

Esso Highlands Limited



Papua New Guinea LNG Project

**Environmental and Social Management Plan
Appendix 26: Resettlement Policy Framework**

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ACRONYMS

Acronym	Definition
EHL	Esso Highlands Limited
EIS	Environmental Impact Statement
ELC	Environmental Law Centre
EP	Equator Principles
HGCP	Hides Gas Conditioning Plant
IFC	International Financing Corporation
ILG	Incorporated Land Group
LA	Landowner Association
Lancos	Landowner Companies
LLG	Local Level Government
LRS	Livelihood Restoration Strategy
LNG	Liquefied Natural Gas
L&CA	Land & Community Affairs
MEG	mono-ethylene glycol
NGO	Non-Governmental Organization
O&GA	Oil and Gas Act
PDL	Petroleum Development License

Acronym	Definition
PIA	Project Impacted Area
PL	Pipeline Licence
PNG	Papua New Guinea
PPL	Petroleum Prospecting License
PRL	Petroleum Retention License
PS	Performance Standard
RAP	Resettlement Action Plans
RDT	RAP Development Team
RIT	RAP Implementation Team
ROW	Right of Way
RPF	Resettlement Policy Framework
RTC	Resettlement Team Coordinator
SIA	Social Impact Assessment
SELCA	Socio-economic, Land and Community Affairs
SPM	Social Programs Manager
VLO	Village Liaison Officer

1.0 PURPOSE OF THE RESETTLEMENT POLICY FRAMEWORK (RPF)

Esso Highlands Limited (Company) is the operator of PNG LNG Project. The Company will be responsible for the management of programs for displaced people in all Project areas, as well as for ensuring that the requisite land tenures for Project areas are acquired in accordance with PNG law. This is a Company plan administered by EHL.

Access to land required for petroleum development is granted under terms and conditions of the Oil and Gas Act, by the award of a petroleum tenement (Petroleum Retention License (PRL), Petroleum Development License (PDL), Pipeline License (PL), or Petroleum Processing Facility License). Such rights of access are conditional upon providing appropriate compensation to the lawful owners and rightful occupiers of the land. The Minister for Petroleum and Energy may also allow activities in preparation for construction under s.116 (1A).

Land for Project use can be accessed through negotiation (Project's preferred method) or acquired by Government, thus constituting in principle involuntary displacement. The developer cannot purchase any land outright. Land that is accessed will revert to the owner clan after Project activities are completed. The Government may acquire land through outright purchase and may lease the land to Project.

The Project will conform to the requirements of Performance Standard 5 (PS5 Land Acquisition and Involuntary Displacement) of the International Finance Corporation (IFC). Section 4 (Resettlement Legal and Performance Standard Framework) details the regulatory context.

The Project covers an extensive area and involves physical and economic displacement in different locations, occurring at different phases over a period of at least 14 years, with Phase 1 lasting about four years. The Project has established this Resettlement Policy Framework (RPF) as a commitment for all unavoidable displacement. It is a critical element in ensuring that displacement measures for all resettlements work toward the goal of consistently applying the same principles and best practices. The RPF is consistent with PS5 and with the IFC *Handbook for Preparing a Resettlement Action Plan* which specify the types of projects for which a RPF is appropriate as follows:

A project [that] may include subprojects or multiple components that cannot be identified at project appraisal or that may be implemented sequentially over an extended period (PS5 No.11, G23).

Projects with subprojects or multiple components that cannot be identified before project approval ... also appropriate where there are valid reasons for delaying the implementation of resettlement (IFC Handbook p. xi).

This RPF establishes the goals, principles, structures and procedures that will be employed for all physical and economic displacements required for the Project. The Framework includes the following elements:

- Resettlement goal;
- Principles on which compensation, resettlements, and other support measures are based;
- The legal framework for compensation and other support measures, the consistency with PNG law and IFC PS5 requirements, and proposed measures to close any gaps;
- Planning and implementation procedures;
- Framework for the participation of people affected by displacement (directly affected people, affected host communities, relevant local government) in planning, implementation, and monitoring;

- Eligibility criteria for compensation and other support measures;
- Compensation and other support measure entitlements;
- Organizational structure and resources for planning and implementation;
- Grievance redress mechanisms;
- Internal and external monitoring and evaluation processes;
- Indicative schedule; and
- Funding mechanisms for planning, implementing, and monitoring/evaluating resettlement.

Individual Resettlement Action Plans (RAPs) will be prepared for each Project facility and associated facilities that require physical and/or economic displacement. All RAPs will be consistent with the goals, objectives, principles, and processes of this RPF. Individual RAPs will address the specific conditions, characteristics, and needs of the particular people affected by displacement. Detailed plans for each displacement will be completed within an appropriate time prior to actual impact in order to accommodate changes that will occur between now and the time people lose assets and/or are required to relocate.

2.0 RESETTLEMENT GOALS AND PRINCIPLES

All RAPs will seek to achieve a resettlement goal based on principles that conform to best practice as represented by IFC PS5.

2.1 Resettlement Goal

The Project's overall resettlement goal is to design and implement resettlement in a manner that gives physically and economically displaced persons the opportunity to at least restore their livelihoods and standards of living.

Physical displacement involves the loss of shelter and assets resulting from acquisition of land associated with a project that requires the affected persons to move to another location.

Economic displacement involves the loss of income streams or means of livelihood resulting from land acquisition or obstructed access to economic resources (land, water, forest) resulting from the construction or operation of a project or its associated facilities.

2.2 Resettlement Principles

A number of fundamental principles will facilitate achievement of the Project resettlement goal. These principles are:

- Avoid and minimise the need for physical/economic displacement through alternatives analysis and siting, alignment, and other design modifications;
- Conduct consultation processes that achieve free, prior, and informed participation of affected people and communities (including hosts) in decision making related to resettlement and continuing participation during implementation and monitoring/evaluation;
- Compensate people affected by land acquisition for loss of assets at full replacement value;
- Improve the living conditions of physically displaced households
- Design and implement, in a timely manner, culturally sensitive and economically sustainable income restoration measures;
- Provide measures to support physical relocation and re-establishment
- Identify and provide special assistance to people who are especially vulnerable to displacement impacts; and

- Carefully monitor and evaluate to ensure that resettlement measures are meeting the needs of affected people to identify the need for and implement corrective measures.

3.0 PROJECT DESCRIPTION

The Project will commercialise the gas reserves within the Southern Highlands and Western Provinces of PNG. Natural gas will be produced from gas fields at Hides, Angore and Juha and from existing oil fields feeding production facilities at Kutubu, Agogo and Gobe. It will be processed and then transported via pipeline from these provinces through the Gulf Province and the Gulf of Papua to LNG producing and transporting facilities in Central Province.

The Company is the operator of Project. The Project is to be implemented through a joint venture including: the Company, Oil Search Limited, Santos Limited, Nippon Oil Exploration Limited, the Independent State of Papua New Guinea and Mineral Resources Development Limited representing landowners.

Figure 1 shows facilities that will be constructed for the Project identified by phase.

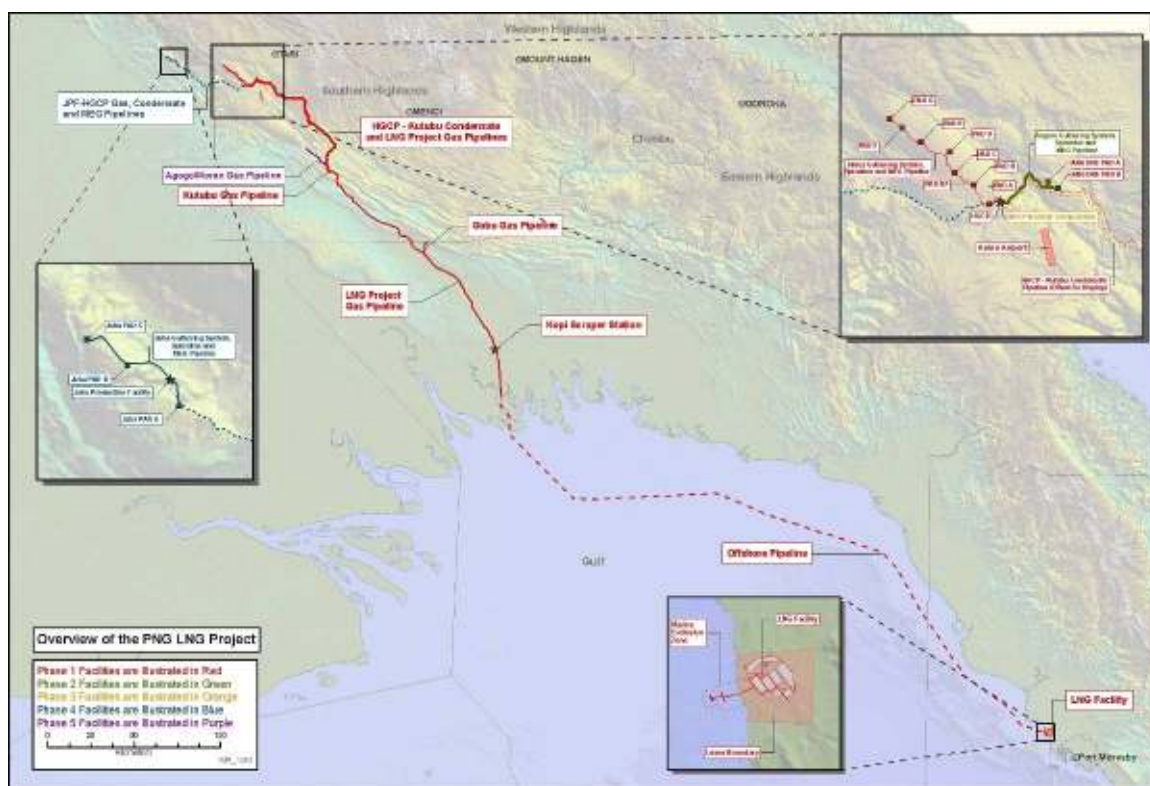


Figure 1: Project Overview Map

The Project will enhance and expand existing production fields and facilities developed in Southern Highlands Province in the 1990s, constructing a portion of the Project adjacent to or within the footprint of the existing oil production and transport facilities and infrastructure from Kutubu to Kopi.

The natural gas that will be used as feed gas for LNG processing will be produced from gas fields at Hides, Angore and Juha (via the Hides Gas Conditioning Plant and the Juha Production Facility) and other gas fields at South East Hedinia and the existing oil fields via the existing facilities at Kutubu, Agogo and Gobe. The natural gas will be conditioned and then transported via an onshore pipeline to the Gulf of Papua and then via an offshore pipeline to the onshore LNG Plant some 20km northwest of Port Moresby at Caution Bay, where it will be liquefied and then exported via LNG carriers to international gas markets. In addition to LNG, the Project will produce condensate at Hides and at the LNG Plant. The former will be transported via pipeline to storage tanks at Kutubu and then exported via the

existing crude oil pipeline to the existing Kumul Marine Terminal; the latter will be stored in tanks at the LNG Plant and then exported via condensate carriers.

3.1 Project Development Phasing and Displacement Impacted Areas

The Project will be developed in five phases. The Project is expected to have an operational life of approximately 30 years, beginning in 2014 when the first LNG cargo shipment is expected.

The affected land represents a small proportion of the total land mass owned by the indigenous ethnic groups. The heaviest displacement impact will occur in the Hides-Komo environs as a result of its greater population density and the extensive Project footprint.

Table 1: Project Development Phasing

Phase	Proposed Facilities	Estimated Timing ¹
Phase 1: Initial Development (Hides, Angore, Kutubu and Gobe)	Hides Gas Field: Wellpads A, B, C, D, E & G	2014
	Hides Gathering System and Spine	
	Hides-HGCP Mono-Ethylene Glycol (MEG) Pipeline	
	Hides Gas Conditioning Plant (HGCP)	
	HGCP-Kutubu Condensate Pipeline	
	Kopi Scraper Station	
	Komo Airstrip	
	LNG Project Gas Pipeline (Onshore/Offshore)	
	LNG Plant & Facilities	
	Gobe Gas Pipeline	
	Kutubu Gas Pipeline	
	Hides Gas Field: Wellpad F and B2	
	Angore Gas Field Wellpads A and B	
	LNG facility	
Angore Gathering System and Spine to HGCP		
Angore-HGCP MEG Pipeline		
Phase 2: Additional Compression at HGCP	HGCP Booster Compression	2019
Phase 3: Juha Field Development	Juha Gas Field Wellpads A, B, and C	2022
	Juha Gathering System and Spine to JPF	
	Juha-JPF MEG Pipeline	
	Juha Production Facility (JPF)	
	JPF-HGCP Gas Pipeline	
	JPF-HGCP Condensate Pipeline	
JPF-HGCP MEG Pipeline		
Phase 4: Agogo/Moran Field Development	Agogo/Moran Gas Pipeline	2024
Phase 5: South East Hedinia	South East Hedinia Wellpads A & B	2033

¹ Indicates an estimated year for commencement of operations.

Table 2: Phase 1 Proposed Project Facilities: Land Required and Estimated Physical and Economic Displacement

Project Facility	Description	Area (Ha)	Estimated Physically Displaced Households (No.)	Estimated Economically Displaced Households (No.)	Total
Komo airstrip		517	29	10	39
Facilities	HGCP	250	56	10	6
	LNG Plant	23	0	0	0
	Other Facilities (TBD)	59			
	Total Facilities	332			
Pipeline	Homa Corridor		5	5	
	Dagia Corridor		5	5	
	Idawi Tagari Corridor		10	3	
	HGCP-Gigira Corridor		TBD	TBD	TBD
	Total pipeline and spine lines based on 1000 m corridor	1254	TBD	TBD	TBD
Well pads	Hides well pads: A, B, C, D, E and G	96	TBD	TBD	
Roads	Heavy Haul Road	522	150	100	250
	Komo Access Road		15	5	20
Quarry	KQ5 & Access Road		20	30	
	HQ 1& 3 Access Road		10	40	50
	Other		TBD	TBD	
	Total Quarries (approximately 30 quarries including buffers)	898	TBD	TBD	TBD
Landfill	Hides		33	10	43
	Gobe		TBD	TBD	
	Total (not including Gobe)	57	TBD	TBD	TBD
Highlands Highway Bridges	Highlands Highway Bridges		40	80	120
HDD	Tagri, Mubi, Wah and Kikori	31	TBD	TBD	TBD
Camps	Based on 20 possible options provided to contractors	230	TBD	TBD	TBD
	Homa Camp		5	5	
	Dagia Camp		5	5	
	Idawi Camp		5	4	
	Tagari Camp		10	3	
Total		3,096	398	315	713

In principle agreements are being negotiated over a significantly larger area than is likely to be required to provide flexibility to construction contractors. For example: road design negotiated on 50m widths, but design based on 15 m width.

3.2 Main Characteristics of Project Area Inhabitants

The characteristics of the Project area's inhabitants that most influence strategic resettlement decision making are defined below. More detailed information on social, cultural, and economic conditions is found in Attachment 1 of this document and in Appendix 26 of the Environmental Impact Statement (EIS).

The majority of displacement will affect the Huli ethnic population in the Hides and Komo area. The Huli utilize a scattered, rather than nucleated, household settlement pattern, and there is a high degree of tolerance for multi-residence with members and segments of any one named clan spread across large distances. Any given piece of land tract is composed of a mosaic of garden plots and forested areas that owners and users, who may or may not be resident and who invariably trace descent to a wide variety of clans, occupy. People commonly have more than one residence and gardens in several clan areas (e.g., on their mother's, father's, wife's, mother's father's, or father's mother's lands) which they may move between for any number of reasons.

The resettlement options will be consistent with these characteristics in the following ways (see Table 5 for full entitlements):

Self-settlement will be offered because it is customary, additionally various kinds of allowances and other assistance measures will be provided;

Relocation sites will be chosen from affected people's other existing or familial residences. The Project will, however, assist any affected person who does not have another site. This approach reflects the customary settlement pattern, and will obviate the need for actual "resettlement sites" and "host" communities in the traditional resettlement sense;

New housing will largely be self-constructed, as is customary for the affected people. The Project options also include a Project-constructed dwelling, and all dwelling construction will be monitored. Additionally, the Project offers assistance to move housing materials; and

Livelihood restoration measures will focus on increasing productivity of affected peoples' existing garden land, as well as facilitate the shift from subsistence dependence to non-land based and cash producing income streams - potentially as an outcome of Project opportunities. Potential income streams may be realised in the form of employment, small business opportunities, and cash from rentals and other revenues.

4.0 RESETTLEMENT LEGAL AND PERFORMANCE STANDARD FRAMEWORK

The RPF and all resettlements will be consistent with the Company's Policy, applicable IFC/Equator Principles (EP) Performance Standards, and applicable PNG laws and regulations.

4.1 Company Policy

The Resettlement Policy Framework and the operational RAPs are consistent with the Company's approach to property rights and resettlement:

"We respect property rights in the nations in which we operate. Before implementing new projects, we engage in free, prior, informed consultation with communities that will likely be affected by our operations. Direct compensation programs and community programs that in some instances provide micro-development programs are incorporated into our projects, as required. In the rare case in which our projects require resettlement of people, we provide fair and just compensation to those affected and we are consistent with the World Bank Operational Policy and Bank Procedure on Involuntary Resettlement."

Source: http://www.ExxonMobil.com/Corporate/community_local_rights_indigenous.aspx

4.2 IFC/EP Performance Standards

The following IFC standards are relevant to the development of a legal framework for the Project and for resettlement planning and implementation:

- Revised Environmental and Social Review Procedure (2007);
- PS 1: Social and Environmental Assessment and Management Systems;
- PS 5: Land Acquisition and Involuntary Resettlement (2006);
- PS 7: Indigenous Peoples;

- IFC Handbook for Preparing a Resettlement Action Plan (2002); and
- PS 8: Cultural Heritage.

PS5 (Land Acquisition and Involuntary Resettlement) is the core Performance Standard applied to Project displacement in conformance with the following guidance (PS5 Guidance G35):

Where individual members of the affected communities of Indigenous Peoples hold legal title, or where relevant national law recognizes customary rights of individuals, the requirements of Performance Standard 5 will apply, rather than those under Performance Standard 7 (Indigenous Peoples).

Additionally, the RPF and individual RAPs will carefully observe the guidance provided in the other relevant PSs, with particular attention paid to PS7 (Indigenous Peoples) in terms of appropriate methodologies and processes.

4.3 PNG Legal Framework

The Project will require access to land for its facilities for the term of the licenses granted under the *PNG Oil & Gas Act 1998* (O&GA). Sections 110 to 120 of the O&GA describe the rights and obligations of the licensees. With respect to compensation for land acquisition, O&GA Section 118 (2) states the following:

Subject to this section, compensation shall be paid for:

- The deprivation of the use and enjoyment of the surface of the land or any part of it or of any rights customarily associated with it, except where there has been a reservation in favour of the State of the right to such use and enjoyment;
- Damage:
 - to the surface of the land or any part of it, or any improvements on it; or
 - to any trees, fish or animals, caused by the carrying on of operations by the licensee.
- Severance of the land from other land of any owner, occupier or person interested in the land;
- Rights of way and easements; and
- Any other damage consequential on the licensee's use or occupation of the land.

The O&GA also stipulates the need for preliminary and full-scale social mapping and landowner identification studies for PDLs, PRLs, PLs, and PPLs.

PNG has enacted various laws in which a type of tenure called "customary land title" gives legal basis to the inalienable tenure of traditional lands to the "indigenous peoples." Customary land notionally covers most of the usable land in the country (about 97% of total land area). Remaining land is held privately by PNG citizens under State Lease or by Government (Lakau 1991:13).

Under the Land Act of 1996, a private entity cannot purchase customary land. It is possible for a private entity to obtain a lease over land either by (a) a "lease/lease back" arrangement with customary owners whereby the land is released to the State which in turn issues a State lease to those customary owners who in turn may sub-lease the land to a private entity; or (b) by receiving a State lease directly from the State where the State has compulsorily acquired that land under the Land Act with compensation paid to the original owners usually in a lump sum.

4.4 Comparison of PNG Law to IFC PS 5

Table 3 shows the requirements of IFC Performance Standard 5 compared to PNG Law and Regulations.

Abbreviations: EA = Environment Act; LA = *Land Act*; LGIA = Land Groups Incorporation Act; LRA = Land Registration Act; NC = National Constitution; O&GA = Oil and Gas Act; OGPGLLG = Organic Law on Provincial Governments and Local-level Governments; ULA = Underlying Law Act.

Table 3: Requirements of IFC Performance Standard 5 Compared to PNG Law and Regulations

Item	IFC PS5 Requirements	PNG Laws and Regulations	Gaps or Conflicts	Proposed Project Strategy
1	Feasible alternative Project designs should be considered to avoid or at least limit physical or economic displacement (R7).	NC National Goal 5(4) calls for 'traditional villages and communities to remain as viable units of Papua New Guinean society'. NC s.53 protects citizens from 'unjust deprivation of property' by limiting the justification for compulsory acquisition by the State. Alternative Project designs should be considered in the process of environmental (including social) impact assessment (EA s.51).	Current guidelines for conduct of EIA/SIA do not make explicit reference to the need for avoidance or limiting of physical or economic displacement.	The EIS (2009) and SIA (2009) outline alternative Project analyses with risk matrices. The RPF document also discusses Project considerations of alternative infrastructure sites for Komo airstrip and HGCP which considered relative resettlement impacts and risks for local communities. Component RAPs will identify specific measures for avoiding and minimizing displacement.
2	When displacement is unavoidable, compensation at full replacement cost and other assistance to help improve or restore standards of living or livelihoods will be offered (R8).	General principles of compensation for damage or destruction of physical and economic assets are set out in NC s.53, LA s.23, O&GA s.118, and EA s.87.	Laws and guidelines do not prescribe measures of 'full replacement cost' or 'standard of living'.	Project will conform to O&GA sections 110-112, and 118 which provide for damage and deprivation compensation. The resettlement assistance package will be described in the operational RAPs and include standard of living and livelihood components. Both the Valuer General Compensation Schedule and Full Replacement Value form the basis for the negotiation process with landowners.
3	Following disclosure of all relevant information, there will be consultation with and informed participation of households affected by Project resettlement and communities in the resettlement decision-making process (R9).	NC National Goal 2(9) calls for 'every citizen to be able to participate, either directly or through a representative, in the consideration of any matter affecting his interests or the interests of his community'. OLPGLLG ss.115-6 requires consultation with landowners in the development of any 'natural resource'. O&GA s.48 requires participation of 'Project area landowners' in a development forum before granting a Project development licence.	PNG law treats resettlement or relocation as 'compensation' issues, which are distinguished from the distribution of 'Project benefits' negotiated in a 'development forum'.	Project intends to provide both regular disclosure of resettlement information and undertake consultation with households affected by Project resettlement to develop and finalise programs. A record log of all these engagements will be kept including the question-answer sessions. The Project is also providing affected people with guidance via the Environmental Law Centre (PNG national organisation).
4	A grievance mechanism will be established to address concerns about compensation and relocation	O&GA s.118 provides for a 'warden' (public servant) to resolve disputes about	PNG law does not require developers to	Project has established a third party grievance process to manage

Item	IFC PS5 Requirements	PNG Laws and Regulations	Gaps or Conflicts	Proposed Project Strategy
	(R10).	implementation of compensation agreements between landowners and developers, with right of appeal by either party to the National Court.	establish their own grievance mechanism for this purpose.	grievances including those relating to the resettlement process. This procedure is described more fully in Section11.
5	Where involuntary resettlement is unavoidable, a census will be carried out to identify persons who will be displaced to determine eligibility for compensation and assistance by a specified cut-off date, and to discourage inflow of additional people (R11).	O&GA s.47 requires the project proponent to conduct social mapping and landowner identification studies in any licence area or buffer zone before granting of a project development licence. LA ss.13-14 requires the State to identify all individual owners of land subject to compulsory acquisition for purposes of compensation.	O&GA does not explain the relationship between a 'landowner identification study' and a census. PNG law does not specify cut-off dates for eligibility of landowners to receive compensation or assistance from developers with whom they have a relocation agreement.	Researchers from the Human Geography Department – at Australian National University Enterprise have been engaged to conduct thematic land types and use mapping, people and asset censuses. This will be conducted for each resettlement affected area. Completion of this census will mark the “cut-off date” after which time any new houses, gardens, or other fixed assets will no longer be eligible for resettlement assistance package options and/or compensation. Prior to the field research, public disclosure and engagement is undertaken to apprise landowners of the cut-off date and information on resettlement.
6	In the case of physical displacement, an operational resettlement action plan or a resettlement action framework will be developed to mitigate negative impacts, identify development opportunities and establish the entitlements of households affected by Project resettlement and communities. Particular attention will be given to the poor and vulnerable (R12).	NC National Goal 2(3) calls for 'every effort to be made to achieve an equitable distribution of incomes and other benefits of development among individuals and throughout the various parts of the country'. Measures to mitigate negative impacts of resettlement should be considered in the process of environmental (including social) impact assessment (EA s.51). Development opportunities for affected persons could be covered by benefit-sharing agreements negotiated through development forum (O&GA s.50).	Current guidelines for undertaking an EIA/SIA do not make explicit reference to impacts of resettlement. PNG law has no other mechanism for regulating design of operational resettlement action plans or frameworks.	The Project's RPF sets our goals, principles, processes and procedures, and organizational structure for displacement/resettlement impacts. It will be the foundation for all individual RAPs. The Resettlement Assistance Package has special provisions to ensure vulnerable groups and persons are given special consideration. The operational RAPs will identify impact risks and mitigation measures, as well as responsible stakeholder agencies.
7	In the case of economic (not physical) displacement, a procedure will be developed to offer households	Principles of compensation enunciated in NC s.53, LA s.23, O&GA s.118, and EA	LA s.12-22 relates primarily to physical, not	The Resettlement Assistance Package will provide options to

Item	IFC PS5 Requirements	PNG Laws and Regulations	Gaps or Conflicts	Proposed Project Strategy
	<p>affected by Project resettlement and community's compensation and other assistance (R13).</p>	<p>s.87 are broad enough to encompass economic, as well as physical, displacement. LA s.12-22 sets out a procedure for the negotiation of compensation agreements in cases where the State exercises its power of compulsory acquisition (IFC Type I transactions).</p>	<p>economic, displacement. PNG law does not establish any distinctive procedures for the negotiation of agreements to compensate people for economic (rather than physical) displacement.</p>	<p>households affected by Project resettlement with respect to the type of compensation to be delivered, the kinds of livelihood restoration to be implemented, and the mix of assistance initiatives to be provided for relocation and re-establishment. The households affected by Project resettlement will have input into these compensation options through consultation. The RPF outlines the Project's approach to both economic and physical displacement. These provisions ensure that all impacted people are consulted and that agreements reflect consultation and engagement.</p>
8	<p>Displaced persons may be persons:</p> <ul style="list-style-type: none"> • who have formal legal rights to the land they occupy • who don't have formal legal rights but have a claim to the land that is recognized under national law; or • who have no recognizable legal right (R14). 	<p>PNG law recognizes a broad distinction between the holders of:</p> <ul style="list-style-type: none"> • Freehold or leasehold titles over land alienated from customary ownership before Independence; • Leasehold titles over land which customary owners have leased to the State on condition of it being leased back to a body they approve of (LA ss.11, 102); • Customary land rights, which are protected by the NC and ULA, but not well documented. <p>Recent (2009) amendments to the LRA enable land groups incorporated under the LGIA (also amended in 2009) to register titles to customary land, which was not possible under previous legislation, and should thus make the 'lease-leaseback' provisions of the LA (ss.11,102) redundant.</p>	<p>Recent amendments to LRA and LGIA will be very hard to implement. Recent amendments to LGIA entail reincorporation of land groups already established under previous legislation, including those established to receive benefits from existing oil projects. This will mean clarification of the physical extent of their land rights, but not clear how this will be done.</p>	<p>All affected people have, in one way or another, customary rights to use the land. The Project will be sensitive to, and mindful of these indigenous categories of landowner, landholder, and land-user. The Project will respect such ethnic identities and status and any associated portfolio of rights and responsibilities in respect to land and compensation. Compensation and assistance will be given to households affected by Project resettlement regardless of any prevailing or prospective status as Clan Agencies, Incorporated Land Group, Landowner Association or Landowner Company. Changes to the LRA or LGIA will not impact this policy.</p>
9	<p>Land acquisition may result in both</p>	<p>Principles of compensation</p>		<p>The project will address</p>

Item	IFC PS5 Requirements	PNG Laws and Regulations	Gaps or Conflicts	Proposed Project Strategy
	physical and economic displacement of people (R15).	enunciated in NC s.53, LA s.23, O&GA s.118, and EA s.87 are broad enough to encompass both forms of displacement.		both physical and economic displacement. Impacts on both categories will be identified, compensated for, and other relevant assistance defined in individual RAPs.
10	If people in the project area must move they will be offered a choice of resettlement options including replacement housing or cash compensation; and provided relocation assistance, with particular attention given to the poor and vulnerable (R16).	[Same provisions as for Item 6 above.] PNG law does not constrain right of people eligible for compensation to receive the whole of their entitlement in cash.	Current (2008) version of the Valuer General's 'Standard Compensation Rates' makes no provision for the value of houses. PNG laws and regulations provide no guidance on location, design or construction of replacement houses or relocation assistance packages. Previous agreements constitute the only precedents.	The RPF outlines the principles and policies to be followed with respect to resettlement affected people. The Resettlement Assistance Package will offer a number of option packages that includes special assistance for vulnerable constituencies.
11	Physically displaced persons who have a legal right or a legally recognizable claim to the land will be offered a choice of replacement property of equal or better value, characteristics and location or cash compensation at full replacement value (R17).			Physically displaced people will be paid both damage and deprivation compensation, as well as a livelihood restoration package that includes measures to improve productivity for subsistence and cash crops from their existing land.
12	Physically displaced persons who have no legal right or claim but occupy the land will be offered a choice of adequate housing with security of tenure. Provided they occupy land within Project area prior to the cut-off date for eligibility, they will be compensated for loss of assets other than land, e.g. dwellings at full replacement cost (R18).	LA s.13-15 grants some entitlement to compensation to any people with 'an interest' in land over which the State exercises its power of compulsory acquisition (IFC Type I transactions).	PNG law says nothing about people who occupy customary land without having customary land rights. It is generally assumed (and seems to be true) that such occupation rarely happens without some kind of agreement between the occupiers and the customary owners.	The Project will be sensitive to, and mindful of indigenous categories of landowner, landholder, and land-user. It will respect such ethnic identities and status and any associated portfolio of rights and responsibilities in respect to land and compensation. Where this has the potential to lead to hardship for non-tenurial residents, the Project will work with them to help manage the potential adverse effects.
13	Good faith negotiations will be entered into with Indigenous People physically displaced from traditional or customary lands. Their informed participation and the successful	[Same provisions as for Item 3 above, assuming that all customary landowners in PNG count as Indigenous People.]	PNG law does not make reference to the doctrine of 'Free, Prior &	All public disclosure and engagement activities will be recorded and an issues register kept of all questions and answers.

Item	IFC PS5 Requirements	PNG Laws and Regulations	Gaps or Conflicts	Proposed Project Strategy
	negotiations will be documented (R19).	O&GA s.118(5) requires any compensation agreement to be signed and lodged with the Department of Petroleum & Energy.	Informed Consent', nor does it require the documentation of agreement-making processes.	The Project is also providing assistance through the Environmental Law Centre (PNG national organisation).
14	<p>If land acquisition for the Project causes loss of income or livelihood, there will be:</p> <ul style="list-style-type: none"> • Compensation for loss of assets or access to assets at full replacement cost; • Compensation for businesses re-establishing commercial activities, loss of income and the cost of transferring plant and equipment; • Replacement property provided of equal or greater value or cash compensation at full replacement cost for persons with a legal right or claim to land; • Compensation for lost assets other than land at full replacement cost for persons without legal claim to land; • Additional targeted assistance and opportunities to improve or restore income earning capacity, production levels and standard of living for those adversely affected; • Transitional support based on a reasonable estimate of the time required to restore income-earning capacity, production levels and standards of living (R20). 	[Same provisions as for Item 7 above.]	[Same gap as Item 2 above.] Current (2008) version of the Valuer-General's 'Standard Compensation Rates' makes no provision for the value of economic assets aside from cash crops and fish ponds. PNG laws and regulations provide no guidance on design of livelihood support packages. Previous agreements constitute the only precedents.	<p>For any option within the Resettlement Assistance Package, signed consent by the receiving household or person is required. O&GA s. 110-112, and 118 provide for damage and deprivation compensation. Both the Valuer General Compensation Schedule and Full Replacement Value form the basis for the negotiation process with landowners.</p> <p>The Resettlement Assistance Package outlines the options for the households affected by Project resettlement. These options include information pertaining to house replacement, loss of income, replacement structures, loss of business income, loss of employment income, deprivation and compensation for damage, agricultural and health care programs (livelihoods), vulnerable assistance, transit and in-kind allowance. In addition, all communities within the Project impact area will benefit from training, employment, and strategic investment plans that form part of the Project National Content Plan. The operational RAPs will further outline all of these elements.</p>
15	<p>Indigenous People economically displaced (but not relocated) from traditional or customary lands will:</p> <ul style="list-style-type: none"> • For any option within the Resettlement Assistance 	[Same provisions as for Items 3, 7 and 13 above.] Land use practices of all affected people should be considered in the process	[Same provisions as Items 7 and 13 above.]	The ANU field-research team will document in detail all resettlement impacted households and people with regard to their

Item	IFC PS5 Requirements	PNG Laws and Regulations	Gaps or Conflicts	Proposed Project Strategy
	<p>Package to be implemented, signed consent by the receiving household or person is required;</p> <ul style="list-style-type: none"> • Have their land use documented; • Be informed of their land rights; • Be offered compensation and due process if they have legal land titles; • Be invited to participate in good faith negotiations with the Project and the successful outcome of negotiations will be documented (R21). 	<p>of environmental (including social) impact assessment (EA s.51). PNG law assumes that customary landowners (unlike Project proponents and government officers) already know their customary rights.</p>		<p>land use, assets, relocation sites, and subsistence behaviour. The Project is also providing assistance via the Environmental Law Centre (PNG national organisation). The Project will conform to O&GA s. 110-112, and 118 which provide for damage and deprivation compensation. The Resettlement Assistance Package outlines the options for the households affected by Project resettlement. These options include information pertaining to house replacement, loss of income, replacement structures, loss of business income, loss of employment income, deprivation and compensation for damage, agricultural and health care programs (likelihoods), vulnerable assistance, transit and in-kind allowance. For any option within the Resettlement Assistance Package to be implemented, signed consent by the receiving household or person is required. In cases where consent can not be reached, legal remedies are provided under PNG <i>Oil & Gas Act</i> to ensure access and compensation to those entitled.</p>

5.0 RESETTLEMENT PROCESS

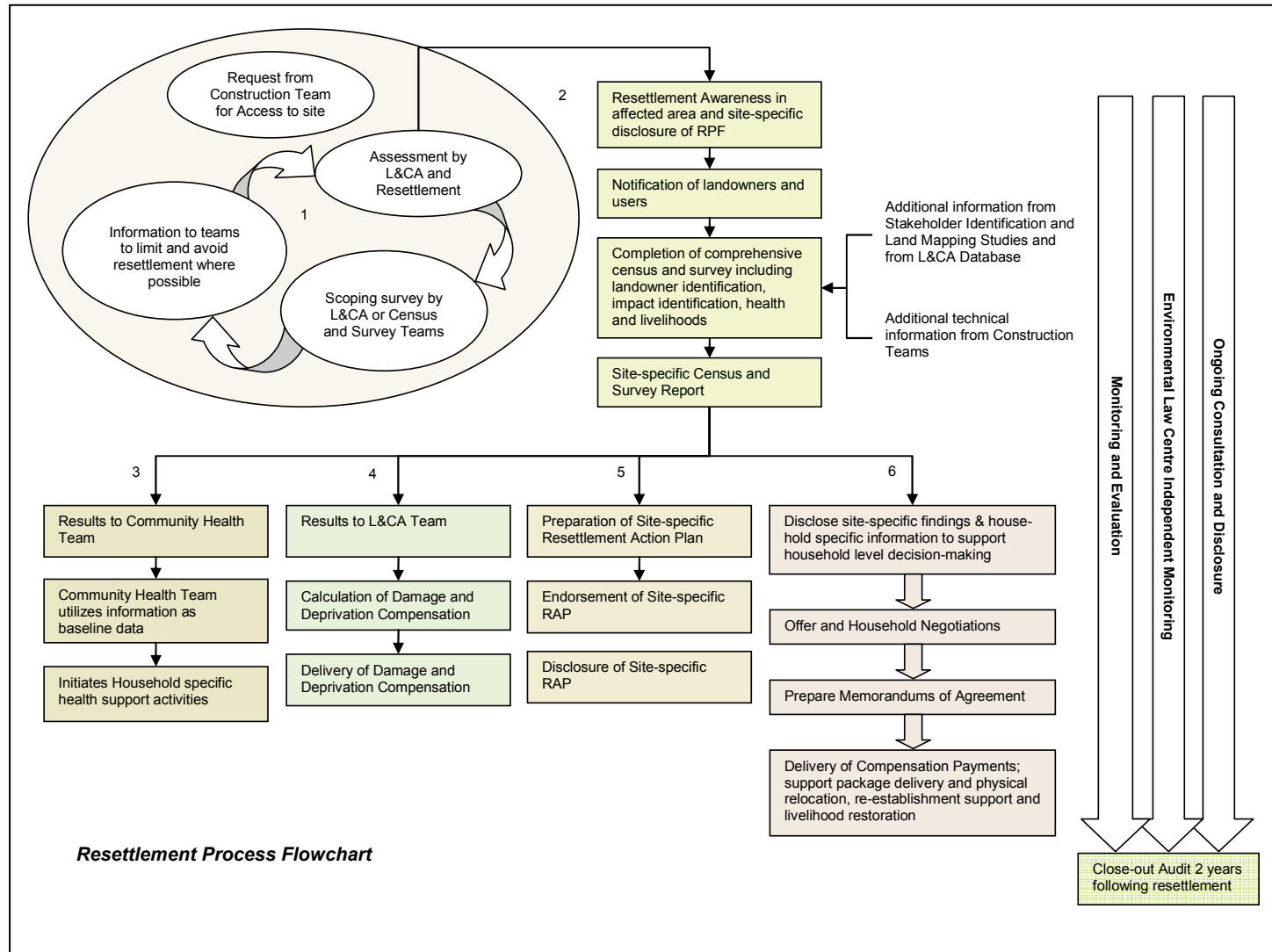
Table 4 shows the planning and implementation steps, Project will employ for all resettlement.

Table 4: Resettlement Planning and Implementation Steps

Resettlement Step	Main Tasks
Scoping	<p>General identification of affected land, people and structures. Information to present to construction and social teams to assess identification of alternatives, impact avoidance and minimization. Understanding of legal and other requirements for compensation and other displacement assistance measures.</p>

Resettlement Step	Main Tasks
Socio-economic census and surveys including landowner identification, clan boundaries (where necessary), impact identification, health and livelihood assessments of affected people	<p>Collection and analysis of socio-economic baseline data of people losing land and/or other assets including information from Stakeholder Identification and Land Mapping Studies and Land and Community Affairs Databases.</p> <p>Awareness creation, notification of landowners and users.</p> <p>Information dissemination and consultation for assessment and census.</p> <p>Assets census.</p> <p>Identification of the significance of impacts.</p> <p>Preliminary identification of affected people who are particularly vulnerable to resettlement impacts.</p> <p>Baseline database development including health.</p>
Consultation for resettlement	<p>Disclosure of information and consultation prior to and throughout resettlement planning, implementation, and monitoring/evaluation phases.</p> <p>Consultation carried out in such a way as to promote free, prior, and informed participation of affected people in resettlement decision making.</p>
Calculation and delivery of Damage and Deprivation Compensation	<p>Collection of information from Site-specific Census and Survey Report.</p> <p>Valuation of land, crops, buildings, and other economic assets to be affected by land acquisition, including any communal property, social and physical infrastructure, and cultural heritage items.</p> <p>Development of compensation measures and means of delivery.</p>
Resettlement planning and preparation	<p>Define relocation, re-establishment (housing, transitional allowances, etc.), and livelihood restoration options.</p> <p>Define eligibility criteria for compensation and other assistance measures.</p> <p>Development of Resettlement Agreements defining and agreeing on assistance packages.</p> <p>Identification and preparation of any resettlement sites.</p> <p>Development and disclosure/consultation of grievance mechanism.</p> <p>Development of monitoring and evaluation strategy, methods, and indicators, including both internal monitoring and external evaluation and completion audit.</p> <p>Finalize organizational arrangements within Project Resettlement Implementation team and with external Project and non-Project entities who will be involved in a particular compensation and resettlement process.</p> <p>Develop comprehensive budget.</p> <p>Prepare compensation and resettlement schedule.</p>
RAP implementation	<p>Delivery of compensation payments.</p> <p>Implementation of physical relocation measures .</p> <p>Providing resettlement re-establishment assistance.</p> <p>Providing on-going information sharing with affected people and opportunities for participation/consultation throughout implementation of RAP measures.</p> <p>Implement livelihood restoration measures.</p>
Internal monitoring	<p>Conduct on-going input progress monitoring.</p> <p>Conduct monthly output monitoring.</p> <p>Report and respond to need for any course corrections.</p>
External Evaluation (Monitoring and Evaluation) & Completion Audit	<p>Organize external evaluation, with particular emphasis on standard of living and livelihood restoration (bi-annually).</p> <p>Organize completion audit at reasonable time for RAP measures, particularly livelihood measures, to be completed.</p>

5.1 Resettlement Process Flowchart



5.2 Socio-Economic Study of Affected Households

The existing socio-economic baseline data for the Project covers all the locales and households affected by Phase 1 resettlement. A number of useful socio-economic baseline studies and several economic impact studies are also available for areas within Project Impact Area (see Appendix 26, Part I, Volume 8, PNG LNG EIS). A total of 33 completed social mapping and landowner identification studies have been undertaken within and around Project licence areas between 1989 and 2009, all of which are still relevant. Thirteen of the 33 were commissioned specifically for PNG Gas and the LNG Project, of which nine reports were specifically commissioned for Project area between Hides and Omati. These nine reports contain detailed ethnographies of the people and cultures within the license areas of the LNG Project.

Three independent social surveys will be conducted as part of the resettlement planning process. These data will contribute to assessment of the significance of impacts on individual households. Impacts, in this sense, include actual loss of assets, as well as impacts of relocation. The data will also assist in identifying any persons who are especially vulnerable to loss of assets or relocation, and therefore may require some special or additional support measures.

The surveys will include:

- Land and house assets surveys, providing a database of where people currently live and to where they will relocate;
- Household inventories of lost and affected assets;
- Family and household socio-economic (census) survey of each resettlement household to support resettlement planning and as a baseline for monitoring and evaluation. The surveys will assist the Project to gain understanding of each household’s livelihood activities and resource base, the extent to which these might be affected by the Project, and the possible options for housing and livelihood restoration;
- A health and malaria survey of individuals as a baseline for ongoing health care monitoring both; and
- A cultural heritage survey.

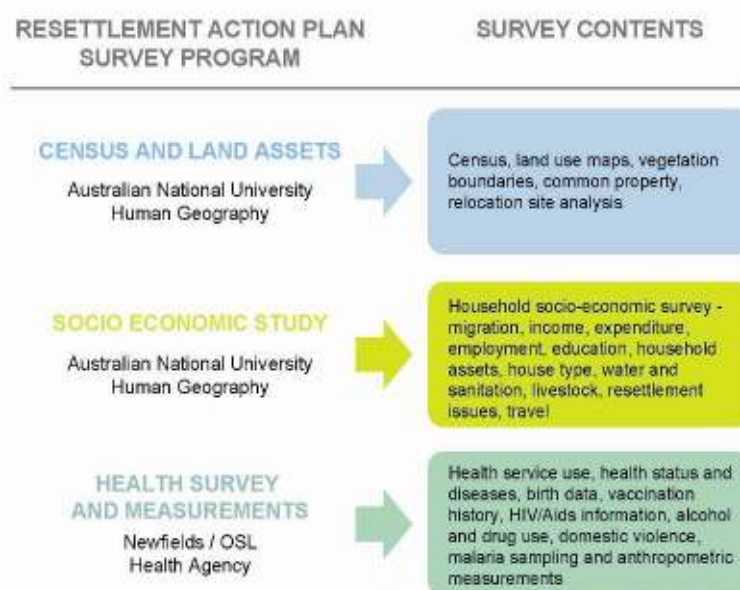


Figure 2: Resettlement Survey Types

6.0 COMPENSATION AND OTHER ENTITLEMENTS

Each RAP will contain an entitlement matrix showing the following:

Categories of affected people;

- Nature of losses for each category of affected people;
- Eligibility for compensation and assistance measures; and
- Compensation and other assistance to which each category of affected people is entitled.

6.1 Eligibility

The Project intends to compensate and/or assist people who will be affected by resettlement in a manner that provides them the opportunity to at least restore their livelihoods and standards of living.

A Resettlement Assistance Package will be offered to eligible households and the Project will consult with all resettlement impacted communities, households, and individuals to identify eligible households/people and develop appropriate compensation and assistance measures.

Eligible communities, households, and individuals include all physically and/or economically displaced persons (See Table 5 below for specific entitlements in each category).

The Project's affected area includes a relatively large number of absentee landlords, especially in the Komo area where conflict has forced many to flee. Eligibility criteria for absentee landlords are:

- Households or individuals living outside the affected area who own an existing house or structure within the affected area not utilised at the cut-off date; and
- Households or individuals living outside the affected area who own a garden within the affected area not utilised at the cut-off date.

The entitlements options offered to affected people will be based on consultation, analysis of socio-economic survey results and the Project experts' experience. Inhabitants of the Project area share many common characteristics, but each RAPs assistance package options will be tailored to the specific characteristics of the affected people and their current and future locale. Additionally, livelihood development and other options will be integrated to the greatest extent possible with the community wide development initiatives under the Community Development Support Strategy.

Some categories of assistance will be common to all packages, based on the results of previous consultation and surveys results. These are defined in the following section. The Project negotiates final agreements with each affected household/person. Attachment 2 contains the final agreement format and visual materials used to consult on options offered.

6.2 Compensation Prescribed by Legislation

Any directly affected people and/or communities are protected by legislated provisions contained within the O&GA, which ensures adequate and fair compensation for accessed or acquired land. These provisions are overseen and monitored by the PNG Department of Petroleum and Energy and the Department of Lands and Physical Planning who receive copies of the lease or compensation paperwork.

The legislation provides for specific categories of households and communities to be eligible for statutory damage and deprivation compensation and considers customary classification of landowners, landholders and land users in respect to their tenorial status and portfolio of land rights and responsibilities and include:

- Deprivation Rates (Annual Rental): Annual payment for land deprivation payable to a household; and
- Compensation for Damage: One-time payment for damages in accordance with Valuer General Rates as updated and agreed with communities. This includes payment for loss of dwelling at a rate lower than full-replacement value.

6.3 Additional Compensation and Support

The following describes the Resettlement Compensation the Company will provide the household, based upon selections by the household.

Housing:

- Bank Managed Fund Option (Interest Bearing Deposit); or
- Self-built bush house and 50% of Bank Managed Fund Option; or
- Self-built semi-permanent or permanent (as appropriate at full replacement cost) materials for a house with tin roof and gutters provided; or
- Self-built semi-permanent or permanent (as appropriate at full replacement cost) materials for a house with tin roofs and gutters provided. In addition, provision will be made to advise and support households regarding the selection of materials, design and construction methods.

Transit Allowance:

- Household will be provided with a transit allowance to assist with the logistics of relocation.

In-kind Allowance:

- Household will be given an in-kind allowance to replace household items as part of the Resettlement Assistance Package; or
- The in-kind allowance up to a maximum of K 20,000 to replace household items as part of the Resettlement Assistance Package of which the household can elect to use part of the allowance and have the balance of deposited into a Bank Managed Fund - Interest Bearing Deposit (IBD).

Livelihood Restoration:

- The Project will provide the household with targeted sustainable agricultural program assistance.
- The Project will provide support for cash-based market opportunities.
- Affected people will be given preference in Community Development income related programs.

Rations/ Inconvenience for Interim Resettlement Period:

- The Project will provide weekly rations to a representative of each family at a designated point from the time garden access is lost for a maximum period of six (6) months, or until gardens are re-established, whichever is the sooner.

Health Care Program:

- The Project will provide mosquito nets for every occupant and monitor household health care.

The following describes the Resettlement Compensation the Company will provide individuals, households or businesses based on eligibility:

- Monetary Support for New Construction: Determined based on type of structure to be built.

- Loss of Business Income: Payment for proven loss of reasonable profits due to physical displacement (relocation).
- Loss of Employment Income: Payment for proven loss of wages due to physical displacement (relocation).

Table 5 shows the individuals or groups eligible for compensation by the Project.

Table 5: Eligibility and Entitlements

Eligibility Category	Damage or Loss	Reference	Compensation / Assistance / Support
Clans or other groups (e.g., ILGs) with rightful recognised claims to forest, swamp, sago groves or other communal property.	Loss of land as a result of acquisition by the State.	O&GA s.118(2)(a)	Cash, once-off payment by the State; State's expenses to be reimbursed by the Project.
	Loss of use of land as a result of renting by the Project.	O&GA s.118(2)(a)	Compensation paid at agreed intervals directly and publicly to landowner.
	Damage to land surface.	O&GA s.118(2)(b)(i)	Cash, once-off paid by state (in case of acquisition) or project compensation.
	Damage to any naturally seeded trees of economic value.	O&GA s.118 (2)(b)(ii)	Cash as and when damage occurs, paid publicly by the Project to owner.
Community holding traditional rights of fishing (riverine or marine or estuarine).	Damage to fish.	O&GA s.118(2)(b)(ii)	Cash, as and when damage occurs to community in public by the Project.
Village whose water supply is damaged.	Water damage.	O&GA s.118 (2)	Cash paid by project as and when damage occurs; where damage is continuous, a permanent alternative supply may need to be provided.
Recognized landowner for garden land.	Loss of land as a result of acquisition by the state.	O&GA s.118(2)(a)	Cash, once-off payment by the state; state's expenses to be reimbursed by project.
	Loss of use of land as a result of renting by the project.	O&GA s.118(2)(a)	Compensation paid at agreed intervals directly and publicly to landowner.
Recognized owner of construction such as a house.	Loss of man-made constructions such as houses and fences.	O&GA s.118 (2) e	Compensation for replacement of house, fences etc.
Recognized landowner for garden land.	Damage to land surface.	O&GA s.118(2)(b)(i)	Cash, once-off paid by state (in case of acquisition) or project compensation.
Recognized owner.	Damage to any trees of economic value.	O&GA s.118 (2)(b)(ii)	Cash as and when damage occurs, paid publicly by the Project to the owner.
Recognized owner.	Injury to domestic animals.	O&GA s.118(2)(b)(ii)	Cash, as and when damage occurs, to owner by the Project.
Recognized owners of improvements whether landowners or not.	Damage to improvements.	O&GA s.118 (3)	Cash, once-off, by project to owner of improvement.
Persons recognized as landowners of land to which access is reduced.	Reduced access to land.	O&GA s.118 (2)c	Compensation paid by project at agreed intervals until reduction in access ceases.
Persons recognized as landowners along easement.	Easements.	O&GA s.118 (2)(d)	Compensation paid at agreed intervals by project in public to owner.
Households whose water supply is damaged / or affected (Specific importance of water for sago processing).	Water damage.	O&GA s.118 (2)	Cash paid by the Project as and when damage occurs; where damage is continuous, a permanent alternative supply may need to be provided.
Householders with house on land (including absentee	Loss of dwelling and associated assets	PS5	Options for: <ul style="list-style-type: none"> • Bank managed fund of K10,000 (no

Eligibility Category	Damage or Loss	Reference	Compensation / Assistance / Support
householders).	including agricultural assets where applicable.		<p>replacement house required); or K5,000 with self-build replacement house; or no bank fund but improved house structure assisted by The Project.</p> <ul style="list-style-type: none"> • In-kind assistance goods to maximum value of K20,000. • Transit assistance up to K1,000. • Transition rations for up to 6 months. • Livelihood restoration measures directed at establishing and maintaining subsistence patterns – seeds, two garden cycle assistance and training. • Access without financial penalty to old house materials. • Replacement garden tools. • Health care program, malaria nets, and medical monitoring of relocatees health. • Provision of Compensation Advisor to assist and advise on investment and business options.
Households with no houses but gardens inside (including absentee landowners) The Project Area.	Loss of gardens and associated assets where applicable.	PS5	<ul style="list-style-type: none"> • Livelihood restoration measures directed at establishing and maintaining subsistence patterns – seeds, two garden cycle assistance; training. • Replacement garden tools. • Health care program, malaria nets, and medical monitoring of relocatees health. • Provision of Compensation Advisor to assist and advise on investment and business options.
Vulnerable individuals and groups including aged, young, infirmed and disabled.	N/A	PS5	<ul style="list-style-type: none"> • Assisted transit. • Provision of enhanced house facilities on request and after consultation.
Internally Displaced Persons.		PS5	<ul style="list-style-type: none"> • Negotiated special assistance TBA
Individuals, households, businesses.	Loss of income resulting from loss of employment and/or business.		<ul style="list-style-type: none"> • Loss of business income compensation. • Loss of employment income compensation. • Training programs and employment related to local content development.
Community Based Organisation and/or Community (where applicable).	Relocation of community structures e.g. churches, schools, etc.	PS5	<ul style="list-style-type: none"> • Full replacement and construction by the Project. • Full replacement compensation and constructed by community.

6.4 Compensation Payment Process

The resettlement information surveyors complete an improvement data assessment and the compiled information is put into the Field Data Assessments form. The data from these forms are transferred into the payment forms and are forwarded to EHL for approval and a cash requisition is made. The payments are transferred though the Company's Cash Movement and Storage Procedures. Compensation payment will be made to the owners by L&CA representatives with Resettlement Team accompanying them.

6.5 Compensation and Assistance Advocacy

Resettlement processes are complex, particularly as they relate to valuation and compensation and assistance packages. Low literacy levels and the increased availability of funds from compensation and other Project related sources (e.g., annual rental for

deprivation of use, royalty and equity incomes once the gas is produced) signal the need for independent advocacy and guidance for affected people.

The Project will implement two initiatives (Local Advocate and Compensation Advisor) to assist the resettlement affected constituencies participate in the process on an informed basis. The Environmental Law Centre Ltd (ELC) has been selected to fulfil the role of the local advocate. ELC is non-profit public interest environmental law organization whose core mission is to ensure protection of the environment and sustainable management of natural resources in Papua New Guinea. ELC will act as an independent advisor to Project affected households with respect to their rights, responsibilities, and options concerning resettlement in the context of both national PNG legislation and Project plans and provisions.

The Project will provide the services of a compensation advisor, who will advise affected people on money management matters, for example:

- Financial forward planning;
- Investment options;
- Expansion or ‘start-up’ business ventures; and
- Training and employment opportunities.

7.0 LIVELIHOOD RESTORATION STRATEGY (LRS)

The Project recognizes that sustainable livelihood restoration and/or improvement is the most challenging element in the displacement process, particularly as most of the affected people currently have land based livelihoods and are dependent on subsistence agricultural production.

LRS measures may vary to some extent across communities, but the strategy itself aims at supporting self-sustaining income streams. Given the existing subsistence dependence of the people affected by the Project, measures will focus on both increasing the productivity of affected people’s existing garden land and on shifting people from subsistence dependence to cash producing income streams.

A number of assessments to support livelihood restoration inputs are in progress or will be undertaken. These include, but are not limited to, the following:

- Agricultural systems (subsistence food production, cash crop production, animal production) as the basis for increased productivity support;
- Identification and assessment of the applicability of known and available technologies to improve production of cash crops, animals, subsistence crops; and improved marketing;
- Market assessment for agri-business opportunities; and
- Skills assessment and gap analyses for employment opportunities.

Table 6 below shows the overall strategy for Income Restoration with some indicative measures. Specific measures will consider the particular conditions of the people affected by the individual RAPs.

Table 6: Income Restoration Strategy

Category	Recipients	Measure	Implementation
Land/Resource Based			
Agriculture	Subsistence farmers.	Increase agricultural productivity through introduction of new crops and varieties, training in improved agricultural practices and the assistance in land clearing for	Human Geography Department of the ANU in partnership with the National Agricultural

Category	Recipients	Measure	Implementation
		<p>gardens. Specific measures may include:</p> <ul style="list-style-type: none"> • Distribution of low disease sweet potato and “Irish” potato; • Production of semi-intensive chickens (broilers) for subsistence and sale; and • Parasite control program for pig production. 	Research Institute of Papua New Guinea.
Agribusiness	Farmers.	<p>Improve fresh food marketing techniques.</p> <p>Increase production of market crops, such as Arabica coffee, selected spices, and fresh food for catering companies providing food for workers associated with LNG and oil production.</p> <p>Provide citrus planting materials (mandarin and oranges) and cultivation technique training.</p> <p>Provide exotic fruit seedlings to low altitude locations (50-500 m altitude), including mangosteen, durian and rambutan).</p> <p>Production of out-of-season pineapple fruit using available technology to induce flowering.</p>	PNG Fresh Food Development Corporation.
Fishing & coastal marine	Short (Omati River) & long term (LNG Plant site) loss of access for fishers and foragers in mangrove areas.	<p>The Project will consult with affected people and seek advice from international experts to identify the most sustainable and suitable measures.</p> <p>A Terms of Reference has been prepared for a baseline data survey of fishers, areas fished, landing sites, fishing methods, fish catch, fishing equipment used and condition, and fishing craft in the fishing villages around the PNG facility (Porebada, Boera, Papa, and Lea Lea). The survey will account for seasonal changes by visiting each location once during each season and 2 visits during “changeover” periods.</p>	Experts to be identified.
Non-Land Based			
Employment	A determined on case by case basis.	Skills training and employment.	Preferential participation in the National Content Plan.

8.0 RESETTLEMENT CONSULTATION STRATEGY

This section defines the framework for the stakeholder consultation and disclosure of information for people displaced by land for the Project (Attachment 2 contains a more detailed description of consultation and disclosure processes).

The laws of PNG require consultation with people affected by projects. National Goal 2(9) of PNG Constitution calls for every citizen to be able to participate, either directly or through a representative, in the consideration of any matter affecting an individual's interests or the interests of his or her community. Supporting this goal, Company's policy and IFC PS5 require "free, prior, informed consultation with communities that will be affected by The project".

This process includes identification of stakeholders, dissemination of information, training and support for representative community groups, and formal and information consultation with stakeholders.

Resettlement related consultation is to be coordinated by the Land and Community Affairs (L&CA) Department and conducted by L&CA in collaboration with the Project resettlement specialists.

8.1 Purpose of Consultation

The principal goal of the consultation is to assist in managing negative impacts of the project on affected people. Consultation must meet several objectives:

- Create awareness of the land access required by the Project;
- Understand community needs and concerns;
- Obtain contributions and preferred assistance options from stakeholders; and
- To assist in assessment of performance of RAP implementation.

8.2 Approach to Consultation

To achieve the consultation objectives above, the following approach is necessary:

- Full participation of all affected communities and landowners, and consultation with other stakeholders and government;
- Consultation starts early in the development process;
- Consultation and disclosure activities are culturally appropriate;
- Stakeholders have ready access to information at all stages;
- Consultation takes place throughout the RAP process in a highly participatory manner with ongoing feedback to stakeholders;
- Training and support is provided to representative community groups;
- Good record-keeping of consultation and disclosure activities; and
- A credible NGO agency in PNG to act as local advocate and adviser to affected people.

8.3 Consultation and Disclosure Activities

A summary of consultation and disclosure activities for the RAP process is provided below.

8.3.1 Stakeholders

Resettlement stakeholders will be identified through existing records and field surveys. Where absentee landowners cannot easily be identified, landowner committees will be established, and radio announcements will be made to assist in their identification.

Stakeholders include the following:

- Project Area Landowners within five kilometres around Project facilities, and host landowners who own land suitable for resettled people to move to;
- Other members and subgroups of the community such as elders, church leaders, women's groups etc.;
- Incorporated land Groups (ILGs) Landowner Companies (Lancos), Landowner Associations (LAs) and Agents; and
- National, Provincial and Local Government.

8.3.2 Announcing the RAP Process and disseminating information

The awareness team will move from village to village to announce the RAP processes, what land is required and when the first consultation and disclosure meeting will take place.

8.3.3 Disclosure

The disclosure process that has been adopted by the Project for the resettlement process aims to facilitate participation and informed decisions and includes the following activities:

Awareness presentation of resettlement to communities (Flipchart) prior to the start of the census and surveys: an explanation of the RPF, potential impacts as a result of resettlement, the process of census and surveys, calculating compensation and general entitlement to resettlement support. During this meeting the communities will have the opportunity to raise general questions. Activities and materials distributed at this initial meeting will include:

- The RPF document and provision of independent, dedicated Environmental Law Centre (ELC) resources to explain the RPF and legal rights to households and communities to discuss processes, register, and discuss issues and concerns. ELC will be available throughout the resettlement negotiation and beyond to observe the resettlement processes and provide independent advice to affected households.

Following the census, surveys and initial consultation a Site-specific Findings Presentation (Flipchart) will be presented to communities introducing the general findings in the broader area, affected communal assets and future resettlement related activities. During this meeting general issues and concerns will be addressed. Activities and materials distributed at this initial meeting will include:

- Handout of a general findings document (10 pages) detailing the site-specific demographics, assets to be affected by resettlement, compensation and support framework and entitlement, and grievance management.

This will be immediately followed by household meetings to disclose specific and relevant household findings, explain compensation calculation process, resettlement support and other entitlements relevant to the household. The consultation findings will feed into the RAP to be disclosed at a later stage. Activities and materials distributed at this meeting will include:

- Handout of Resettlement Agreement for consideration and the Project support to explain agreement and associated rights. This will be undertaken with the assistance of the ELC.
- Handout of resettlement option materials explaining (with diagrams) the various choices available to each household and any additional offers that may be appropriate for that area. Project support to explain the possible selections and livelihood restoration elements.

Finally the site-specific RAP will be made available to the affected communities. Questions and clarifications will be directed to either the Resettlement Teams or to ELC during and after the 14-21 day disclosure period of the RAP.

All summary documents will be made available in Pidgin (where applicable), Huli (where applicable) and English where requested.

During this process all consultation, issues and responses will be recorded and assistance packages refined before final agreement and sign-off. Consultation will continue during the implementation, monitoring, and evaluation of compensation payment and resettlement.

This process will require a minimum of 30 days to complete. The combination of hand-out materials, presentations and support to clarify the resettlement process for affected households and communities throughout the consultation and disclosure period will be adequate to ensure informed participation and decision-making.

In addition the RPF, a site-specific, representative example RAP will be disclosed on the Project website and hard-copies will be provided at the sites where the EIS was disclosed.

8.3.4 Consultation

Specifically, consultation must take place with affected people about the Resettlement Assistance Package and the available options in terms of this package.

Various types of informal and formal consultation methods will be used. In particular, different types of meetings will take place during the resettlement process with a wide range of stakeholders as illustrated in Figure 3.

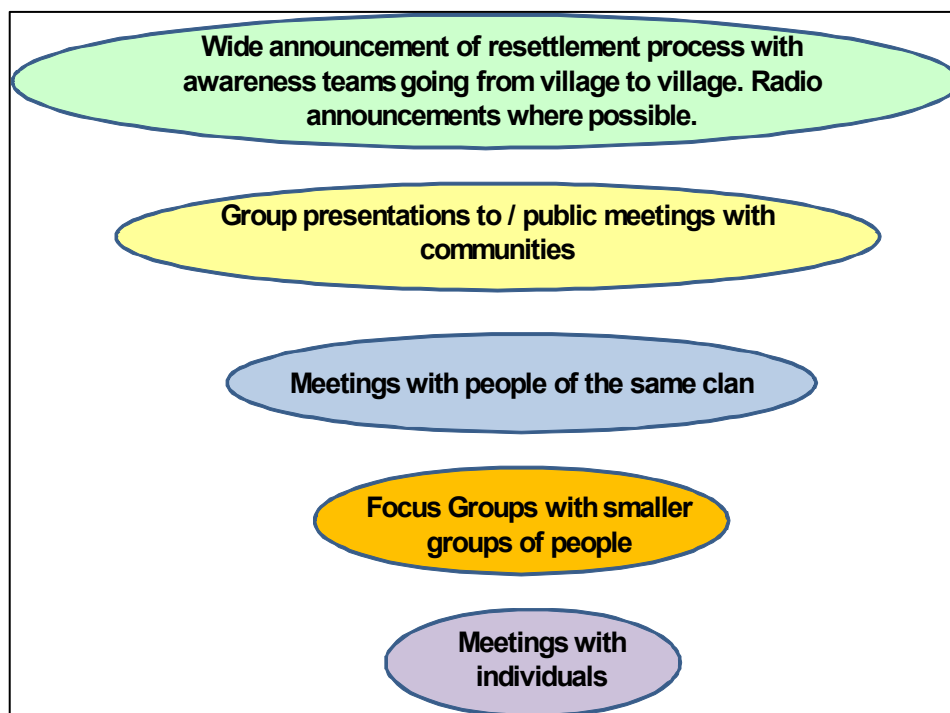


Figure 3: Various Types of Meetings are Held in Affected Areas During the RAP Consultation Process

8.3.5 Local Advocacy Consultant

Environmental Law Centre Ltd, a non-profit NGO, will perform an advocacy function during the RAP processes and will assist displaced people to be fully informed of the process, the applicable legislation and their rights.

8.3.6 Surveys

Various surveys take place during the RAP process (e.g. land use, assets, and a socio-economic survey). Extensive personal contact with individuals takes place during these surveys, representing a further consultation and disclosure opportunity.

8.3.7 Record-keeping

Records of the following will be maintained:

- Records will be kept electronically of all interaction with stakeholders;
- Assessment of RAP implementation performance;
- Following implementation of the RAP in a specific area, performance will be measured. This will include consultation with stakeholders about the implementation process; and
- Consultation training and support.

The Project will provide training for Community Liaison Officers and field staff in aspects of consultation relevant to their work.

9.0 ORGANISATION FRAMEWORK FOR RESETTLEMENT MANAGEMENT

Overall responsibility for the planning, implementation, and monitoring of displacement programs associated with the Project rests with the Company.

Development of Resettlement Action Plans and implementation of the resettlement process will be the responsibility of the Social Programs Team. Figure 4 below illustrates the relationship between this team and other relevant teams within the Company.

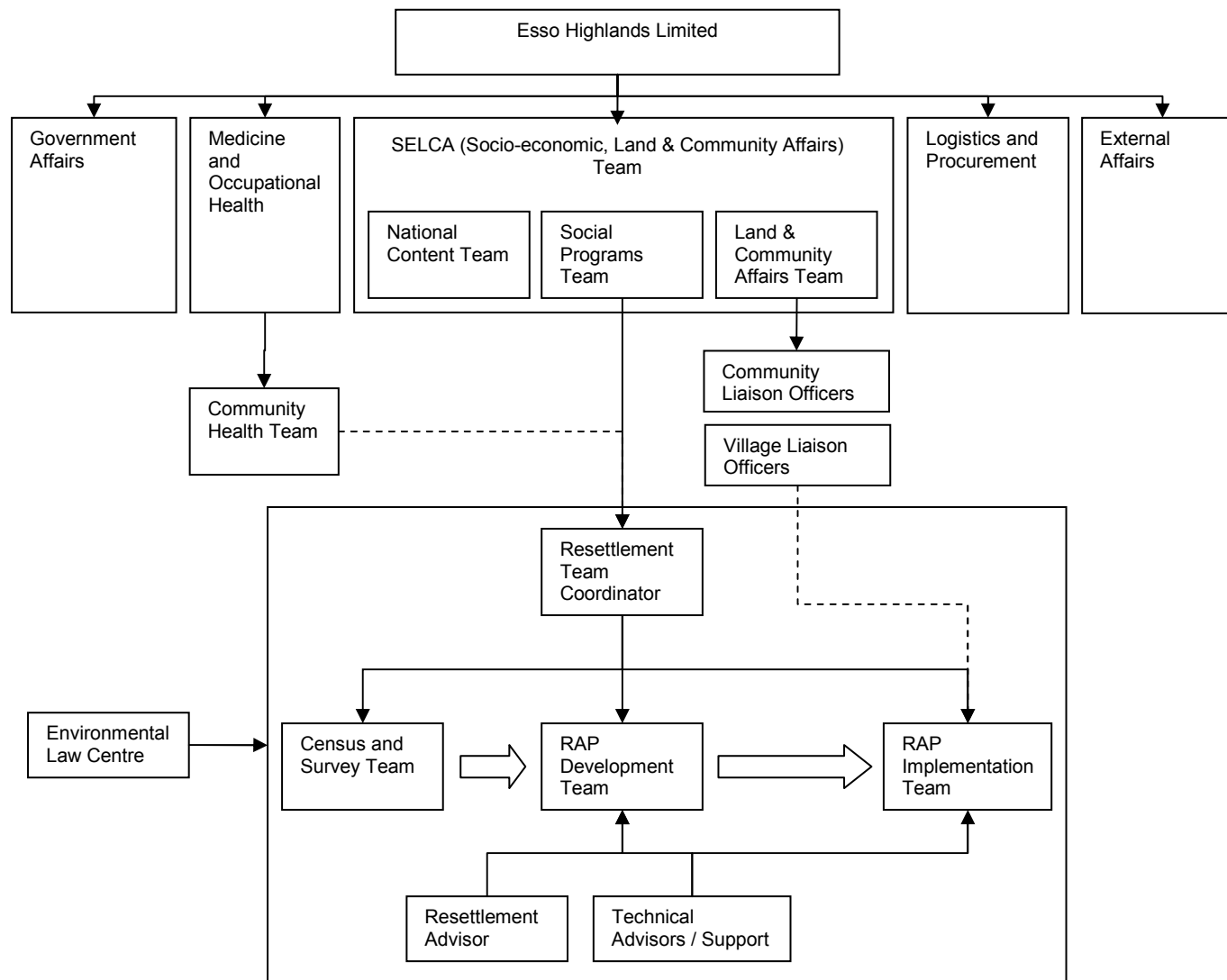


Figure 4: Organisational Relationship

9.1 Description of Responsibilities

9.1.1 Social Programs Manager

The Company's Social Programs Manager (SPM) has overall responsibility for achievement of resettlement goals. The SPM is responsible for gaining approval for the Project RPF, and will approve site based RAPs that conform to the RPF. The SPM will also receive regular reports on RAP implementation progress, including reasons for any delays or variation from the RAP, as well as proposed corrective actions. The SPM will provide status reports to Company management, lenders, and stakeholders, as required. The SPM may commission input advice from specialist advisors as required.

9.1.2 Resettlement Team Coordinator

The Resettlement Team Coordinator (RTC) reports to the SPM and has day-to-day responsibility for the development and on-going stewardship of the RPF. The RTC will coordinate the following teams:

- Census and Survey Team;
- RAP Development Team; and
- RAP Implementation Team (including the monitoring and evaluation).

The RTC will serve on the Grievance Panel as defined by the Grievance procedure.

9.1.3 Resettlement Census and Survey Team

The Project has contracted a Census and Survey Team from ANU to complete initial reconnaissance surveys, census, asset and livelihood surveys and spatial mapping. In addition they will complete any required clan boundary demarcation and identification. The Oil Search Limited Health Team has also been contracted as part of this team to complete relevant health surveys as part of the initial process.

9.1.4 RAP Development Team

The RAP Development Team (RDT) is responsible for planning and preparation of individual site-specific RAPs. The Team is composed of consultant resettlement and consultation and disclosure practitioners with experience in resettlement in PNG and other countries.

It also includes expert advisors in sectoral areas such as anthropology, human geography, agriculture, human health and environmental management. As part of the RAP preparation members of this team will support the RAP Implementation Team to complete relevant consultation and disclosure activities.

9.1.5 Resettlement Advisor

Draft RAPs will be reviewed by an expert advisor who will provide high-level input and guidance prior to documents being endorsed for distribution and implementation.

9.1.6 RAP Implementation Team

The RAP Implementation Team (RIT) is composed of an Implementation Coordinator with day-to-day management responsibility for:

- Initial formation and on-going operations of the RAP Implementation Team;
- Management of RAP implementation for relevant areas;
- Planned consultation with and information disclosure to affected households and host communities;
- Provision of regular progress reports to the RTC;
- Liaison with the Local Advocate and Compensation Advisor;
- Coordination of the Resettlement Assistance Package delivery; and

Resettlement grievance procedure operation.

In addition coordination and support personnel will assist with coordinating and implementing:

- Physical infrastructure development;
- Procurement and logistics;
- Compensation advice;
- Consultation and disclosure;
- Resettlement package delivery; and
- Grievance management.

The RIT will also be responsible for implementation of livelihood restoration and development support programs and for RAP implementation progress monitoring and reporting. In addition this group will also establish and maintain a resettlement database containing the monitoring baselines.

9.1.7 Technical Advisors

The RDT will be able to call on the advice and assistance of a panel of technical advisors focusing on areas such as agricultural development and support implementation, livelihood restoration implementation and architectural and dwelling design support.

The RIT will draw support of staff with specific expertise from the Company as follows.

9.1.8 Land and Community Affairs

L&CA will provide personnel to support the implementation of resettlement activities by acting as the principal point of day to day contact with households to be relocated. They will also coordinate all consultation processes and will work closely with the Local Advocate and Compensation Advisor. The RIT will also communicate and coordinate with the relevant Village Liaison Officers (VLOs) from the affected areas.

9.1.9 Logistics and Procurement Team

Procurement and logistics support all materials and services necessary for physical resettlement (e.g., housing materials, water tanks, etc.). This team is a dedicated in-country logistical support team who will coordinate directly with the RTC. They will also be responsible for coordinating and supervising contract administration for resettlement housing, providing construction support services and other technical guidance to construction teams.

9.1.10 Community Health Team

The health element will be managed by the Community Health Team that reports to the Medical and Occupational Health Manager. This group will also be responsible for monitoring the health status of resettled households.

9.1.11 Government Affairs Team

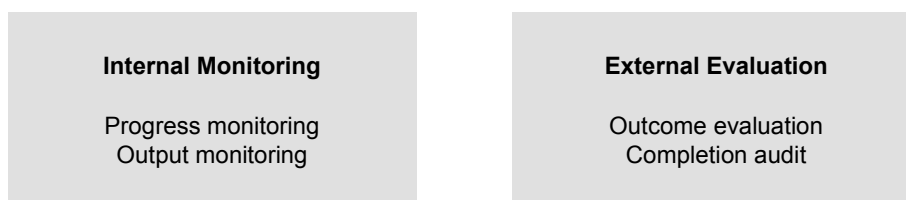
The Government Affairs Team will support the resettlement process by coordinating communication and consultation with the relevant Local and Regional Government Departments.

10.0 MONITORING AND EVALUATION FRAMEWORK

The RTC, supported by the RDT and RIT will plan the monitoring and evaluation program for resettlement (both economic and physical) and will coordinate its internal and external implementation.

10.1 Monitoring and Evaluation Components

The monitoring and evaluation framework has four components:



10.1.1 Internal Monitoring

Internal monitoring and output monitoring are meant to keep resettlement measures on schedule and achieving the desired outputs.

Progress Monitoring: The RTC has the responsibility to verify on a regular basis that the implementation of all the elements of operational RAPs are on schedule. The RTC will note delays or changes to the RAP, investigate reasons, and work with the responsible persons to identify corrective actions and ensure that they are carried out in a timely manner.

Output Monitoring: The RTC will coordinate monthly output monitoring through Field Coordinators. Output monitoring will internally verify whether the measures (inputs) set out in each RAP are achieving their objectives. The majority of output indicators will be quantitative. In the event output monitoring indicates objectives are not being achieved, the RTC will work with Field Coordinators and others to identify the reason, propose, and implement corrective actions to close the gaps.

10.1.2 External Evaluation

Outcome evaluation: The RTC will coordinate and support external outcome evaluations. Outcome evaluation will be conducted by independent resettlement experts.

These evaluations will determine the extent to which inputs and outputs are achieving or are likely to achieve the overall goal and the principles of the RAPs, with particular emphasis on livelihood restoration and standard of living. The outcome evaluations will also identify and make recommendations for any changes in or additional measures required to meet the needs of affected people (including hosts). Additionally, the evaluation will capture lessons learned from each resettlement that will be useful for the Project's future resettlements.

Outcome evaluation for each RAP implementation will begin approximately six months following relocation and compensation payment, and will be done bi-annually throughout a sufficient period for effectiveness of measures to be evaluated. This period will vary for each RAP depending on the resettlement's size and complexity.

The final Terms of Reference for outcome evaluation will specify process details, and these will be concluded in collaboration with the persons who will conduct the evaluation. The basic process will include the following:

- Verifying internal RAP implementation reports by a field check of payment of compensation, transition allowances, and resource access claims etc.;
- Review internal progress and output monitoring reports;
- Interview a random sample of the affected people in open-ended discussion to assess their knowledge and concerns regarding the resettlement process, their entitlements and rehabilitation measures;
- Observe public consultations with affected people;

- Observe the function of the resettlement operation to assess its effectiveness;
- Review formal grievances and the functioning of grievance redress; and
- Survey the standards of living of the affected people, considering baseline descriptions of pre-displacement and post-displacement conditions.

Completion Audit: An independent third party will be contracted to conduct a completion audit for each RAP. The overall purpose of the completion audits will be to determine whether the RAP and its implementation comply with the requirements of PS5. The completion audits for all the Project resettlements will place special attention on livelihood restoration (both measures and effects) as this is potentially complex and adverse while at the same time beneficial.

Completion audits will occur once all RAP measures have been implemented and, in terms of livelihood restoration, once a sufficient amount of time has passed to produce verifiable outcomes. The decision on the timing for the completion audit of a resettlement will be taken at the end of the outcome evaluation in collaboration with the evaluators.

The completion audit will verify:

- That all physical inputs committed to have been delivered and all services provided;
- That efforts to restore the livelihoods of the affected population have been properly conceived and executed and have had the desired effect; and
- That resettled landowners and host communities are achieving sustainable livelihoods and their household food security is assured.

The completion audit brings to a close the resettlement process. However, if the completion audit indicates that certain resettlement objectives have not yet been achieved, further action will be identified and implemented as appropriate.

10.2 Monitoring and Evaluation Indicators

Progress monitoring: Progress will be monitored against the implementation measures and schedule set out in the RAPs.

Output monitoring: Outputs will be measured by a set of mainly quantitative indicators. Preparation of an indicator matrix is in progress.

Outcome evaluation: Outcomes will be evaluated by a core set of mainly qualitative indicators designed to demonstrate whether the RAPs have achieved their goals and conform to the requirements of IFC PS5 and other relevant PSs, and PNG law.

Preparation of a preliminary set of core indicators is in progress. These will be finalised in collaboration with the persons who will conduct the outcome evaluation. Evaluation of livelihood restoration will consider income itself, but given the subsistence nature of most baseline livelihoods and the difficulty of establishing income, proxy indicators will be emphasized. In the context of the people affected by the Project, changes in child nutrition levels, for example, will be a useful indicator, as will reinvestment in income producing activities and purchase of 'luxury' items.

10.3 Reporting and Response

Progress and output monitoring will be reported each month by the RTC to the SPM. Issues will be further discussed and elevated to the relevant management team for decisions on corrective actions, based on specialist input where relevant.

In addition Evaluation Reports will also be provided to the SPM to examine corrective actions that may have been identified and elevate relevant issues to appropriate management teams for consideration.

11.0 GRIEVANCE MANAGEMENT FRAMEWORK

11.1 Community Grievance Procedure

The objective of the Community Grievance Procedure is to receive, respond and address any grievances made to the Project. All grievances related to resettlement will be managed through the Community Grievance Procedure. Grievances will be responded to as quickly and efficiently as possible, avoiding escalation of the issue, reducing negative impacts on the local population and maintaining a positive attitude towards the Project amongst stakeholders.

The Community Grievance Procedure will be available to local populations residing in the Project Impact Area (PIA) and other stakeholders directly affected by the Project (this may include absentee landowners or those residing in urban centres). The Project personnel grievances will not be managed through the Community Grievance Procedure, but rather through the worker grievance mechanism of their respective employer.

The Project will disclose information about the Community Grievance Procedure to all potentially affected persons and organisations. Local populations residing in the PIA and other stakeholders directly affected by the Project will be informed about the grievance process, including the transparency and fairness of the process and they will be provided with both verbal (via regular stakeholder meetings) and written (newsletters, website, posters, etc.) updates.

11.2 Mechanisms to Receive Grievances

Grievances can be received both verbally and in writing. A number of mechanisms will be available to receive grievances:

- L&CA personnel may receive verbal grievances through their periodic visits to communities and captured on the Grievance Forms;
- Written grievances may be lodged in person or sent to the L&CA offices located at Hides, Moro, Kopi, LNG Plant site, or at the Head Office at Port Moresby;
- L&CA personnel will be in constant communication with local authorities making themselves available to respond to any grievance brought up through community leaders; and
- The Company has established an email address grievance-pnglng@exxonmobil.com which will provide a mechanism by which stakeholders (particularly absentee landowners or other local populations who may not reside near one of the L&CA offices) can lodge grievances.

11.3 Recording and Acknowledgement

All grievances regardless of how they are received will be recorded by L&CA personnel using the Grievance Form. All grievances will be recorded in duplicate in Part A of the Grievance Form. A copy of the form will be provided to the person raising the grievance either at the time of raising the grievance or within seven (7) days of receipt of the grievance. This acknowledges receipt of the grievance and provides the person with a unique identification (tracking) number.

11.4 Register

Once recorded, all grievances will be registered in a centralized Grievance Tracking Database. L&CA personnel will enter all grievances into the database. However, before doing so, L&CA will check the database to determine if it is a new complaint so as to avoid duplication and to review if there is any context or precedent related to the issue.

11.5 Assess

Grievances will be reviewed and assessed by L&CA using all available information to determine if it is a grievance related to the Project, the government or another external entity. If the grievance is not related to the Project, the person raising the grievance will be informed and reasonable efforts will be made to facilitate involved entities to address the issue. In this case, the grievance will be closed out in the database.

11.6 Management and Response

Depending on the nature of the grievance, the L&CA Manager will assign the grievance to the appropriate Company department for action and resolution. The assigned department will review and investigate the grievance, and provide a response (with a resolution and if necessary a schedule of corrective actions) to the L&CA Manager. The L&CA Manager will ensure a written response will be provided as soon as possible and not more than 30 days after receiving the grievance. If however, more time is required for resolution, L&CA will keep the person raising the grievance informed.

11.7 Monitoring and Evaluation

L&CA will monitor progress of their respective grievance and keep the person raising the grievance informed of its status. Updates will be given on a regular basis and information sharing will not exceed 30 days and will continue until the grievance is resolved. The L&CA Manager will monitor implementation of the response and corrective action of Project grievances. Within a month of the response being provided to the person raising the grievance, L&CA personnel will make a visit to verify that the situation has been resolved to the satisfaction of all involved. If required, monitoring will be made on a regular basis, which will be determined on a case-by-case basis.

12.0 SCHEDULE

Each site specific RAP will cover a 12-24 month implementation period and will be synchronised with the Project construction schedules and activities. It is expected that most land acquisition will be completed by late 2011. The monitoring and evaluation activities of each RAP will continue for two years following relocation of the affected households.

In cases of economic displacement only (e.g. along the RoW) and the implementation of associated livelihood restoration activities (in addition to required Damage and Deprivation compensation) the Company will coordinate with affected households to start relevant activities from the time that access is required by the Project. Monitoring and evaluation in these cases will continue for two years following the end of construction.

The resettlement process (excluding initial scoping) for sites requiring the physical relocation of 5-35 households is expected to take an average of 3 months to complete as can be seen in Table 7. The final RAP documents will be reviewed by lenders during this process.

Table 7: Expected Resettlement Schedule from Initial Disclosure until Site Access for Sites with 5-35 Households

Resettlement Activity	Month 1	Month 2	Month 3
Disclosure – RPF ¹ + Awareness	X		
Census and Survey Timeframe (Census & Survey Team ²)	X		
Disclosure - Site-specific Findings - Start of Consultation	X		
RAP Draft (RAP Development Team ³)	X	X	
IESC Review and Lender Approval		X	
RAP Disclosure ⁴ , Household Consultation and Negotiation (Resettlement Implementation Teams ⁵)		X	X

Signed Agreements			X
Physical Resettlement			X
Start of Rations and Support Packages			X

¹ RPF to be disclosed before initial disclosure activities.

² 5 teams of two members each

³ Document development team led by senior resettlement advisor, supported by Anthropologist, Community Health Specialist and 4 mid-level resettlement consultants

⁴ 14-21 day disclosure based on number of households involved

⁵ 12 teams including resettlement specialist, translator, L&CA staff and ELC representative where appropriate.

The project will produce 13 Resettlement Action Plans, based on a combination of schedule requirements and the location of sites requiring resettlement. The timeframes for completion of resettlement in these 13 areas can be seen in Table 8.

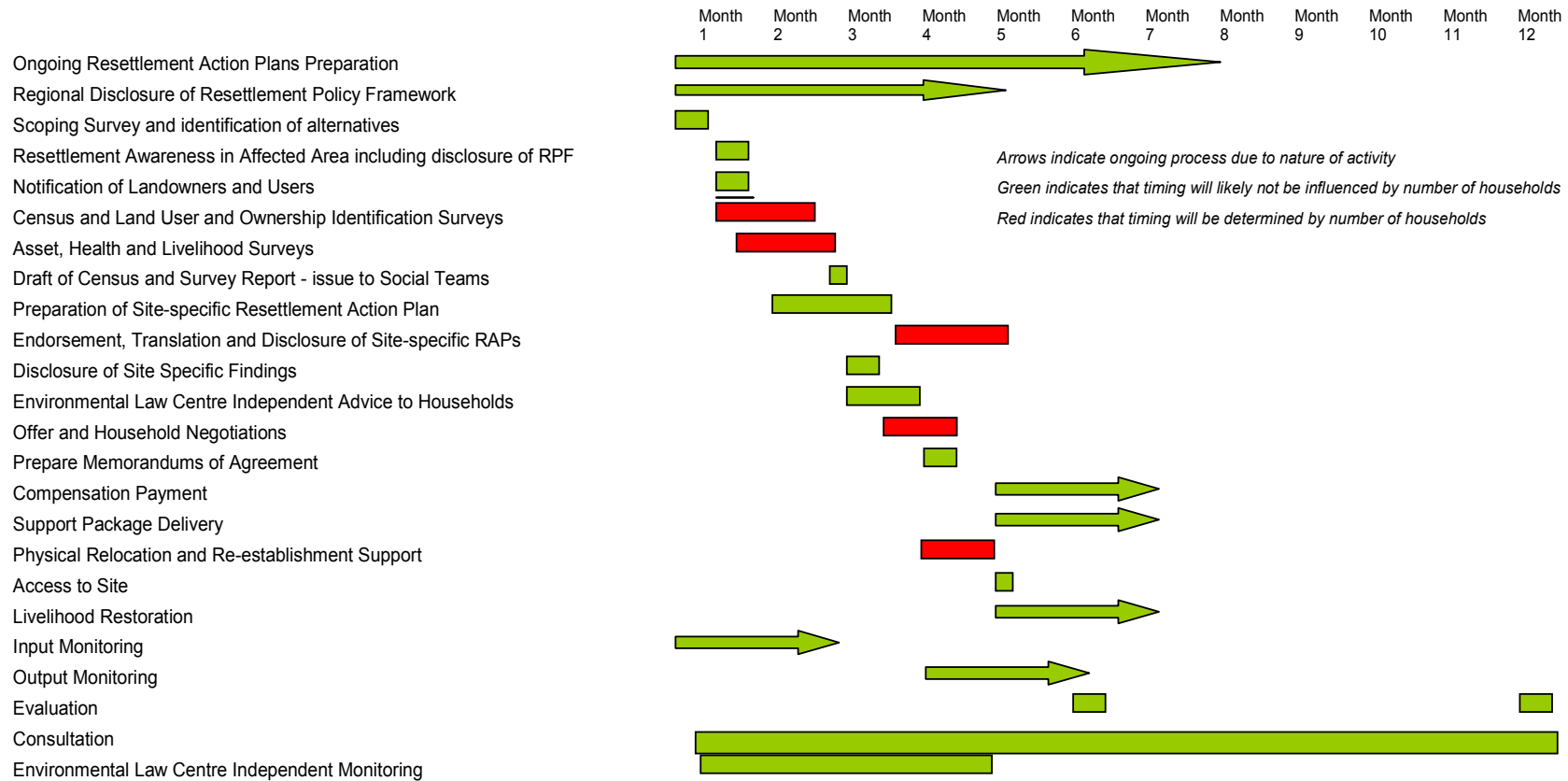
Table 8: Site-specific Resettlement Timeframes

RAP Number	RAP Area²	Timeframe
1	Komo Airstrip	March – July 2010
2	HGCP ¹	January – August 2010
3	Heavy Haul Road ¹	July – December 2010
4	KQ5 – Quarry	September 2010 – January 2011
5	Hides Landfill and Quarries	May – December 2010
6	Camp and Laydown Tamadigi	September – December 2010
7	Highlands Highway Bridges	May 2010 – January 2011
8	Omati to Homa Corridor and Camps	November 2010 – February 2011
9	Homa to Dagia Corridor and Camp	January – April 2011
10	Dagia River - HGCP - Corridor	January – April 2011
11	HGCP to Gigira Range - Corridor	April – September 2011
12	Omati River Basin Fisheries	January – July 2011
13	LNG Site/Downstream Fisheries	March – September 2011

¹ More than 25 Households on site. Additional time required to complete census and surveys.

² RAP areas may include main and associated facilities to that site e.g. Hides landfill and quarries will include associated roads and access points as required.

Some of the resettlement timeframes may be adjusted once the Contractors' execution plans are finalised. Figure 5 shows an indicative schedule for the complete resettlement process including long-term monitoring and evaluation.



Legend:

Red indicates that timing will be determined by number of households

Figure 5: Indicative Resettlement Implementation Schedule

13.0 INDICATIVE COSTS AND BUDGET

The Capital Funding budget for the LNG Project includes a resettlement component.

The resettlement budget falls under the management of the SELCA Manager reporting to the EHL Managing Director.

Each RAP will include an estimated budget for all resettlement costs, including planning and implementation, monitoring and evaluation, and contingencies; consistent with PS5.