyond the life of the Project
NCB 5	Develop a supplier database	Implemented in Dec 2009, continually updated.	Ongoing	Contractor	Database able to allow PNG businesses to register interest and capacity and access information on EPC/Sub-contractors/EHL Business Opportunities
Community Development Support					

Action #	Key Activities	Timing	Status	Resources	Deliverables
CDS 1	Sustainable livelihood assessment	Sep-10	Complete	Contractor	Sustainable Livelihood Framework Assessment
CDS 2	Stakeholder consultation and visioning and institutional assessment	July 2010 – March 2011	Complete	Contractor	Stakeholder Consultation findings for Community Development Support
CDS 3	Industry / sector analysis	Sep-10	Complete	Contractor	Industry Sector Analysis Report
CDS 4	Establishing community development group	Ongoing	Complete	EHL	Agreement on terms of reference, roles and responsibilities
CDS 5	Engagement of Vulnerable Communities	2009-2013	Ongoing	EHL	Programs identified to be inclusive of vulnerable communities
CDS 6	Community Development Support Programs and Budget Planning	September, 2010	Complete	EHL	Community Development Program finalization and budget allocation – September, 2010
CDS 7	Implementation of Community Development Support Programs: <ul style="list-style-type: none"> ▪Community capacity building ▪Strengthening social resilience ▪Local economic development 	May, 2010 - onwards	Ongoing	EHL	Internal Execution Plan, September, 2010; Implemented Programs and Projects
CDS 8	First 5-year business plan for community development during operations	Dec-13		EHL	5-year Community Development Support Plan for operations phase
Strategic Community Investment					
SCI 1	Infrastructure & investment program to support <ul style="list-style-type: none"> ▪ Education ▪ Health ▪ Communities 	Jan 2010 onwards	Ongoing	EHL	Program of targeted projects benefiting communities throughout the Project Impacted Area
SCI 2	Delivery of a program of Rapid Implementation Projects	September 2010 onwards	Ongoing	EHL	Program of small projects benefiting communities throughout the Project Impacted Area
Resettlement					
RPF 1	Development of Resettlement Policy Framework (RPF)	October, 2009	Complete	Contractors & EHL	Resettlement Policy Framework
RPF 2	Resettlement Actions Plans and Community Resource Plans	October 2009 - 2011	Complete	Contractors & EHL	Resettlement Action Plans & Community Resource Plans
RPF3	Resettlement implementation	Oct-09	Ongoing	Contractors & EHL	Resettlement and compensation of impacted households within the Project area
RPF 4	Livelihood restoration and monitoring and evaluation	2010-2013	Ongoing	Contractors & EHL	Re-instatement of livelihoods of resettled households; and monitoring reports

Action #	Key Activities	Timing	Status	Resources	Deliverables
Stakeholder Engagement					
Stakeholder Communication Coordination Committee					
SE-CCC1	Development of Stakeholder Engagement Coordination Team (SECT)	Jul-10	Complete	EHL	Signed Charter
SE-CCC2	Incorporated in the broader brief of the Strategic Communication Coordination Committee (SCCC)	Meeting held monthly	Complete	EHL	SCCC Meeting minutes and follow-up Actions and activities
Communication Materials					
SE-CM1	Development of information materials	Ongoing	Ongoing	EHL	Range of communication outreach materials to support general and activity-specific awareness
SE-CM2	Establishing venues to provide regular, scheduled community meetings and feedback opportunities	2012	Ongoing	EHL	Venue list, engagement reports/data
SE-CM3	General Information and Project-specific awareness campaigns, Open Houses, Q&A's etc.	2013	Ongoing	EHL	Information visits, community awareness Meetings.
SE-CM4	Development of Q & A's for subject and construction specific activities	Ongoing	Ongoing	EHL	EHL and EPC-approved briefing material
SE-CM5	Develop and implement a Community Outreach Program	Ongoing	Ongoing	EHL	Monthly LNG Plant Site newsletter Broadcast schedule for radio programs
Stakeholder Database Development					
SE-DB1	Develop and populate interim Stakeholder Engagement Database	October 2009 – August 2010	Complete	Contractors	Database containing stakeholder records, issues and responses collected during campaigns
SE-DB2	L&CA-specific Information Management System set up. Incorporating earlier standalone data	In use	Complete	Contractors and EHL	Integrated application
Enabling Activities					
SE-EA1	Team training on Project and related social program activities	Ongoing	Ongoing as required	EHL	Appropriate visual aids and multi-media material
Grievance Procedure					
SE-GP1	Develop community grievance procedure	Roll-out - Mar 2010	Complete	Contractors and EHL	Procedure aligned with Stakeholder Engagement Plan commitment

Action #	Key Activities	Timing	Status	Resources	Deliverables
SE-GP2	Printing and distribution of carbonated forms	Completed and in use	Complete	EHL	Pre-printed, carbonated forms
SE-GP3	Implement Grievance System	Jan 2010 - 2014	Ongoing	EHL	Initial staff recruitment and training Set up IMS grievance module Grievance register and close-out reports Grievance Coordinators in field locations
Community Health					
CH1	Fact finding: program evaluation of organizations, agencies, services	October 2009 – December 2010; then ongoing	Ongoing	Contractor	Field reports
CH2	Development of Terms of Reference for all Environmental Health Assessments (EHA)	October 2009 – December 2010	Complete	Contractor	Terms of References developed
CH3	Sponsorship agreement in place	Sept – Dec 2010	Complete	Contractor	Sponsorship agreement
CH4	External Review	October 2009 – December 2010	Complete	Contractor	Selection of program providers; Agreement with providers regarding program measurements
CH5	Program implementation	October 2009 - end of production	Ongoing	Contractor	Monitoring reports per EHA
Project & Contractor Management Plans (Construction)					
PP-C1	Social Management and Construction Implementation Plans	Nov 10	Complete	EHL	Approved Plans
PP-C2	Project personnel and EPC contractors training on the Social Management Plans	November – December 2009	Complete	Contractor	Training materials, training sessions, workshops
PP-C3	Training and alignment workshops (social programs and construction)	November – March 2010	Complete	Contractor	Training materials, training sessions, workshops
PP-C4	Implementation of social management plans	December –2014	Ongoing	EHL	Mitigation measures defined in individual plans
PP-C5	Monitoring of Project Social Management Plans / Contractor Implementation Plans (CIPs and SMPs)	Commencing March 2010	Ongoing	EHL	Ongoing monitoring activities per individual plans
In-migration Risk Assessment					
CSS-IM1	In-migration impact assessment	3rd Quarter 2010	Complete	Contractor	Scope of Work Document
CSS-IM2	Complete Project Induced In-Migration (PIIM) Study	3rd Quarter 2010	Complete	Contractor	Final draft to social programs team for internal & external review

Action #	Key Activities	Timing	Status	Resources	Deliverables
CSS-IM3	Internal social programs review of PIIM study, proposed action program & address PIIM study limitations	4th Quarter 2010	Complete	EHL	Project Management Team review of Project position/ strategy for PIIM
CSS-IM4	Finalize Project PIIM Action Plan	2nd Quarter 2011	Complete	EHL	Project PIIM strategy and action plan
CSS-IM5	Implementation of PIM Action Plan and Monitoring and Evaluation	2011-2013	Ongoing	EHL	Complete project PIIM strategy
Fisheries Study					
FS-1	Monitoring and evaluation scope of work for fisheries	Sep-09	Complete	Contractor	Scope of work document
FS-2	Monitoring fish catch landing: LNG Plant Site villages	July 2010 – September 2012	Ongoing	Contractor and EHL	Monthly data capture reports and analysis
FS-3	Monitoring fish catch, waterways use and river traffic – Omati River	September 2011	Ongoing	EHL	Fish catch monitoring survey, waterways use and Omati River traffic study

7.0 MONITORING AND EVALUATION PLAN (CONSTRUCTION PHASE)

Note: Progress from individual CSS Plans will be summarized and included in the Projects' Environmental and Social Quarterly Report

Element	Parameter /Criteria	Frequency of Reporting	Method	Monitoring Responsibility	
Community Health, Safety and Security Management	Physical capital <ul style="list-style-type: none"> ▪ Water sources ▪ Housing Financial Capital <ul style="list-style-type: none"> ▪ Income ▪ Expenditure Human capital <ul style="list-style-type: none"> ▪ Education and literacy ▪ Health Social Capital <ul style="list-style-type: none"> ▪ Domestic violence ▪ Gender equity ▪ Access to services ▪ Vulnerability 	Done initially as part of household registration then annually	Integrated Health & Demographic Surveillance System (iHDSS)	EHL: Medicine and Occupational Health	
Community Development Support (CDS)	<u>Community Capacity Building and Partnerships</u>				
	Number of Land and Community Affairs officers visits to the field noting community group representation; women, youth elders, etc to facilitate consultative community development planning. Number of CDS projects implemented	Quarterly from 2010	Q3	L&CA field work	EHL: L&CA
	Quarterly Community Development Forum Meetings	Quarterly from 2010	Q3	Community Development Support Team	EHL: L&CA Contractor Interface and Compliance
	<u>Strengthening Social Resilience</u>				
	<i>Personal Viability Training</i> People trained Trainees reporting increased capacity to manage income	Quarterly from 2011	Q1	L&CA field work Service Provider reports, questionnaires, and follow-up surveys	EHL: L&CA Contractor Interface and Compliance
	<i>Protection, promotion and maintenance of culture</i> Activities undertaken that aim to protect, promote and maintain culture	Quarterly from 2010	4Q	L&CA field work Service Provider reports (if applicable)	EHL: L&CA Contractor Interface and Compliance

Element	Parameter /Criteria	Frequency of Reporting	Method	Monitoring Responsibility
	Traditional stories disseminated to libraries in the Project area		Community Committee reporting	
	<i>Improved access to learning and education</i> Functional adult literacy courses run in the Project area People supported to undertake distance education across the Project area	Quarterly from 2011 Q1	L&CA field work Service Provider reports (where applicable) Community Committee reporting	EHL: L&CA Contractor Interface and Compliance
Local Economic Development				
	<i>Enhance value-chain activities including post-harvest processing and marketing</i> Projects aimed at improving post-harvest processing and marketing Projects partnering with established private sector	Quarterly from 2011 Q1	L&CA field work Service Provider reports (where applicable) Community Committee reporting	EHL: L&CA Contractor Interface and Compliance Team
	<i>Improved subsistence livelihood systems</i> Local information sessions on existing and innovative technologies to improve agricultural practices Projects aimed at home-economics and household food preservation	Quarterly from 2011 Q1	L&CA field work Service Provider reports (where applicable) Community Committee reporting	EHL: L&CA Contractor Interface and Compliance Team
	<i>Local Economic Development Opportunities</i> Projects to support informal and formal businesses including mentoring People especially women assisted to develop business plans	Quarterly from 2011 Q1	Service Provider reports (where applicable) Supported by L&CA and business development officers' field work	EHL: L&CA Contractor Interface and Compliance Team
Project Induced In-Migration	Project will monitor potential Project induced in-migration based on the PIIM Study.	Annual	Coordinated with demographic health survey	EHL: L&CA Contractor Interface and Compliance Team
National Content	Workforce Development <ul style="list-style-type: none"> ▪ Number of people trained ▪ Number of people employed 	Quarterly	National content reports	EHL: National Content Manager

Element	Parameter /Criteria	Frequency of Reporting	Method	Monitoring Responsibility
	<p>Business Development</p> <ul style="list-style-type: none"> ▪ Total spend in-country ▪ Total number of vendors used in-country. 			
Resettlement	<p><i>Compensation payment tracking against plan</i></p> <p>Actual number of houses resettled or compensated vs planned number (avoidance).</p>	Quarterly	Compensation payment progress monitoring	EHL: In-Field Resettlement Monitoring Coordinator
	<p><i>Ongoing input/ output monitoring of resettlement activities</i></p> <ol style="list-style-type: none"> 1. Verify internal RAP implementation plans 2. Interview a random sample of affected people in open-ended discussion to assess their knowledge and concerns regarding the resettlement process, and rehabilitation measures. 3. Observe public consultations with affected people at the village or town level. 4. Check grievance issues and the functioning of grievance redress mechanisms by sample of affected people. 5. Survey the standards of living of the affected people (and of an unaffected control group where feasible) before and after implementation of resettlement to assess whether the standards of living of the affected people have been maintained. 	Quarterly	Random sample of 20% of households resettled (review of compensation payment process to provide assurance that payments are timely, appropriate - meet criteria, etc)	EHL: In-Field Resettlement Monitoring Coordinator
Fisheries	Monitoring Plans for fisheries activities in the Caution Bay/ LNG Plant Site and Omati River sections of the offshore pipeline right of way will be dependent upon the outcomes of the fisheries surveys.	Bi-annual	Village based surveys	EHL: L&CA Contractor Interface and Compliance
Stakeholder Engagement	<p>Number and category of grievances raised by stakeholders within each community or village</p> <p>Number of grievances responded to</p> <p>Number of specific information sessions and awareness programs with stakeholders.</p>	Quarterly	<p>Audit (documentation and interview).</p> <p>Actual process is in accordance with Stakeholder Engagement Plan</p>	EHL: L&CA

Element	Parameter /Criteria	Frequency of Reporting	Method	Monitoring Responsibility
Grievance Mechanism	<p>Participation: The target is to channel 100% of grievances (except those related to worker issues) through this procedure, before grievances reach the media or the courts.</p> <p>Target 75% resolution of grievances (from the Project's perspective) within 30 days, dealing directly with the person raising the grievance.</p>	Monthly reports to EHL management	Monitor implementation of the response and corrective action of both Company and Contractor grievances.	EHL: L&CA.

8.0 REPORTING

Reports will be provided to project management and the Lenders Independent Environmental and Social Consultant quarterly audits, as well as to external stakeholders, (per social management plan requirement), and will be disclosed via dialogue with the communities in the Project Impact Area. Summary progress reporting will be included in the Project's quarterly environmental and social report.

ANNEX A:

Community factors potentially affecting benefit distributions

Characteristic	Comment
Historical legacy , or past actions that have created mistrust among the local population	The source of the historical mistrust can be varied in response to environmental damage, land disputes, compensation expectations, unmet commitments, corrupt practices, non-transparent behaviour, and/or alleged human rights abuses
Inclusion of women and vulnerable groups , where certain cultural norms and values may not favour participation or exclude women and other groups from decision making	Without specific measures to ensure their inclusion, the most vulnerable groups can be excluded from, or be underrepresented in, the development process. When this happens, the interests and opinions of these groups are likely to be overlooked, resulting in marginalization
Leaders , who may distort decision making and capture resources for their own use	Some communities can be stratified, with power structures dominated by traditional elites who influence or control most of the community decisions regarding resource use and management. While these elites can provide important support by helping to mobilize community participation and engaging with the Project, they may also distort decision making and capture funds and resources. This undermines representation, participation, and fairness in the distribution of benefits, and can lead to perceptions of bias in the allocation of resources
Conflict and post-conflict settings , where the need for community investment is great but the risks include aggravating existing tensions or sparking new conflicts over community investment resources	The measure of effective engagement may not necessarily be the absence of conflict and disagreement but, rather, the ability of the different parties to maintain a constructive dialogue.
Governance issues , including corruption and lack of capacity or political will	Government can serve as an effective partner, contributing to strong local participation, accountability, and the long-term sustainability of community development efforts. Conversely, the potential for good governance can be hindered by a variety of factors. Vested interests, for example, can pose major difficulties for engaging government stakeholders, especially where government representatives or traditional authorities fear community-led planning processes might threaten their status quo. The power dynamics between elected and traditional authorities can also cause governance challenges. Other issues that relate to local governance include historical distrust between government authorities and communities, lack of resources and institutional capacity, patronage politics, and lack of political will. Poor governance can go hand in hand abuses and security issues, impacting the ability of a company to build productive relationships with local stakeholders.
Weak local organizations , requiring upfront capacity building before community investment	Experience has shown that even where there are local NGOs and community-based organisations, these organizations can lack capacity, accountability, transparency, or appropriate representation. Community-based organisations in particular are often informal in structure and tend to reflect the power structures and cultural values of their communities. This can make it difficult for them to adopt new approaches, such as participation and inclusion that may run counter to traditional practices.