

Resettlement Plan

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SHAH DENIZ 2 PROJECT
SD2 Fishing Livelihoods Management Plan

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1 General

1.1 Purpose

The purpose of this Fishing Livelihoods Management Plan (FLMP) is to describe the measures designed to minimise the effects of the economic displacement of small-scale fishing activities by the Shah Deniz Stage 2 (SD2) Project pipeline installation activities.

The FLMP sets out the processes and necessary tools to support the SD2 Project to achieve the following overall objectives:

- Minimise the effects of SD2 pipeline installation works on small-scale fishermen operating in Sangachal Bay;
- Ensure that the living standards of small-scale fishing households affected by SD2 activities are restored to, or where possible, improved above pre-Project conditions;
- Ensure the FLMP measures are established in consultation with affected fishing households and broader stakeholders considering, where necessary, special consultation measures to incorporate the needs of vulnerable households¹;
- Ensure livelihood restoration measures are defined in a transparent and consistent manner, ensuring affected fishing households receive appropriate treatment and are compensated for any loss of income or assets at full replacement cost; and
- Avoid the risk of community controversies resulting from the compensation arrangements.

The Plan also refers to applicable laws, regulations and industry best practices as they relate to the management of economic displacement. The Plan, which applies to BP and its contractors, defines the roles and responsibilities for the implementation of the FLMP.

The FLMP is a 'live' document and will be updated periodically during FLMP implementation to reflect the current status. At the time of writing, FLMP disclosure activities have been completed, asset and income compensation agreements signed, the first instalment of compensation payments have been made and the first household monitoring survey has been completed

1.2 References

Document Number	Document Title
-	GDP 3.6-0001 Environmental and Social Requirements for New Access Projects, Major Projects, International Protected Area Projects and Acquisition Negotiations
-	GRP 3.6-0001 Environmental and Social Recommendations for Projects
BP-SFZZZZ-EV-REP-0054-000	SD2 Project ESIA
BP-SFZZZZ-EV-REP-0072-000	SD2 Livelihood Baseline Survey of Small-Scale Fishing Activities
BP-SFZZZZ-EV-PLN-0029-000	Livelihood Baseline Survey - Execution Plan
BP-SFZZZZ-EV-PLN-0028-000	Stakeholder Engagement Plan
BP-SFZZZZ-EV-PLN-0032-000	FLMP Execution Plan (<i>under preparation</i>)
BP-SFZZZZ-EV-PLN-0021-000	SD2 Environmental and Social Management and Monitoring Plan (ESMMP)
BP-SFZZZZ-EV-REP-0024-000	SD2 Infrastructure ESIA

¹ Refer to Section 1.4 for definition of vulnerability.

1.3 Abbreviations

Abbreviation/ Acronym	Description
ACG	Azeri-Chirag-Gunashli
AGT	Azerbaijan, Georgia and Turkey
ATA	Amec-Tekfen-Azfen
AZN	Azerbaijani manat; currency of Azerbaijan
BHD	Backhoe Dredger
C&EA	Communications and External Affairs team
CLO	Community Liaison Officer
DPRAR	Department of Protection and Reproduction of Aquatic Resources
EIW	Early Infrastructure Works
EMP	Environmental Monitoring Programme
ESIA	Environmental and Socio-Economic Impact Assessment
ESMMP	Environmental and Social Management and Monitoring Plan
FAO	Food and Agriculture Organisation
FLMP	Fishing Livelihoods Management Plan
GDP	Group Defined Practice
GRP	Group Recommended Practice
HSE	Health Safety and Environment
IFC	International Finance Corporation
HUC	Hook Up and Commissioning
LBS	Livelihood Baseline Survey
LRP	Livelihood Restoration Plan
MENR	Ministry of Ecology and Natural Resources
MES	Ministry of Emergency Situations
MEZ	Marine Exclusion Zone
PDCP	Public Consultation and Disclosure Plan
PR8	Performance Requirement 8 of the BP Group Defined Practice
RAP	Resettlement Action Plan
RC&E	Regulatory Compliance and Environment team
RoW	Right Of Way
SEP	Stakeholder Engagement Plan
SD1	Shah Deniz Stage 1
SD2	Shah Deniz Stage 2
SPSS	Statistical Package for Social Sciences
SRAP	Social and Resettlement Action Plan
SSES	Stakeholder and Socio-Economic Survey
TKAZ	AZFEN-TEKFEN
WLB	Wire Lay Barge

1.4 Definitions

Term	Meaning
Economic Displacement	The temporary or permanent disruption of project-affected people's livelihoods, i.e., their subsistence and economic activities, by a project. ²
Involuntary resettlement	Physical displacement and / or economic displacement of project-affected people caused by the project's temporary or permanent acquisition of land rights or rights over water bodies (e.g., purchase, lease, access, use, restrictions on use). ³
Small-scale fishing activities	Traditional fisheries involving fishing households (as opposed to commercial companies), using relatively small amounts of capital and energy, relatively small fishing vessels (if any), making short fishing trips, close to shore, mainly for local consumption. In practice, definition varies between countries. ⁴
Vulnerability	Disadvantaged or vulnerable status may stem from an individual's or group's characteristics including race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth, age, ethnicity, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources. ⁵ Vulnerability may be defined by households' vulnerability characteristics in relation to their capacity to withstand or adapt to changes such as the disruption of economic activity during project construction and operations and to maintain their livelihoods and living conditions. In the context of SD2 pipeline installation activities and establishment of a marine exclusion zone, all small-scale fishermen may be considered vulnerable to reductions in family incomes and living standards to a greater or lesser degree. The Project will therefore conduct quarterly livelihoods monitoring of <i>all</i> affected households to identify and address any particularly negative impacts as quickly as possible.

1.5 Project Background

1.5.1 SD2 Project ESIA

The SD2 Project is the second phase of the SD full field development and will involve the construction of two offshore platforms, subsea infrastructure and expansion of the existing Sangachal Terminal. The first of two Environmental and Socio-Economic Impact Assessments (ESIA), the SD2 Infrastructure ESIA, was approved by the Ministry of Ecology and Natural Resources (MENR) on 16th January 2012⁶. The first ESIA assessed the environmental and socio-economic impacts associated with the Early Infrastructure Works (EIW) required prior to the construction, installation, commissioning, and operation of the onshore SD2 facilities within the SD2 Expansion Area at the Sangachal Terminal.

The second ESIA, for the SD2 Project, was submitted to the MENR and approved in December 2013. The SD2 Project ESIA⁷ assessed the potential environmental and social impacts of the construction, installation, hook-up and commissioning (HUC) and operations phases of the SD2 Project, which includes:

- Construction of the new SD2 facilities, including temporary construction facilities, within the SD2 EIW area adjacent to the existing Sangachal Terminal;
- Installation and commissioning of gas and condensate subsea export pipelines between the new offshore platform complex and the new SD2 facilities;
- Installation and commissioning of the subsea flowlines and associated subsea infrastructure in the SD Contract Area;
- Onshore construction and pre-commissioning of the platform facilities;
- Offshore installation and HUC of the offshore platform complex; and

² GRP 3.6.0001

³ GDP 3.6.0001

⁴ FAO 2014; <http://www.fao.org/fishery/topic/14753/en>

⁵ IFC; PS1; 9-12

⁶ SD2 Infrastructure ESIA, BP-SFZZZZ-EV-REP-0024-000

⁷ SD2 Project ESIA, BP-SFZZZZ-EV-REP-0054-000

- Operation of the onshore and offshore SD2 Project facilities.

Figure 1-1 shows the location of the offshore and onshore SD2 facilities, location of the construction yards, the approximate well locations, subsea infrastructure layout and the routing of the subsea SD2 pipelines between the platform complex and Sangachal Terminal.

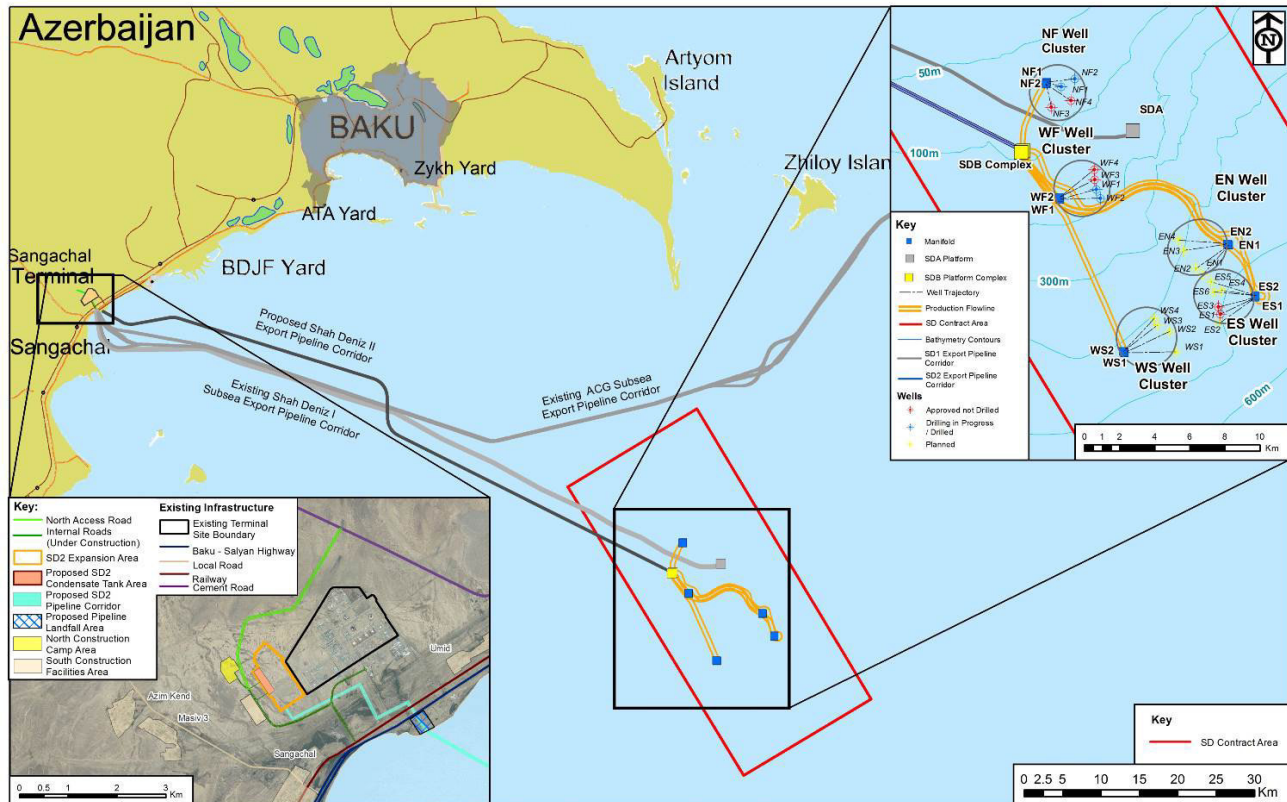


Figure 1-1 Scope of the SD2 Project

The SD2 Project ESIA assessed the environmental and socio-economic impacts associated with all project activities including:

- Drilling and completion;
- Onshore construction activities (terminal and construction yards);
- Platform, pipeline and subsea infrastructure installation, hook up and commissioning;
- Offshore operations and production;
- Subsea operations; and
- Onshore operations and production.

The SD2 Project ESIA includes a number of commitments to be implemented by BP and its contractors to minimise or manage the SD2 Project’s environmental and socio-economic impacts, including the management of potential impacts on small-scale fishing activities.

The SD2 Project ESIA identified the potential for economic displacement of small-scale fishermen and included following commitments:

- MP-SE-18: “A fishing livelihood baseline survey will be undertaken to gather additional information on small-scale fishing activities within Sangachal Bay and the nearshore environment prior to installation works. The survey will identify the location, status and ownership of any fishing gear that may be directly or indirectly impacted from construction works; and
- MP-SE-19: “The results of the survey will be used to determine if a Small-Scale Fishing Management Plan should be prepared that will describe the process used to identify and

agree compensation with fishermen who experience economic displacement as a direct result of the SD2 Project”.

Following the submission and approval of the ESIA, and in accordance with commitment MP-SE-18, a fishing Livelihood Baseline Survey (LBS) was completed in Q4 2014 (refer to Section 1.5.2 below).

The design of the Project as described in the ESIA, the construction methodologies for the pipeline works in the nearshore as developed by the appointed construction contractors and SD2 Project ESIA commitments include a number of measures designed to minimise impacts in the nearshore including those to fishing livelihoods. These include:

- The location and temporary nature of the marine exclusion zone;
- The requirement that nearshore construction activities are restricted to the marine exclusion zone (offshore) and the pipeline landfall area and SD2 onshore pipeline RoW (onshore), thus minimising disturbance outside of these areas;
- ESIA commitments associated with minimising impacts to the marine environment and associated monitoring. Commitments include:
 - “Fish population surveys will be undertaken one year prior to trenching activities, during trenching and once trenching has been completed;
 - Pre and post trenching seabed surveys will be undertaken. Post trenching seabed surveys will be undertaken one and three years after completion of trenching activities. The surveys will include drop down video work to confirm seabed distribution; and
 - A process will be established to promote the selection of hydraulic fluids used on the trenching equipment that has the best environmental performance.”

Additional commitments are made with the aim of minimising unacceptable discharges to sea from the pipeline installation vessels e.g. associated with sewage treatment standards and standards for deck drainage and wash water.

1.5.2 Fishing Livelihoods Baseline Survey and Impact Assessment

The purpose of the LBS was to gather sufficient information on small-scale fishing livelihoods to allow the identification of potential economic displacement and to determine the need for, and the proposed content of, a small-scale Fishing Livelihoods Management Plan (FLMP, this document).

The LBS, completed in September 2014, comprised household surveys conducted with 48 small-scale fishing households and interviews with six stakeholder organisations. The LBS report⁸ presents the findings of the survey and an assessment of the potential environmental and socio-economic impacts associated with the works which have the potential to affect the livelihoods of small-scale fishing households.

The key LBS findings included the following:

- The fishermen that were interviewed represented households with a total population of 192 people. This reflects approximately 3% of the 2011 population of Sangachal. Almost all of the surveyed fishermen that undertook commercial fishing reported to be engaged in licenced fishing activities (82% or 38 respondents in total);
- The average small-scale fishing household’s income was reported to be approximately 770 AZN per month, but ranged from 200 AZN to 1,650 AZN. The contribution of fishing income to household nutrition was relatively high with 56% of fishermen spending approximately half their monthly income on food;

⁸ SD2 LBS Report, BP-SFZZZZ-EV-REP-0072-000

- The species that were reportedly caught in greatest volumes in Sangachal Bay were Kutum, Carp and Mullet, which each had a market value of approximately 6 AZN / kilogram. Bream and Vobla were reportedly caught in lower quantities and for a lower value (average price of 2-3 AZN / kilogram). A relatively small quantity of Beluga and Sturgeon were caught, with market prices reaching 34 AZN / kilogram;
- The Survey results indicated that most fish species were caught all year round. The high season occurred between September and May, while the low fishing season occurred between June and August;
- Fishing activities were reported along the shoreline from north to south of Sangachal Bay. A number of fishermen indicated that they undertook fishing activities in close proximity to the proposed marine exclusion zone; and
- Based on the fishermen's high economic dependence on fishing activities, their reliance on this income to purchase food and the relatively high proportion of vulnerable households among those surveyed, the fishing households were considered to be highly sensitive to changes that might result in adverse impacts to the economic benefits they currently derived from fishing activities in Sangachal Bay.

The LBS assessment of Project impacts on small-scale fishing livelihoods concluded that it was unlikely that there would be a significant economic impact to fishermen within Sangachal Bay: impacts were likely to be temporary (occurring during the period of SD2 Project pipeline installation activities) and partial (affecting a proportion of households' income from fishing). However, it was acknowledged that the fishermen had a right to compensation provided by BP at full replacement value for any loss of assets or loss of income occurring as a result of Project pipeline installation activities.

Given the fishermen's high economic dependence on fishing activities and the presence of vulnerable fishing households, it was recommended that a FLMP was prepared to manage impacts and to ensure appropriate treatment of affected small-scale fishing households.

The process adopted to develop the FLMP and specifically the livelihood restoration measures and the SD2 Entitlements Matrix, the key tool for calculating and tracking compensation, is provided in Section 3 below.

1.6 Scope of the FLMP

This FLMP sets out the compliance requirements and relevant responsibilities associated with management and monitoring of economic displacement affecting small-scale fishing activities in Sangachal Bay. The FLMP includes the following sections:

- Policy Framework: a summary of the applicable regulatory framework associated with economic displacement and livelihood restoration, including relevant BP policies, international best practice and Azerbaijani legislation;
- Livelihood Restoration Plan (LRP): a description of how economic displacement associated with the SD2 pipeline installation activities has been determined through survey and consultation and the livelihood restoration measures to be implemented to manage this economic displacement. The LRP explains how eligibility and entitlements have been determined and describes the tools developed for calculating financial compensation and to determine non-financial measures of assistance;
- Communications and Grievance Procedure: a summary of the consultation activities and grievance procedure measures that are specific to the development and the implementation of the FLMP;
- Monitoring and Reporting: a description of the process to be adopted for monitoring and reporting on FLMP implementation including the fishing household monitoring to be completed throughout construction activities and the process to be adopted for taking corrective actions in case of unsatisfactory progress; and
- FLMP Implementation: a summary of specific roles and responsibilities, the schedule and

the available budget for planning and implementation of the FLMP. Reference is made to the FLMP Execution Plan, which includes the methods, tools and materials to be used throughout construction to undertake the livelihood monitoring.

Figure 1-2 shows the extent of Sangachal Bay considered for the purpose of the FLMP.

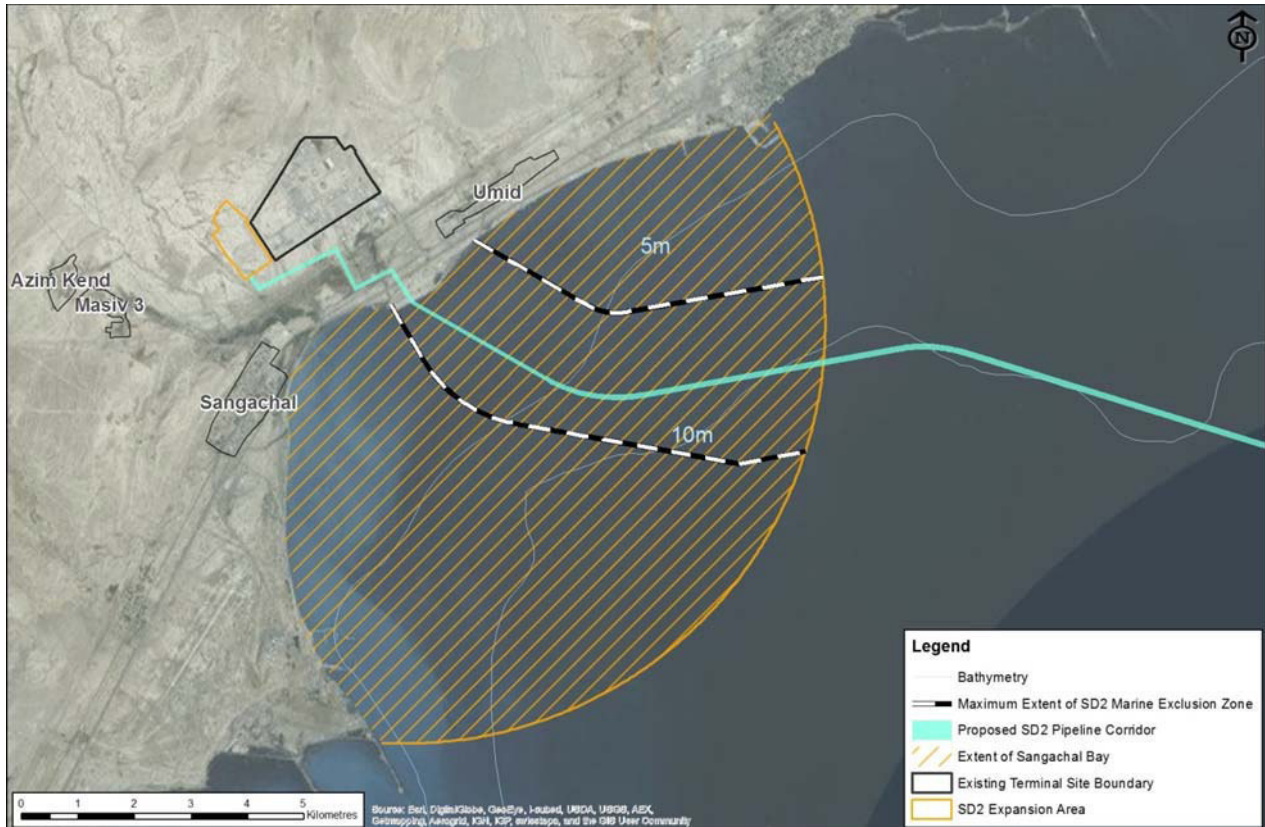


Figure 1-2 Extent of Sangachal Bay for the Purpose of the FLMP

2 Regulatory Framework

The SD2 Project will comply with all applicable national and international laws, and will apply BP policies and guidelines and international best practice standards in relation to management of economic displacement.

2.1 BP Policy

The BP Group Defined Practice (GDP)⁹ outlines BP's Environmental and Social Requirements for New Access Projects, Major Projects, International Protected Area Projects and Acquisition Negotiations. The GDP is supported by the BP Group Recommended Practice (GRP)¹⁰ which provides recommendations to support the management of potential environmental and social impacts associated with BP projects.

Performance Recommendation 8 (PR8) of the GRP relates to involuntary resettlement (physical and economic displacement) and provides specific guidance on compensation. Specific guidance in relation to preparation of a LRP is provided for:

- Carrying out baseline studies (GRP 4.8.5);
- Making an inventory and valuation of assets (GRP 4.8.6);
- Providing compensation (GRP 4.8.7);

⁹ GDP 3.6-0001

¹⁰ GRP 3.6-0001

- Consulting with and supporting people impacted by involuntary resettlement (GRP 4.8.8);
- Consulting with host governments and other stakeholders (GRP 4.8.11); and
- Addressing community controversies caused by involuntary resettlement (GRP 4.8.10).

This FLMP has been designed to comply with GDP requirements and GRP recommendations associated with the preparation of a LRP and related engagement activities, including the special treatment of vulnerable people.

2.2 International Best Practice

International best practice on the management of economic displacement requires projects to prepare a LRP where economic displacement is identified as a result of project activities. Best practice requires that the restoration plan should be prepared in consultation with project-affected people.

International Finance Corporation (IFC) guidance, which represents international best practice, includes the following in relation to:

- Economic displacement:
 - Performance Standard 5: Land acquisition and Involuntary Resettlement; and
 - Involuntary Resettlement: IFC Handbook for Preparing a Resettlement Action Plan.
- Stakeholder engagement:
 - Performance Standard 1: Social and Environmental Assessment and Management Systems; and
 - Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets (2007), which defines the principles on which stakeholder engagement should be based.

BP's GDP and GRP are consistent with the international standards for resettlement planning and stakeholder engagement.

2.3 Relevant Azerbaijani Legislation

There is no specific Legislative Act, Presidential, Cabinet or Ministry Decree that outlines the process of determining or distributing compensation for the disruption to income generation from fishing. However Azerbaijani regulation recognises impacts on fishing resources.

Table 2-1 summarises the requirements under Azerbaijani laws and associated governing legislative acts and articles relevant to construction projects that may impact fishing resources. The articles fall under Law No. 457 on the Protection of Fish (Dated 27th March 1998). Article 34 of this Law refers to the developer/operator's obligation to compensate damages caused to fishing resources.

Table 2-1 Requirements under Relevant Governing Legislative Acts

Governing Legislative Act	Requirement
Law No 457 on Fishing (dated 27 th March 1998)	Article 23. Preservation Requirements for Locations of Fishing Resources: Entities engaged in designing, construction, re-construction and operation of facilities which may negatively affect environments of location of fish reserves, as well as entities operating in watercourses with valuable fishing shore lines (zones) shall establish favourable conditions for protection, reproduction, relocation and wintering of fish and shall ensure integrity of location and breeding environment for fish.
Law No 457 on Fishing (dated 27 th March 1998)	Article 34. Compensation of damages caused to Fishing Resources: Where damages to fishing resources caused by construction and operation of industrial facilities, and from other types of economic activities within waters of fishing value, cannot be prevented, such damages shall be compensated by the party responsible for the operations impacting the fishing resources. Received compensation funds shall be used for reproduction, reinstatement of fish reserves, as well as fish protection and fishing industry melioration improvements.

According to the Cabinet of Ministers Resolution No 54 (adopted in 2009) overall responsibility for policy related to land acquisition and economic and physical displacement lies with the State Committee on Property Issues (SCPI).

The Resolution requires that, in cases where the affected people need to be physically relocated and/ or alternative sources of livelihoods need to be established for them, the following should also be included into the compensation package:

“Income loss from agricultural or commercial activities will be compensated based on the income of the most recent year.”

3 Livelihood Restoration Plan

3.1 Overview

In conformance with BP policy and international best practice, the SD2 Project will offer affected fishermen compensation for loss of income and for loss of assets at full replacement cost and other assistance to help them maintain their incomes and livelihoods. Standards for compensation will be transparent and consistent within the Project.

The SD2 Entitlements Matrix will be the primary tool used to be used to track compensation and livelihood restoration. Figure 3-1 summarises the activities undertaken that have informed the development of the FLMP and the Entitlements Matrix.

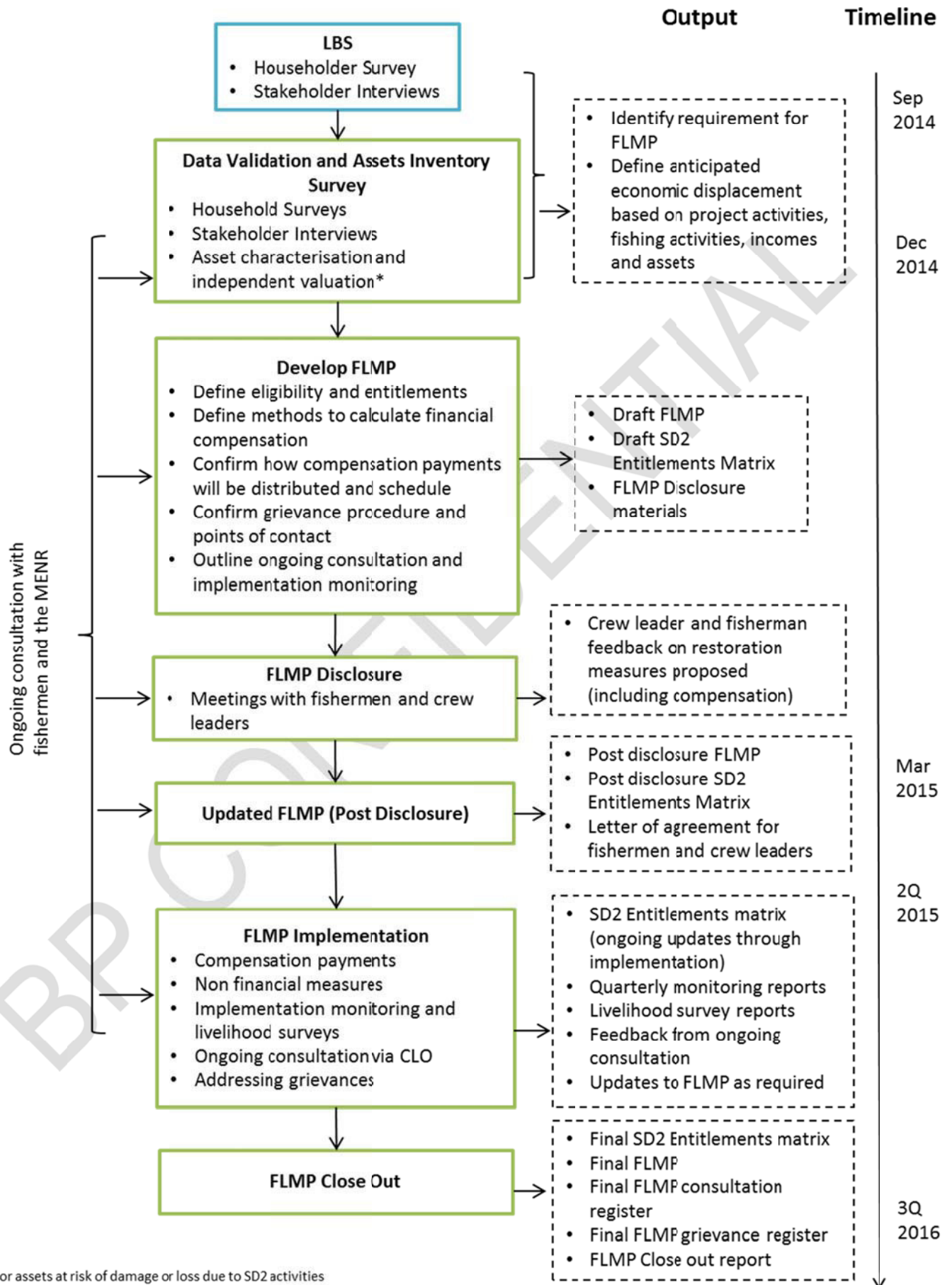


Figure 3-1 Development of the FLMP and the SD2 Entitlements Matrix

The sections below set out how economic displacement associated with the SD2 pipeline installation activities was determined and how the definition of eligibility and entitlement and the calculation and distribution of compensation has been determined as agreed with the fishermen and the crew leaders following FLMP disclosure. Ongoing consultation, grievance management and monitoring during FLMP implementation are described in Sections 4 and 5 below.

3.1.1 Definition of Fishing Activities and Assets Affected by SD2 Activities

As described in Section 1.5.2 a LBS survey was undertaken in September 2014 to establish the potential for economic displacement associated with small-scale fishing. Subsequently in December 2014 a Data Validation and Asset Inventory Survey (DV&AI) was undertaken. The purpose of the DV&AI survey, completed between 10th and 13th December 2014, was to collect the data to ensure clear and accurate understanding of:

- The fishing activities undertaken by the fishing crews (specifically organisation of fishing activities) and of each household's income derived from fishing; and
- The location and characteristics of fishing assets, specifically those located in the proposed SD2 marine exclusion zone, the pipeline landfall area and SD2 onshore pipeline Right of Way (RoW). This involved obtaining a brief description and photograph of the assets and confirming their ownership and their location when not in use.

The results of the survey provided the necessary information to identify the anticipated losses experienced by fishing households due to the SD2 pipeline installation activities, and included information on the fishermen's income, assets and equipment (including photo records and GPS data). A summary of the DV&AI survey findings are provided below.

The DV&AI survey was completed on 13th December 2014, prior to establishment of the SD2 Marine Exclusion Zone (MEZ) on 19 December 2014. For the purposes of the FLMP, 19 December 2014 represents the cut-off date for eligibility for loss of fishing assets or income. Fishermen who worked in the MEZ, and assets located in the MEZ, prior to this date would be eligible for compensation; fishermen who commenced work and any assets located in the MEZ following this date would not receive compensation. In compliance with international best practice, the cut-off date was publicised prior to establishment of the MEZ.

3.1.2 Fishing Activities and Crews Organisation

The DV&AI survey was undertaken in close consultation with the affected fisherman and, in particular, with the fishing crew leaders who actively participated in the data validation process. A number of meetings were undertaken to provide a better understanding of fishing activities and crews' organisation. Key findings are summarised below.

- By the cut-off date 43 households were found to be involved in small-scale commercial fishing. Later, this number was revised to 42 households due to one fisherman who discontinuing fishing activity to take up alternative employment ;
- In Sangachal Bay commercial fishing is undertaken by fishermen in crews. A total of three fishing crews were identified;
- The crews' fishing activity is licenced and licences are issued for a period of one year by the MENR. Each licence specifies the names of one fishing leader and 4 crew members, the fishing equipment to be used, the number of boats to be used, the fishing area and the license expiry date.
- There are therefore a number of fishermen from the affected households who are not named in the fishing licences and who indirectly derive income from fishing as a result of crews' activities. They offer support to the crew and are considered crew members by the leaders.
- Crews' work organisation and levels of seniority can be ranked in three levels: captain,

vice-captain and crew members (among crew members some are licenced, and some are unlicenced or helpers).

- Assets owned by the crew are considered to be of shared ownership. All members of the crew contribute to buy and/or repair assets depending on their role in the crew and financial capacity. Asset purchases and repairs are managed and coordinated by crew leaders (or captains).
- From consultation and engagement activities it is evident there is a high level of trust between crew leaders and crew members (e.g. some crew members requested that compensation was paid to them via their crew leaders).

3.1.3 SD2 Impacts on Fishing Activities

Based on the information provided by the fishermen and the crew leaders during the DV&AI survey it was possible to define the anticipated losses expected as a result of the SD2 Project, including the assets affected, and to confirm which assets could be removed and relocated and which would need to be repaired or replaced (refer to Tables 3.1 and 3.2).

Table 3-1 Loss Experienced/Support Required by Fishing Households

Project Activity	Potential Loss/Support Required	Number of households impacted
SD2 pipelay activities in the nearshore area	Loss of income	43
Presence of the SD2 Marine Exclusion Zone	Removal, relocation, repair, replacement of fishing assets	3 fishing crews (43 crew members)

Table 3-2 Affected Fishing Assets by Crew

Crew	Removal of Assets	Relocation	Repairs/Replacements
Crew 1	Yes (labour and transport costs)	100 nets	<ul style="list-style-type: none"> • 60 nets
Crew 2	Yes (labour and transport costs)	3 cauldrons 7 fyke nets 200 nets	<ul style="list-style-type: none"> • 2 cauldrons • 2 steel cables • 100 nets • 2 Pool for storing catch in close proximity to the Sand Cave
Crew 3	Yes (labour and transport costs)	2 cauldrons 9 fyke nets 300 nets	<ul style="list-style-type: none"> • 1 cauldron • 2 steel cables • 135 nets
Shared	n/a	n/a	<ul style="list-style-type: none"> • House in close proximity to the Sand Cave • Carriage in close proximity to the Sand Cave

Figure 3-2, Figure 3-3 and Figure 3-4 below show the fishing assets identified within and outside the marine exclusion zone for each fishing crew.

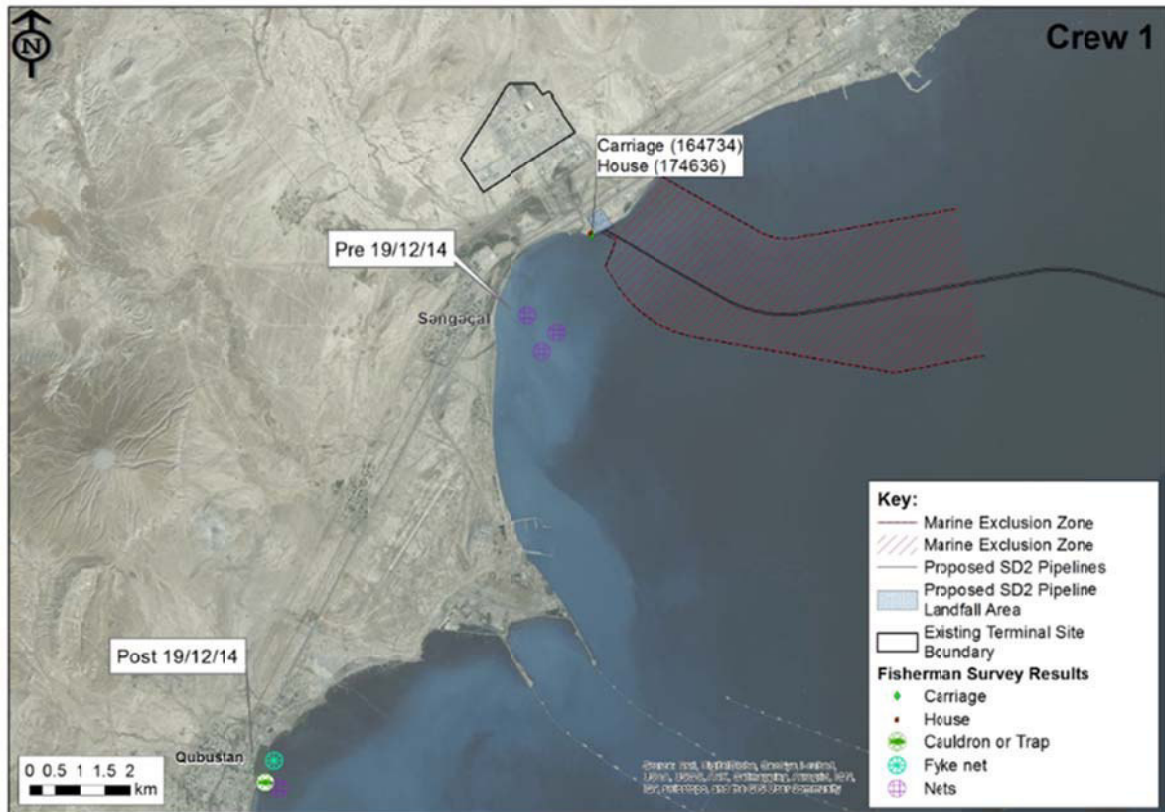


Figure 3-2 Reported Location of Crew 1 Fishing Assets and Activity

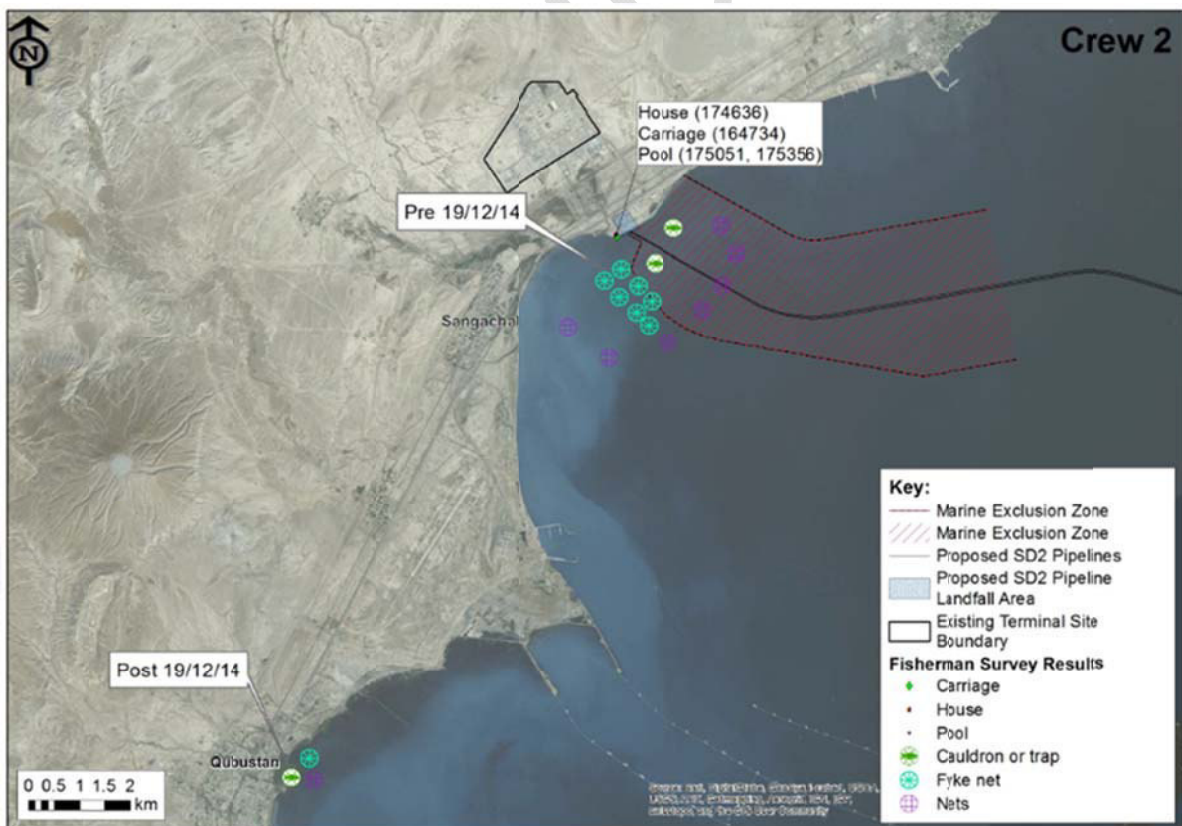


Figure 3-3 Reported Location of Crew 2 Fishing Assets and Activity

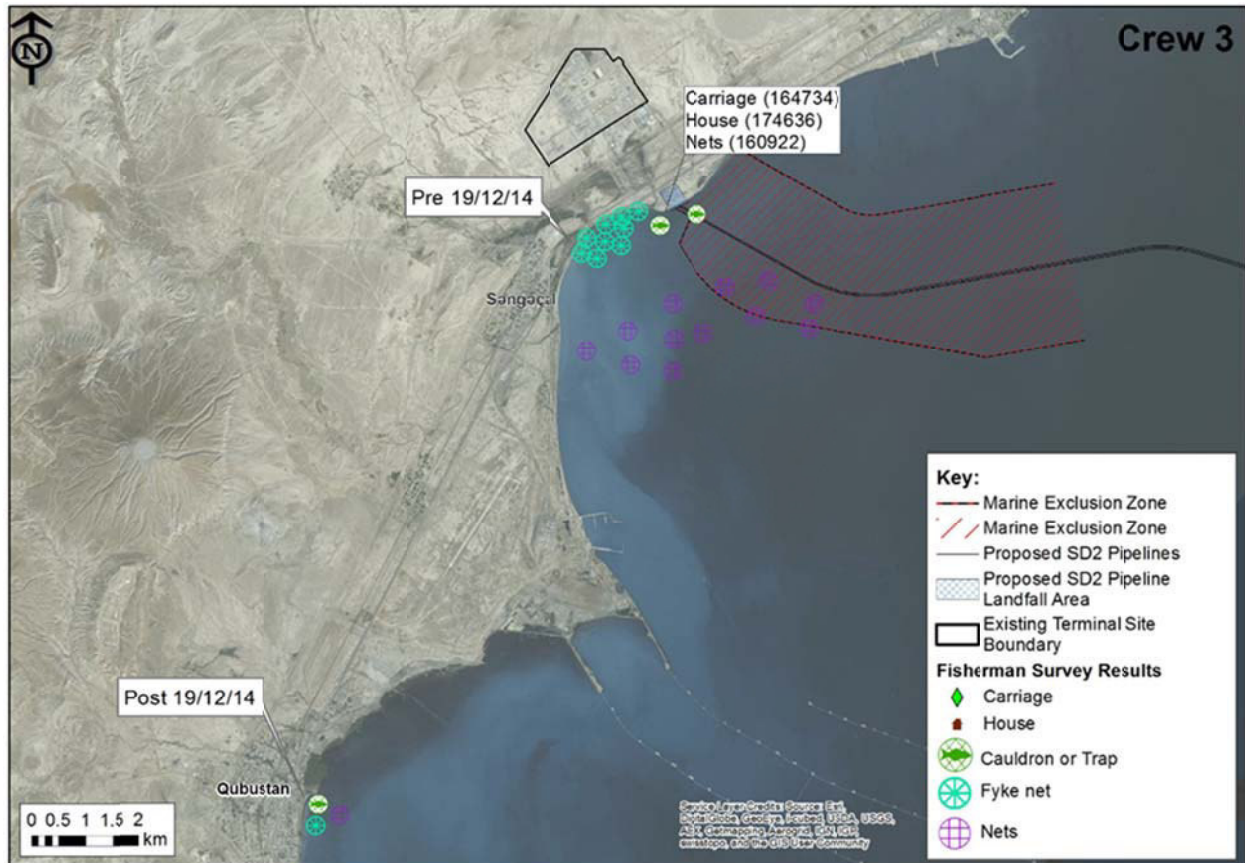


Figure 3-4 Reported Location of Crew 3 Fishing Assets and Activity

Those fishing assets identified during the DV&AI survey as being at risk of damage or loss due to SD2 activities (i.e. that were identified as being located within or adjacent to the proposed marine exclusion zone, pipeline landfall area and SD2 onshore pipeline RoW) were subject to an independent valuation to inform the value of financial compensation due for their replacement or repair (refer to Section 3.3.4 below).

3.2 Eligibility and Entitlements, Compensation Calculation and Distribution

3.2.1 Overview

The sections below set out how eligibility and entitlements for compensation have been determined, how compensation was calculated and how it was distributed. The methods and principles described reflect those agreed with the fishermen and crew leaders following FLMP disclosure meetings completed during March and April 2015. These methods and principles, in addition to the specific information collected during the LBS and DV&AI surveys, have been used to construct the SD2 Entitlements Matrix, which is discussed in Section 3.3.7 below.

3.2.2 Eligibility and Cut-off Dates

All small-scale fishermen who directly or indirectly derive income from fishing activities within Sangachal Bay and whose livelihoods and/or assets are predicted to be affected by the SD2 Project pipeline installation activities are eligible for livelihood assistance under this FLMP (subject to the provisions below). In line with IFC and GRP requirements, this FLMP includes both those fishermen who are licensed to fish in Sangachal Bay and unlicensed fishermen whose livelihoods depend in whole, or in part, on fishing activities. Fishermen who fish for recreational purposes are excluded.

Those fishermen who were identified in the LBS and DV&AI (i.e. those identified by the LBS survey team before 19th December 2014 and included in the FLMP SPSS database) are automatically

eligible. Those identified after this date are to be considered for inclusion on a case-by-case basis by the SD2 Environmental and Social Lead in consultation with the fishing crew leaders and other local stakeholders. Figure 3-5 contains an overview of the process that will be used to address grievances raised by new claimants.

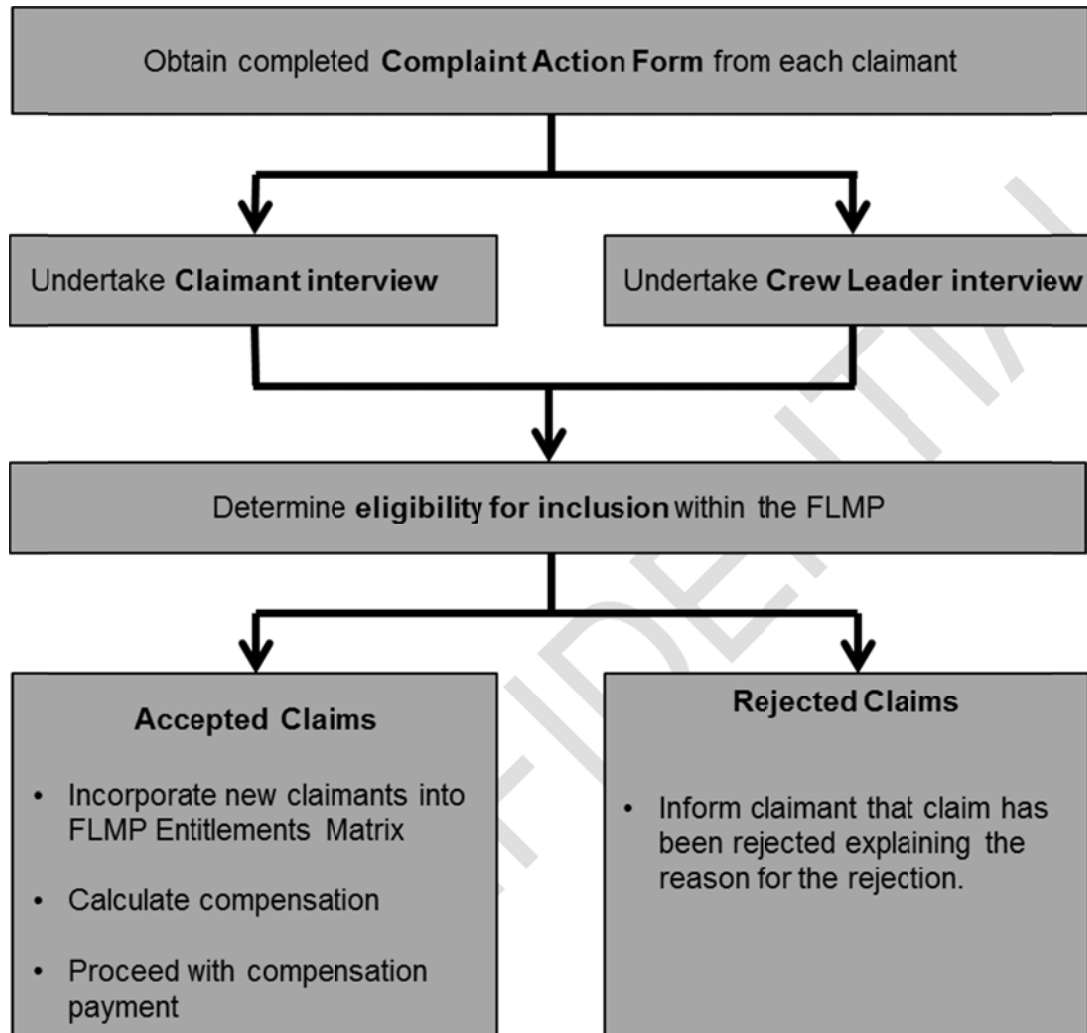


Figure 3-5 Overview of process for addressing new claimants

With regard to fishing assets, those assets identified as being at risk of damage or loss due to the SD2 activities (i.e. identified as being located within or adjacent to the proposed marine exclusion zone, pipeline landfall area and SD2 onshore pipeline RoW) prior to 13th December 2014 are included within the provision of the FLMP. The cut-off date for the removal of these assets was 19th December 2014.

Claims made for loss or damage to assets identified after 13th December 2014 or assets that were identified prior to this date but not removed prior to 19th December 2014 will be considered for inclusion on a case-by-case basis by the SD2 Environmental and Social Lead in consultation with the fishing crew leaders and other local stakeholders.

3.2.3 Entitlements for Livelihood Restoration

Rationale

Entitlement is based on the following principles:

- Requirement to comply with Azerbaijani law, BP policy and international standards;

- Recognition that all affected fishermen – both licensed and unlicensed – are eligible for some form of compensation for any losses incurred; and that vulnerable households may require additional forms of assistance; and
- Financial and non-financial measures will be provided to address economic displacement impacts, and will be established in consultation and agreement with affected fishing households, the host Government and other stakeholders.

Basis for Compensation

Financial compensation will be paid for the following:

- Any fishing equipment or other assets identified at risk of damage or loss which cannot be removed from the marine exclusion zone, pipeline landfall area and the SD2 onshore pipeline RoW prior to the removal cut-off date (refer to Section 3.3.2) and are expected to be lost due to the project activities. The Project will compensate, at full replacement value, the loss of the assets identified;
- Where assets and equipment identified at risk of damage or loss can be removed and relocated prior to the removal cut-off date, the Project will compensate fishermen for their removal and relocation;
- Where assets and equipment are damaged as a result of the removal process, the Project will compensate fishermen for their repair;
- The loss of fishing income due to SD2 pipeline installation activities including the establishment of the marine exclusion zone that will leave a proportion of the Sangachal Bay fishing grounds temporarily out of use. The Project estimates that such loss of income will be partial and due to temporary disturbance to fishing activities including possible temporary reduced fish catch, loss of access to fishing grounds, and additional cost incurred due to increased distances and travel times to access alternative fishing areas.

Compensation standards are summarised in Table 3-3, below.

Table 3-3 Compensation Standards

Nature of loss	Compensation	Conditions of Compensation
Loss of income	Cash compensation for loss of income	<ul style="list-style-type: none"> • Compensation paid for fishermen identified prior to 19th December 2014¹ • Income reported in the LBS and validated through the DV&AI survey has been used as the basis for calculating compensation • Compensation will be paid directly to all fishermen who are named on a fishing license, who can produce a tax identification number • For fishermen not named on licenses, or for those without a tax identification number, payment will be made to their crew leaders, who will be responsible for distributing the payment • Compensation will be paid directly into each fisherman's bank account or into the crew leader's bank account for those fishermen who are not named on the license or who do not have a tax identification number
Loss, removal, repair or relocation of fishing assets	<p>Fishing equipment lost will be compensated at full replacement value</p> <p>Cost of removal and relocation of assets will be compensated based on evidence of removal</p> <p>Fishing equipment damaged during removal and relocation will be compensated based on cost of repair</p>	<ul style="list-style-type: none"> • Assets identified during the DV&AI survey before 13th December 2014 are eligible² • Removal and relocation compensation provided for assets removed prior to removal cut-off date (19th December 2014)² • Asset replacement or repair cost validated by independent expert from the fisheries sector • Compensation will be paid in a lump sum to the fishing crew leaders • Crew members will be informed that this payment has been made
<p>1. Those identified after this date are to be considered for inclusion on a case-by-case basis (see Section 3.3.2)</p> <p>2. Claims made for loss or damage to assets identified after 13th December 2015 or assets that were identified prior to this date but not removed prior to 19th December 2014 will be considered for inclusion on a case-by-case basis (see Section 3..3.2)</p>		

The Project recognises the risks inherent in providing cash compensation for loss or diminution of livelihoods. Therefore, the Project will seek to mitigate any potentially adverse effects of cash compensation by:

- Paying compensation for any loss of income in two instalments, rather than on a lump sum basis; and
- Monitoring fishing households' incomes and living standards on a quarterly basis to enable early identification of any adverse project effects and enable implementation of appropriate corrective actions.

In addition to the above financial measures, and subject to agreement with affected fishermen, the SD2 Project will implement a number of non-financial measures designed to maintain and, where possible, enhance the income and living standards of affected households:

- *Support to Maintain Fishing Licenses:* The project will consult with the national government to seek to ensure that fishermen's licenses are not revoked as a result of any temporary reductions in fish catch during the SD2 pipeline installation activities;
- *Construction Employment:* The Project will encourage the BP construction contractors to provide employment to members of the fishermen's households to provide a further safeguard against any potential reduction in income;
- *Support for Loss of Fishing Employment:* Given the Project's commitment to maintain the livelihoods of fishermen during the pipeline installation period, it is not expected that any members of fishing crews should lose their employment as a result of the Project. However, if the Project identifies, through the household monitoring process, any fishing crew

members who lose their employment, it will consult with the crew leaders to investigate the reason for loss of employment and, where appropriate, seek the restoration of the member's employment; and

- *Support to Vulnerable Households:* The Project will monitor household's incomes and living conditions throughout the construction period to allow early identification of adverse effects and enable the implementation of appropriate corrective measures. The monitoring process will pay particular attention to the condition of vulnerable households and to the maintenance of their livelihoods.

3.2.4 Calculation of Financial Compensation

The basis for the calculation of compensation in relation to potential losses or to effects on assets experienced as a result of SD2 pipeline installation activities is presented in Table 3-4. The approach is consistent with BP GRP recommendations set out under GRP 4.8.6 and GRP 4.8.7.

Table 3-4 Basis for the Calculation of Financial Compensation and Conditions

Nature of Loss/ Support Provided	Compensation Entitlement and Conditions
Cost of Removal and Relocation of Assets	Fishing equipment and assets identified at risk of damage or loss due to the SD2 activities (i.e. that are identified as being located within or adjacent to the proposed marine exclusion zone, pipeline landfall area and SD2 onshore pipeline RoW) prior to 13th December 2014 and which were removed and relocated prior to 19th December 2014. The calculation of compensation for the removal and relocation of assets was based on the DV&AI survey and further consultation in January 2015, with the fishermen, crew leaders and with independent experts from the fisheries sector.
Loss of Assets	Fishing equipment and assets identified at risk of damage or loss due to the SD2 activities (i.e. that are identified as being located within or adjacent to the proposed marine exclusion zone, pipeline landfall area and SD2 onshore pipeline RoW) prior to 13th December 2014 which could not be removed prior to 19th December 2014 and are expected to be lost due the SD2 activities will be compensated at their replacement cost: i.e. a cost which is equivalent to the market value of the asset and the transaction costs incurred in the replacement of the asset as confirmed by independent experts from the fisheries sector.
Cost of Repair to Assets Removed and Relocated	Fishing equipment and assets damaged as a result of removal and relocation prior to 19th December 2014 will be compensated based on cost of repair or, if more economic, cost of replacement. The calculation of compensation for the repair of assets was based on the DV&AI survey and further consultation in January 2015, with the fishermen, crew leaders and with independent experts from the fisheries sector to validate repair/replacement value of assets.
Loss of Income	<p>Fishermen are expected to experience a partial and temporary loss of income due to SD2 pipeline installation activities due to exclusion from fishing grounds within the marine exclusion zone and from an area north of the marine exclusion zone. In addition, the fishermen believe fish catches will decline as a result of construction activities impacting fish behaviour and populations in the area beyond the exclusion zone.</p> <p>The estimated loss of income is based on the reported income within the LBS and DV&AI surveys and on further consultation with fishermen and crew leaders. Income compensation is based on the estimated proportion of reported income loss as agreed with each fisherman on a confidential basis.</p>

For each affected asset the fisherman or crew leader is required to confirm ownership and to either demonstrate the affected asset cannot be removed and will be lost or the affected asset has been removed and relocated. If damaged during removal and relocation the fisherman or crew leader will be required to confirm what damage has been incurred.

3.2.5 Distribution of Compensation Payments

With regard to the distribution of compensation payments the following principles will be adopted:

Compensation for loss of income:

- Income compensation will be paid to fishermen listed on the crews' fishing licenses, and who are in possession of a Tax ID, under compensation agreements between BP and the individual fishermen.
- Where fishermen are not listed on the fishing licenses and/or are not in possession of an Azerbaijani Tax ID but have been recognised as having a legitimate right to compensation in the FLMP, compensation for loss of income will be distributed through the fishermen's respective crew leader under compensation agreements between BP, individual fishermen, and crew leader who is responsible for relevant tax requirements.
- Bank accounts will be opened by BP for those fishermen that will be paid directly by BP using the fisherman's Tax ID and identification ID.
- In all cases, the compensation amount paid will include an amount to cover the tax and social fund payments which each fisherman will be required to pay.
- Income compensation payments will be paid in two instalments:
 - 60% of the compensation was paid promptly following completion of the income compensation agreements.
 - 40% will be paid on 1st July 2015.

Compensation for loss, removal, repair or relocation of assets:

- Compensation for loss or repair will be made at full replacement/repair cost based on evidence provided by the fishermen of asset ownership and independent valuation.
- Compensation for removal and relocation of assets will be made based on evidence provided by the fishermen of asset ownership and independent valuation.
- Payments will be made to the crew leaders following completion of the asset compensation agreements.

The Entitlements Matrix is the tool used to record and track all financial compensation and non-financial support provided to fishing households as well as details of the affected assets. The Matrix will be updated throughout the SD2 construction works as described below.

3.2.6 Entitlements Matrix

The Entitlements Matrix is a 'live' tool and will be used throughout the implementation of the FLMP for the calculation of each fishing household's financial and non-financial compensation package, and to maintain records of payments to households under this FLMP.

The Matrix is a confidential document that includes information on the fishing households including:

- Fishing household's reported income derived from fishing activities;
- Information on fishing assets owned and shared by fishermen;
- The results of the independent valuation of assets at risk of loss or damage;
- Calculations of the value of compensation due to each household¹¹;
- Details of the evidence provided by the fishermen to support the provision of the compensation;
- Records of the compensation payments provided directly or indirectly to fishermen; and
- Records of non-financial support measures offered to and accepted/rejected by the fishermen.

The matrix was initially prepared based on the 43 households identified in the LBS DV&AI Survey. It will be updated to incorporate any additional fishermen and/or assets, who are accepted for compensation on a case-by-case basis, under the provisions of the FLMP.

¹¹ The entitlements matrix also includes records of the initial compensation offers made to the fishermen and the outcome of the consultation held to agree the final values. This information is strictly confidential to each fisherman.

3.2.7 Summary of Financial Entitlements

Table 3-5 provides a summary of financial entitlements considered under the FLMP. This is based on the consultation undertaken with the fishermen and the crew leaders with regard to the principles and methods as set out in Sections 3.3.1 - 3.3.5 above.

Table 3-5 Summary of FLMP Financial Entitlements, Eligibility Criteria, Conditions of Compensation and How Compensation Will be Distributed

Nature of loss	Location where loss occurs	Criteria for Eligibility	Compensation	Conditions of Compensation	Distribution of Compensation
Loss of asset	<ul style="list-style-type: none"> Marine exclusion zone Pipeline landfall area Onshore SD2 pipeline RoW 	<ul style="list-style-type: none"> Fishermen identified in LBS (licensed and unlicensed) Assets identified prior to 13th December 2014 and could not be moved prior to 19th December 2014 Other fishermen/assets identified on a case by case basis 	Full replacement value of asset i.e. market value of the asset and the transaction costs incurred in the replacement of the asset (as confirmed by independent valuation)	<ul style="list-style-type: none"> Fisherman/crew leader to confirm ownership of affected asset Fisherman/crew leader to demonstrate affected asset cannot be removed and will be lost Fisherman/crew leader to demonstrate affected asset has been removed and relocated If asset is damaged during removal and relocation, fisherman/ crew leader to confirm what damage has been incurred. 	<ul style="list-style-type: none"> Payment to be made to crew leader following completion of the asset compensation agreements
Removal and relocation of asset		<ul style="list-style-type: none"> Fishermen identified in LBS (licensed and unlicensed) Assets identified prior to 13th December 2014 and moved prior to 19th December 2014 Other fishermen/assets identified on a case by case basis 	Cost of removal and relocation of asset (as confirmed by independent valuation)		
Repair to assets removed and relocated		<ul style="list-style-type: none"> Fishermen identified in LBS (licensed and unlicensed) Assets identified prior to 13th December 2014 and moved prior to 19th December 2014 Other fishermen/assets identified on a case by case basis 	Cost of repair of asset or, if more economic, full cost of replacement (as confirmed by independent valuation)		
Loss of income	Sangachal Bay	<ul style="list-style-type: none"> Fishermen identified in LBS (licensed and unlicensed) Other fishermen identified on a case by case basis 	<p>Cash compensation for loss of income due to exclusion from fishing grounds in Sangachal Bay and the effects of construction activities on fishing.</p> <p>Compensation calculated as a proportion of fishing-derived income reported in LBS and DV&AI surveys and additional consultation with fishermen and crew leaders</p>	<ul style="list-style-type: none"> Fishermen identified in LBS (licensed and unlicensed) are automatically eligible for compensation 	<ul style="list-style-type: none"> Payments made either directly to the fisherman or to crew leader (depending fishing licence and tax status) Payments will be paid in two instalments: <ul style="list-style-type: none"> 60% promptly following completion of the income compensation agreements 40% paid on 1st July 2015.

4 Consultation and Grievance Management

The SD2 Stakeholder Engagement Plan¹² (SEP) and Public Consultation and Disclosure Plan¹³ (PDCP) provide overarching guidance on the consultation and engagement process and tools for the SD2 Project.

Consultation activities undertaken in relation to the FLMP have been and will be consistent with the SEP and the PDCP, as well as with specific guidance in relation to RAP consultation (including physical and economic displacement) as defined in GRP 4.8.8 and GRP 4.8.11.

The following section provides a summary of the consultation and grievance management activities specific to the FLMP.

4.1 Managing Consultation

4.1.1 Consultation with External Stakeholders

Consultation will be undertaken with the following key stakeholders throughout the implementation of the FLMP:

- MENR; and
- Project-affected fishermen.

All communications with external stakeholders will be authorised by the BP's Communications and External Affairs (C&EA) team, excluding communication with the MENR, which is the responsibility of BP's Regulatory Compliance and Environment (RC&E) team.

4.1.2 Methods

Recognising relatively limited literacy levels among affected households, and lack of familiarity with management planning processes, the FLMP prioritises ongoing face-to-face communications, through community meetings, small groups and one-to-one interviews with affected fishermen and other stakeholders, which allows immediate direct dissemination of project information and receipt of feedback and concerns.

FLMP consultation provides the MENR and fishing households with opportunities to engage in an informed and effective manner with the Project. It ensures that fishermen are aware of construction activities and of procedures designed to ensure their health and safety and to maintain their livelihoods during the construction period. Importantly, the emphasis on face-to-face communications provides vulnerable households with the opportunity to be fully informed.

4.2 Consultation Activities

Communication and consultation with stakeholders has occurred throughout the development of the FLMP to involve stakeholders and to facilitate their informed participation in the decision-making process. This includes internal communications and training sessions undertaken between BP and its contractors to ensure they understand project activities in relation to the management of economic displacement and their roles and responsibilities in relation to the implementation of the FLMP. Communication and consultation activities will continue throughout the implementation of the FLMP.

¹² SD2 SEP, BP-SFZZZZ-EV-PLN-0028-000

¹³ SD2 PDCP, BP-SFZZZZ-EV-PLN-0004-000

Table 4-1 contains the consultation activities that have occurred to inform the development of the FLMP to date. Minutes of these meetings (where available) and materials shared with fishermen are included within the FLMP communications register.

Table 4-1 Activities Undertaken to Inform the FLMP to Date

Date	Activity	Purpose
13 th November 2014	Meeting with fishermen	To report outcomes of LBS and present to fishermen the scope, purpose and operation of the marine exclusion zone. To discuss data validation, asset inventory and SD2 project implementation and schedule and explore potential effects, compensation requirements and opportunities for impact management. To present the process for reporting grievances
14 th November 2014	Meeting with MENR	To discuss the proposed marine exclusion zone and to clarify procedures for distribution of compensation payments to fishermen affected by the SD2 project construction and installation.
20 th November 2014	Meeting between BP, construction contractors and fishing crew leaders	To provide a detailed briefing on the operation of the marine exclusion zone and to discuss management of potential impacts.
9 th - 10 th December 2014	Two meetings and site walkovers with fishing crew leaders	Enable a more detailed discussion about the organisation of the fishing business operations, livelihoods and understand potential impacts. To obtain informal feedback on the content of the income validation and assets inventory survey
10 th – 13 th December	DV & AI survey	Survey of all fishing households to validate information obtained in the LBS and to inform the creation of a fishing asset inventory.
13 th December 2014	Meeting with fishermen	To present fishermen with letter outlining forthcoming activities in SD2 construction; to introduce BP contact points responsible for ongoing engagement and grievance management; and to provide opportunity for fishermen to raise any issues or concerns.
19 th December 2014	Meeting with fishing crew leaders	To complete asset valuation forms for assets that had been removed prior to the cut-off date (19 th December 2014). This data was used to validate information obtained during the Data Validation and Asset Inventory and was used to determine compensation for lost, damaged or destroyed assets.
22 nd January 2015	Meeting with fishing crew leaders	To ask follow up questions and clarifications regarding the location of fishing assets that were removed prior to the cut-off date. This data was used to determine compensation for lost, damaged or destroyed assets.
6 th – 7 th March 2015	FLMP Pre-Disclosure Meetings with Crew Leaders	Meetings with Crew Leaders to bring them up to date with progress on SD2 and discuss the process for conclusion of the assets and income compensation agreements
7 th – 8 th March 2015	FLMP Disclosure Meetings with affected fishing community	Group and one to one meetings with fishermen to disclose terms of the SD2 Project Fisheries Livelihoods Management Plan and discuss and agree on compensation packages
12 th March 2015	Meeting with fishing crew leaders	Meeting with Crew Leaders to collect copies of the fishermen's personal identity cards and tax identification codes which would be required to enable BP to set up bank accounts and pay compensation to the fishermen
17 th April 2015	Distribution of final letters of agreement	Final versions of the letters of agreement distributed to each eligible fisherman for signing.
28 th – 29 th April 2015	Collection of signed letters of agreement	Signed letters of agreement collected from each eligible fisherman
28 th – 29 th April 2015	Distribution of signed letters of agreement	Signed letters of agreement returned to each eligible fisherman
1 st May 2015	Payment of compensation	Payments made to each eligible fisherman.

Table 4-2 presents the proposed planned consultation activities that will be used to communicate the FLMP and to monitor the implementation of the FLMP.

Table 4-2 Ongoing FLMP Consultation Activities

Consultation Activity	Purpose
Ongoing engagement with fishermen and crew leaders	To confirm the compensation payment process once asset and compensation agreements are agreed and signed To provide up-to-date information on construction activities, health and safety and grievances.
Ongoing monitoring of livelihoods	Quarterly surveys, to provide ongoing monitoring of household's incomes and living conditions during the SD2 construction period. 1 st Monitoring Survey – Completed, 1 st June 2015 2 nd Monitoring Survey - Planned , 31 st August 2015 3 rd Monitoring Survey – Planned, 30 th November 2015 4 th Monitoring Survey – Planned, 29 th February 2016

FLMP disclosure activities and ongoing consultation and monitoring are described in further detail below.

4.2.1 FLMP Disclosure

Feedback on the FLMP and compensation approach was received from fishermen throughout the FLMP process. This includes consultation undertaken before, during and after the DV & AI Survey and feedback obtained during FLMP disclosure meetings (comprising a general meeting and one-to one meetings with all individual fishermen) undertaken with fishermen and crew leaders between 7th and 8th March 2015. Fishermen were given the additional opportunity to provide feedback to the BP Community Liaison Officer. All feedback provided has been incorporated within the final compensation agreements provided to the fishermen.

4.2.2 Ongoing Engagement with Fishermen

Following the commencement of the SD2 pipeline installation activities ongoing engagement activities with the affected fishermen will be conducted by the BP CLO to:

- Provide up-to-date information on construction activities;
- Inform fishermen of the location of construction activities; to remind them of the operation of the marine exclusion zone and of the health and safety measures associated with the construction project;
- Ensure efficient operation of the project compensation procedures;
- Address any issues or concerns raised by the fishermen and identify appropriate corrective measures; and
- Where necessary, facilitate fishermen's access to the project grievance procedure.

The BP CLO will report the outcomes of these consultation activities to SD2 Environmental and Social Lead, C&EA. to enable them to address any issues or concerns raised by fishermen and to agree the implementation of corrective measures.

4.2.3 Ongoing Monitoring of Livelihoods

Ongoing monitoring of affected households' income and living conditions will be undertaken on a quarterly basis (refer to Section 5.1). Four quarterly surveys are currently planned. This will allow early identification of any adverse effects and enable the implementation of appropriate corrective measures. The monitoring process will pay particular attention to the condition of vulnerable households and to the maintenance of their livelihoods.

At the time of writing, one household monitoring survey had been completed and the associated survey report was being prepared.

4.3 Managing Grievances

Grievances received during the implementation of the FLMP will be managed by the Azerbaijan,

Georgia and Turkey (AGT) Region C&EA team in accordance with the Project grievance procedure (as detailed within the Appendix D of the SD2 SEP¹⁴).

In addition to the Project grievance procedure, specific measures have been developed for the management of fishing grievances. This procedure and contact details of responsible BP staff has been regularly communicated to the fishermen, including during the LBS. All fishermen wanting to register a grievance in relation to Project activities in Sangachal Bay will be directed to the BP Community Liaison Officer (CLO) appointed to address fishing concerns. All grievances will be recorded in the FLMP grievance register.

If the grievance relates to a claim of fishing-related economic displacement is received, the process for addressing new claims will be used (see Figure 3-5).

5 Monitoring and Reporting

5.1 Livelihoods Monitoring

As described in Section 4.2.3 quarterly livelihood surveys will be undertaken to monitor affected households' incomes and living conditions during the SD2 pipeline installation activities. The surveys will enable early identification of adverse project effects and allow appropriate corrective measures to be put in place. The surveys will be undertaken by Synergetics, under the direction of URS.

The surveys will collect data on:

- Small-scale fishing activities (including locations, catch and value) during the construction period;
- Health status and use of medical facilities;
- Educational attendance; and
- Household perceptions of project operations and communications.

The survey framework will provide a mixture of (i) structured questions, designed to collect specific information on small-scale fishing and other economic activities, income, health and education and (ii) more open-ended questions, designed to encourage respondents to comment on project operations and interface.

The surveys will be completed in accordance with the methodology described within the FLMP Execution Plan, which includes the survey questions and the associated reporting templates.

At the time of writing, one household monitoring survey had been completed and the first household survey report was being prepared.

5.2 FLMP Implementation Monitoring

The BP SD2 Environmental and Social Lead will be responsible for reporting on the effectiveness of the FLMP implementation. The indicators to be monitored and reported are detailed within Table 5-1.

¹⁴ SD2 SEP, BP-SFZZZZ-EV-PLN-0028-000

Table 5-1 Monitoring Indicators

FLMP Indicator	Measure
Stakeholder engagement indicators	<ul style="list-style-type: none"> Public consultation processes and meetings (measured by the number of consultation processes and meetings held) Fishermen's participation in consultation activities (measured by the number of fishermen in attendance and type of comments received)
Input indicators	<ul style="list-style-type: none"> Staff appointed and mobilised to implement the FLMP (e.g. for engagement activities, households and fisheries monitoring) (measured by number of staff) Compensation activities delivered (measured by number) Disbursement of compensation payments (measured by total compensation paid)
Output indicators	<ul style="list-style-type: none"> FLMP grievances by type and resolution (measured by number of grievances received and resolved) Compensation and livelihood restoration measures implemented (measured by number of measures implemented) Fishing household members employed by the SD2 Project (measured by the number employed)

5.3 Reporting

5.3.1 Implementation Reporting

Quarterly monitoring reports will be produced by the SD2 Environmental and Social Lead with support from C&EA and the nominated BP CLO. These will include:

- Number of compensation claims considered and compensation payments made;
- Grievances and how they have been resolved, and the number of Project-affected fishing households;
- Input and output performance indicators; and
- An analysis of the financial status of FLMP implementation, comparing compensation delivered against the budget available to implement the FLMP.

On receipt of the implementation quarterly reports and the livelihood reports (see below), the SD2 Environmental and Social Lead will determine the need for corrective action.

5.3.2 Livelihoods Reporting

The project will provide the SD2 Environmental and Social Lead with quarterly reports on the household monitoring survey outcomes. The quarterly reports will include:

- Statistical analysis of the data collected during the survey; and
A narrative analysis of the data collected; emerging trends and issues; the effectiveness of project communications and compensation processes; and the need for corrective action in project operations and/or the FLMP implementation.

5.3.3 Close Out Report

Following completion of the quarterly livelihood surveys, the project will prepare a FLMP close out report. The report will describe the assets and incomes affected; the compensation paid to eligible fishermen; other, non-financial support provided or in progress; and the resolution of any outstanding grievances over the level of compensation or conduct of the compensation process. The report will draw on the quarterly implementation reporting and the quarterly livelihood surveys in addition to input provided by the C&EA team and the nominated CLO.

6 FLMP Roles, Schedule and Budget

6.1 Roles and Responsibilities

Figure 6-1 shows the organisational structure that will be used to implement the FLMP. The roles and responsibilities relevant to the implementation of the FLMP are provided in Table 6-1.

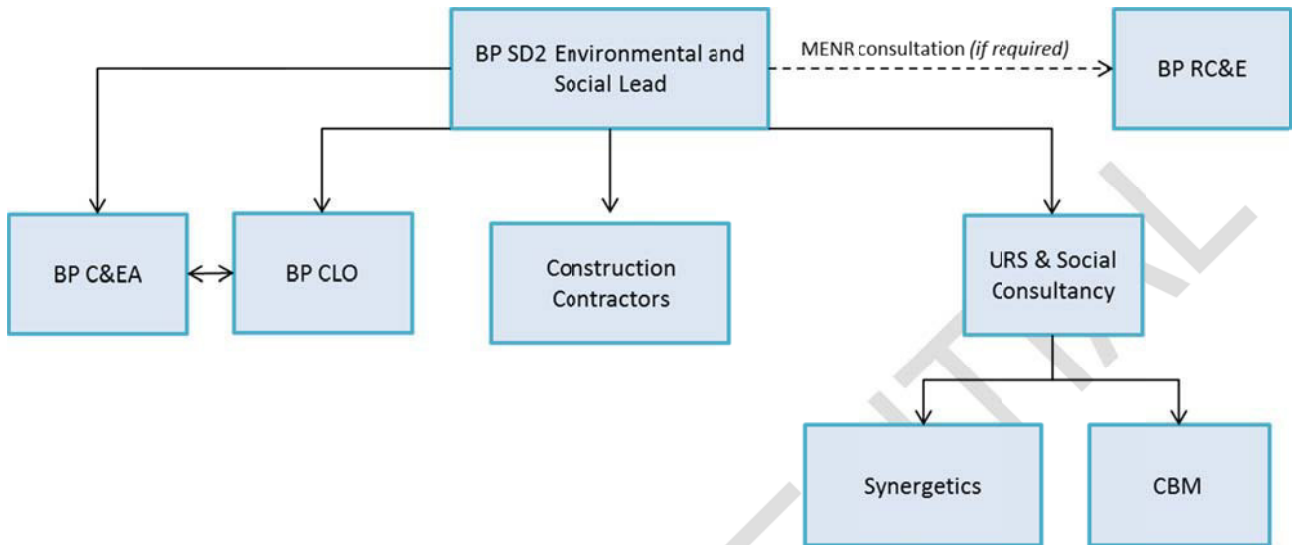


Figure 6-1 FLMP Organogram

Table 6-1 FLMP Roles and Responsibilities

Who	Responsibilities
SD2 Environmental and Social Lead	<ul style="list-style-type: none"> • Ultimate responsibility for FLMP development and implementation • Liaising with construction contractors to confirm current and upcoming construction activities • Communicating any agreed actions arising as a result of fishing related grievances to construction contractors • Making key decisions regarding FLMP impact mitigation and compensation measures and their budget implications • Making key decisions regarding implementation of agreed corrective actions in project operations, communications and FLMP implementation • Oversight of agreed compensation payments and livelihood restoration measures • FLMP disclosure (in liaison with C&EA, URS and the Social Consultancy) • Review of ongoing livelihood monitoring reporting, identify deficiencies and manage the implementation of corrective measures • Preparation of quarterly FLMP implementation monitoring reports
AGT Region Communications and External Affairs (C&EA) team	<ul style="list-style-type: none"> • Input to FLMP development • Support to FLMP implementation • Responsible for consultation with all external stakeholders (including fishermen) excluding the MENR • Nominating a CLO who will be the first point of contact for all fishing-related grievances • Implementing BP grievance procedures (in liaison with nominated CLO) • Management of compensation agreements and payments • Input to quarterly reporting on the status of compensation payments
AGT Region Regulatory Compliance and Environment (RC&E) team	<ul style="list-style-type: none"> • Responsible for consultation with the MENR (where required)
BP Community Liaison Officer	<ul style="list-style-type: none"> • Preparation and delivery of consultation material to support weekly Project updates with fishing crew leaders • Liaising with SD2 Environmental Team Lead to confirm current and upcoming construction activities relevant to the FLMP • Reporting the outcomes of weekly consultation meetings to SD2 Environmental and Social Lead, C&EA and SD2 Environmental Team Lead and any grievances received/actions required • Receive and log of fishing related grievances within FLMP grievance register
BP Construction Contractor	<ul style="list-style-type: none"> • Avoiding and recording any fishing equipment encountered in the marine exclusion zone during marine survey work • Removal of fishing assets encountered in the marine exclusion zone, where possible • Implementing safety and other mitigation measures relevant to the FLMP • Providing regular reports on the implementation of FLMP non-financial restoration measures (if implemented by contractor) • Directing fishing related grievances to the nominated CLO • Implementing actions arising as a result of fishing related grievances as directed by the SD2 Environmental Team Lead
BP Construction Contractor	<ul style="list-style-type: none"> • Removal of fishing assets from within the pipeline landfall area and SD2 onshore pipeline RoW • Providing regular reports on the implementation of FLMP non-financial restoration measures (if implemented by contractor) • Directing fishing related grievances to the nominated CLO • Implementing actions arising as a result of fishing related grievances as directed by the SD2 Environmental Team Lead
URS (Project Manager)	<ul style="list-style-type: none"> • Preparation and update of the FLMP and the FLMP Execution Plan • Organising livelihood survey logistics and materials • Ongoing technical advice and support through the implementation of the FLMP • Support the ongoing management of the Entitlements Matrix • Management of the in country survey team (Synergetics) and translators (CBM) • Quarterly reporting on livelihood survey progress and outcomes to the SD2 Environmental and Social Lead
The Social Consultancy	<ul style="list-style-type: none"> • Input to and peer review of FLMP and FLMP Execution Plan prepared by URS • Ongoing technical advice and support through implementation of the FLMP • Peer review of survey results and reporting
Synergetics (Survey Manager)	<ul style="list-style-type: none"> • Support in the preparation of livelihood survey tools • Recruitment and supervision of staff for undertaking livelihood surveys • Undertake survey training for the livelihood survey staff • Support management of the logistic and materials required to undertake the livelihood surveys • Undertake livelihood surveys and associated reporting for livelihood monitoring surveys
CBM	<ul style="list-style-type: none"> • Translating and printing survey documents as requested by URS for implementing the livelihood surveys

6.2 Schedule

Figure 6-2 shows the schedule of key activities in support of the development and implementation of the FLMP.

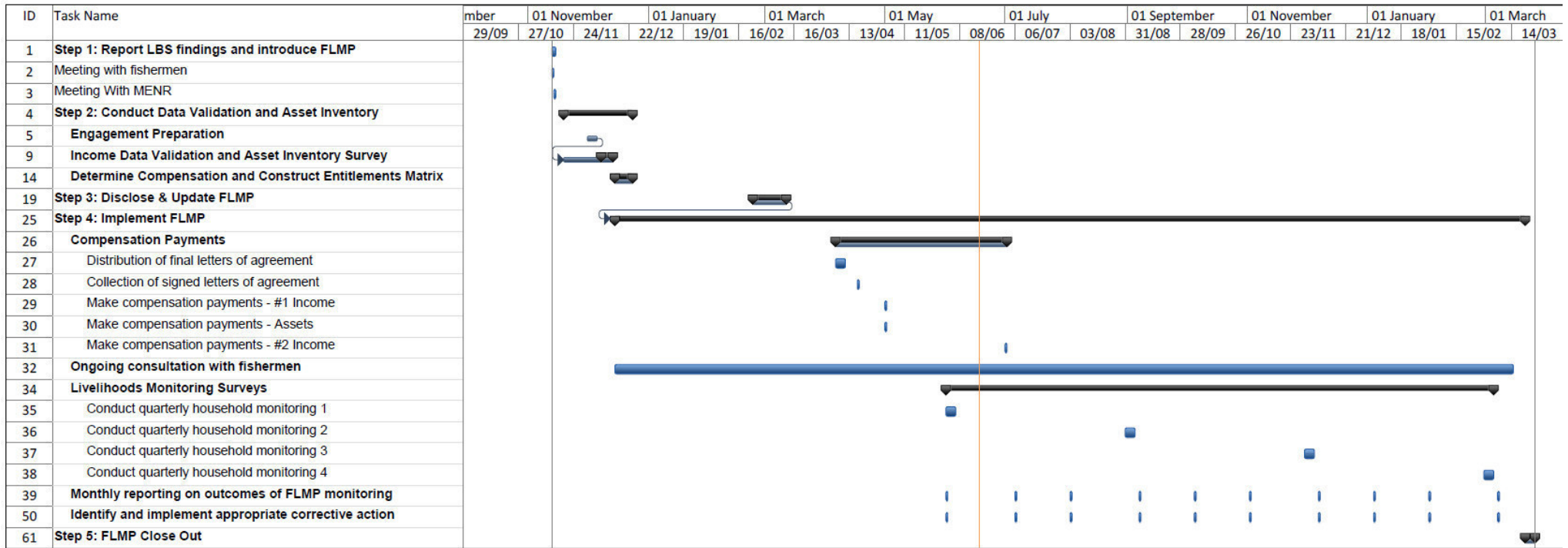


Figure 6-2 FLMP Schedule of Activities

6.3 Budget

The overall budget for compensation of financial measures as set out in Section 3 above and in line with the current SD2 Entitlements Matrix is provided in Table 6-2.

Table 6-2 FLMP Budget Estimates

FLMP Budget Component	Estimated Budget (AZN)
Income compensation	119,204
Asset compensation (removal, repair, relocation and loss of assets)	88,425
TOTAL:	207,269

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