

Esso Highlands Limited



Papua New Guinea LNG Project

**Community Development Support Management  
Plan - Production**

PGGP-EH-OPZZZ-000004-005

## CONTENTS

1.0	INTRODUCTION .....	4
1.1	Scope.....	4
1.2	Objectives .....	4
2.0	LEGAL AND OTHER REQUIREMENTS.....	6
2.1	Papua New Guinean law and regulations.....	6
2.2	International treaties and conventions .....	6
2.3	International Finance Institution requirements .....	7
2.4	Company policy and standards .....	8
3.0	ORGANISATION .....	10
3.1	Company resources .....	10
4.0	IMPACTS AND MITIGATION .....	12
4.1	Selection criteria .....	12
4.2	Mitigation measures for potential risks and impacts .....	13
4.3	Recommended and discretionary community development support activities .....	16
5.0	MONITORING AND EVALUATION .....	18
5.1	Assessment, review and evaluation .....	20
5.2	Audit .....	20
6.0	REPORTING .....	21
6.1	Internal.....	21
6.2	External.....	21
7.0	ROLES AND RESPONSIBILITIES .....	22
7.1	Managers.....	22
7.2	Implementing level .....	23
7.3	Compliance managers .....	23
8.0	TRAINING AND AWARENESS .....	24
8.1	Competency.....	24
9.0	REFERENCE LIST .....	25

## TABLES

Table 3-1:	Land and Community Affairs team responsibilities .....	11
Table 4-1:	Potential risks and impacts requiring community development activities as mitigation measures.....	14
Table 4-2:	Evaluation matrix.....	17
Table 5-1:	Monitoring and evaluation template.....	19

## FIGURES

Figure 3-1:	Esso Highlands Limited organisation chart for commencement of production ...	10
Figure 3-2:	Land and Community Affairs organisation chart.....	11
Figure 4-1:	Community development support program selection process .....	16

## Corporate Separateness Notice

*Nothing in this material is intended to override the corporate separateness of local entities. Working relationships discussed in this material do not necessarily represent a reporting connection, but may reflect a functional guidance, stewardship, or service relationship. Where shareholder consideration of a local entity matter is contemplated by this material, responsibility for action remains with the local entity. The terms corporation, company, affiliate, ExxonMobil, Exxon, Mobil, Esso, our, we and its, as used in this material may refer to Exxon Mobil Corporation, to one of its divisions, or to the companies affiliated with Exxon Mobil Corporation, or to any one or more of the foregoing. The shorter terms are used merely for convenience and simplicity.*

## ACRONYMS

ACRONYM	DESCRIPTION
EHL	Esso Highlands Limited
LNG	Liquefied Natural Gas
L&CA	Land and Community Affairs
MOH	Medicine and Occupational Health
OIMS	Operations Integrity Management System
P&GA	Public and Government Affairs
PNG	Papua New Guinea

## 1.0 INTRODUCTION

This Plan describes how Esso Highlands Limited (EHL) will manage community development support activities associated with the Papua New Guinean Liquefied Natural Gas (PNG LNG) Project (the Project), in accordance with Papua New Guinean legislation, EHL policy and International Finance Institution standards, including *Performance Standard 7: Indigenous Peoples (International Finance Corporation, 2006)*.

This Plan supersedes the Construction Community Support Strategy, Community Development Support Plan and the Community Support Strategy Action Plan.

### 1.1 Scope

The scope of this Plan encompasses all community development support activities undertaken by the Project. This includes activities undertaken by the Land and Community Affairs team (L&CA), Public and Government Affairs (P&GA) and the Medicine and Occupational Health team (MOH). It will also be applied as appropriate to other Project functions. This Plan covers the community investment activities undertaken as part of EHL's commitment to building national content. This Plan addresses both community development support activities undertaken to mitigate the impacts or potential risks generated by Company activities, and discretionary activities conducive to enhancing livelihoods in the Project area and across Papua New Guinea more broadly.

The Plan provides a framework for how community development support activities are identified, selected, prioritised, implemented, monitored and evaluated. Where contractors are undertaking community development support activities, they are expected to apply a framework, which is broadly consistent with that outlined in this Plan.

Given the broad range of community development support activities captured within the framework of this Plan, different geographic scopes will apply:

- Project area – Community development support activities are broadly defined to occur within the area impacted by the Project. In production, this is defined to include Upstream North (Hides area), Upstream South (pipeline alignment) and the LNG Plant site. The Environmental Impact Statement identified 117 communities within the nominal Project area, defined under the *Oil and Gas Act 1998* as an area within 5 kilometres of a project asset or facility. Communities that fall within and neighbouring this area are included in community development support projects as decided by the Project. MOH team community development support activities are also targeted to the Project area, although some may be delivered at the national level to build capacity of health service providers
- National – Community development support activities targeting the national level can include capacity building programs, support for projects in Port Moresby, and programs of strategic importance for the Project. P&GA activities are typically focused at the national level

There may be situations where some individuals within Project-impacted communities are more vulnerable to impacts than others. Indigenous People may be one such group. They are particularly vulnerable if their lands and resources are transformed, encroached upon by outsiders, or significantly degraded. Indigenous People comprise almost the entire population in Papua New Guinea. As such, references to Papua New Guinean communities in this Plan equally refer to Indigenous Peoples.

### 1.2 Objectives

The objectives of EHL community development support activities are to:

- Promote the development of conditions to strengthen communities to benefit from the Project's presence

- Avoid or reduce the risk of adverse social impacts on Papua New Guinean communities during production
- Provide opportunities for sustainable development benefits in a culturally appropriate manner
- Ensure that the development process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of Indigenous Peoples
- Meet local regulatory requirements and *Performance Standard 7: Indigenous Peoples (International Finance Corporation, 2006)* expectations

## 2.0 LEGAL AND OTHER REQUIREMENTS

Community development support activities described in this Plan are distinct from entitlements and activities that apply to Project landowners, which are outlined in the Land Access, Resettlement and Livelihood Restoration Management Plan. These entitlements and benefits are established through the *Oil and Gas Act 1998* and associated agreements, and are managed by the Papua New Guinean Government. The legal setting for these benefits is described below for completeness. The legal and other requirements that apply to community development activities are also described in this section.

### 2.1 Papua New Guinean law and regulations

#### 2.1.1 Environment Act 2000

Section 5 of the *Environment Act 2000* addresses issues of national importance and in regards to the Project, requires that EHL recognise and provide for the following:

- (a) *preservation of Papua New Guinea traditional social structure*<sup>1</sup>
- (b) *maintenance of sources of clean water and subsistence food to enable Papua New Guineans who depend upon them to maintain their traditional lifestyles*
- (d) *recognition of the role of land-owners in decision-making about the development of the resources on their land*
- (e) *responsible and sustainable economic development*

#### 2.1.2 Oil and Gas Act 1998

The *Oil and Gas Act 1998* defines the Project area as including landowners within a Petroleum Development License area and/or within up to a 5-kilometre buffer zone around dedicated Project facilities, such as pipelines, plant sites and support facilities.

#### 2.1.3 Fairness of Transaction Act 1993

Under Part III of the *Fairness of Transaction Act 1993*, re-opening and renegotiation of any transaction is possible where it is perceived one party was not fully informed, did not understand the nature of the agreement, or misunderstood the consequences, or where there was a significant asymmetry of power.

### 2.2 International treaties and conventions

#### 2.2.1 United Nations Declaration on the Rights of Indigenous Peoples (United Nations, 2007)

The *United Nations Declaration on the Rights of Indigenous Peoples (United Nations, 2007)*, recognises the rights of Indigenous People. The main principles include non-discrimination and fundamental rights; self-determination; cultural integrity; land territories and resources (in the context of rights, ownership and control and perseverance and protection); and socioeconomic well-being. Specific articles of relevance for the Project include:

- Article 8:
  - Indigenous peoples and individuals have the right not to be subjected to forced assimilation or destruction of their culture (p. 5)
- Article 10:
  - Indigenous peoples shall not be forcibly removed from their lands or territories. No relocation shall take place without the free, prior and informed consent of the Indigenous Peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return (p. 6)

<sup>1</sup> This has been interpreted as relating to the protection of aspects of traditional social structure, which may be vulnerable to change, such as language, traditions, cultural heritage and the like.

- Article 11:
  - Indigenous peoples have the right to practice and revitalise their cultural traditions and customs. This includes the right to maintain, protect and develop the past, present and future manifestations of their cultures, such as archaeological and historical sites, artefacts, designs, ceremonies, technologies and visual and performing arts and literature (p. 6)
- Article 18:
  - Indigenous peoples have the right to participate in decision-making in matters which would affect their rights, through representatives chosen by themselves in accordance with their own procedures, as well as to maintain and develop their own indigenous decision making institutions (p. 8)
- Article 20:
  - Indigenous peoples have the right to maintain and develop their political, economic and social systems or institutions, to be secure in the enjoyment of their own means of subsistence and development, and to engage freely in all their traditional and other economic activities (p. 8)
- Article 23:
  - Indigenous peoples have the right to determine and develop priorities and strategies for exercising their right to development. In particular, Indigenous peoples have the right to be actively involved in developing and determining health, housing and other economic and social programs affecting them and, as far as possible, to administer such programs through their own institutions (p. 9)

## 2.3 International Finance Institution requirements

### 2.3.1 Performance Standard 7: Indigenous Peoples (International Finance Corporation, 2006)

The objectives of this Performance Standard are:

- To ensure that the development process fosters full respect for the dignity, human rights, aspiration, cultures and natural resources based livelihoods of Indigenous Peoples
- To avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not feasible, to minimise, mitigate, or compensate for such impacts, and to provide opportunities for development benefits, in a culturally appropriate manner
- To establish and maintain an ongoing relationship with the Indigenous Peoples affected by a project throughout the life of the Project
- To foster good faith negotiation with, and informed participation of, Indigenous Peoples when projects are to be located on traditional or customary lands under use by the Indigenous Peoples
- To respect and preserve the culture, knowledge and practices of Indigenous Peoples

Where impacts to Indigenous Peoples cannot be avoided, the *Performance Standard 7: Indigenous Peoples (International Finance Corporation, 2006)* requires that:

When avoidance is not feasible, the client will minimise, mitigate or compensate for these impacts in a culturally appropriate manner. The client's proposed action will be developed with the informed participation of affected Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples Development Plan, or a broader community development plan with separate components for Indigenous Peoples consistent with the requirements of this paragraph (p. 29).

During the construction period, it was determined that a Community Development Management Plan was the appropriate mechanism to address these issues. This approach is consistent with *Performance Standard 7: Indigenous Peoples (International Finance Corporation, 2006)*, which notes: a community development plan may be appropriate when Indigenous People are integrated into larger affected communities (p. 29), as is the case for the Project. This same approach is being taken in the Project's production phase.

## 2.4 Company policy and standards

EHL is committed to conducting business in a manner that considers the needs of the communities in which it operates. Policies are put into practice through the Operations Integrity Management System (OIMS). OIMS, as well as the Upstream Socioeconomic Management Standard, apply to community development support as follows:

- OIMS System 10-1 Community Awareness – Addresses all forms of communication and interaction with production employees, contractors, government and law enforcement officials, non-governmental organisations, the media, and local communities where the Project could have an impact on the communities
- Upstream Socioeconomic Management Standard – This Standard covers a range of socioeconomic topics, with requirements relevant to this Plan, related to economic development and Indigenous Peoples:
  - Economic development:
    - Have a positive economic impact on the communities in which we operate
    - Build capacity wherever we operate by educating and training national employees, contractors and suppliers; transferring knowledge and skills; creating local jobs; purchasing local good and services; and making sustainable strategic community investments
    - Optimise business opportunities for local companies and ensure a transparent and open procurement process
    - Utilise information from community and other consultation efforts to evaluate and implement strategic community investments
  - Indigenous Peoples:
    - Develop and implement focused community engagement processes respecting Indigenous Peoples' traditions and cultures
    - Conduct our business in a manner that respects the land, environment, rights and cultures of Indigenous Peoples
    - Engage Indigenous Peoples and their representatives in open and forthright consultation, including the consideration of Traditional Knowledge
    - Understand the perspectives of Indigenous Peoples on issues of mutual interest, and deal constructively with differing views
    - Support recruitment and development programs that enable Indigenous Peoples to meet the Company's employment requirements and business needs
    - Foster the development of indigenous community-businesses in ways that provide benefits to the Company and to communities
    - Create lasting relationships with indigenous communities by supporting initiatives that address community needs

#### 2.4.1 National content

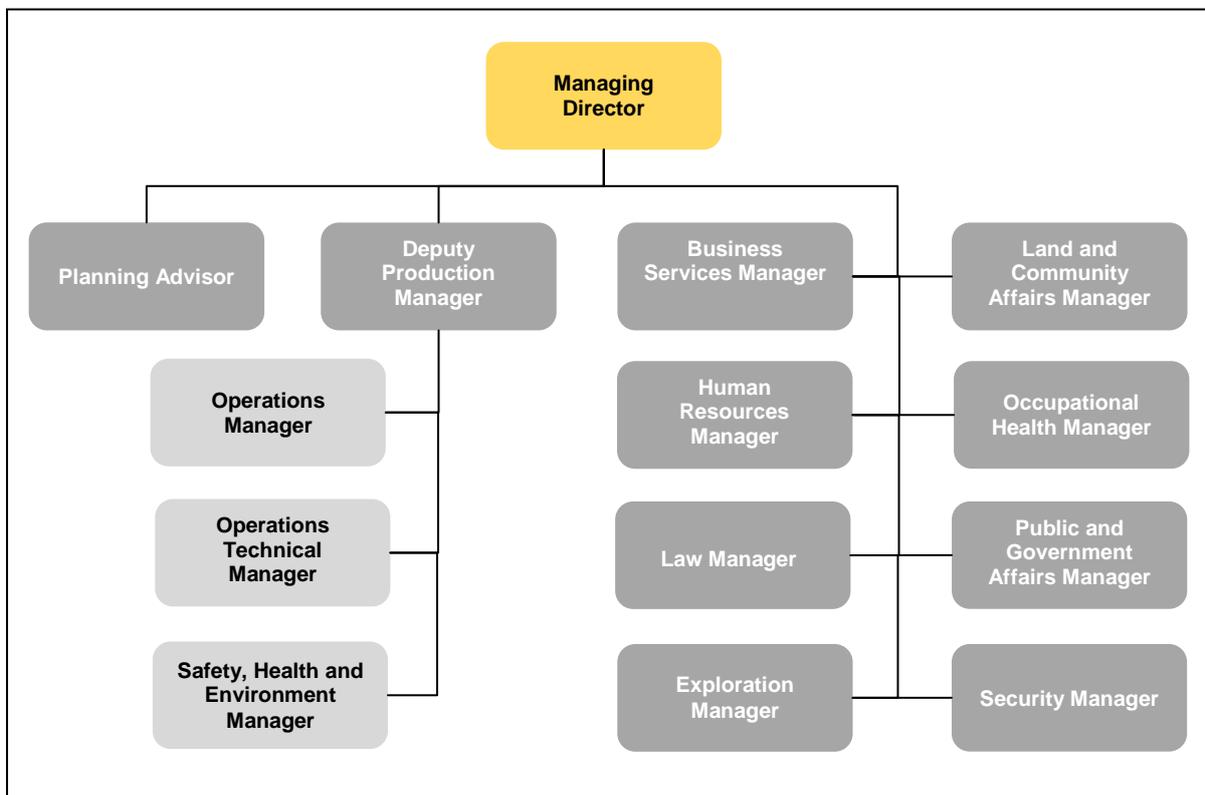
EHL utilises ExxonMobil's National Content Guidelines, Strategies and Best Practices to develop a national content strategy along with plans, models and tools for the successful development of national content. EHL remains committed to a national content strategy.

During the production phase of the Project, EHL shall review the national content strategy from time to time to ensure compliance with Papua New Guinean competition law, as provided in the *Independent Consumer and Competition Commission Act 2002*, given the likely development of competitive local suppliers of goods and services in the Project areas.

### 3.0 ORGANISATION

#### 3.1 Company resources

Community development support activities are primarily led by the L&CA department. Close interaction with the P&GA and MOH departments will be required to ensure projects are appropriately managed. The relationship between these different departments is highlighted in Figure 3-1.



**Figure 3-1: Esso Highlands Limited organisation chart for commencement of production**

EHL will be responsible for identifying appropriate third parties with whom to implement community development support activities.

Local community development support activities are primarily led by the L&CA department in coordination with the P&GA department. The L&CA organisation structure is shown in Figure 3-2. Provincial, national and international community development support activities are led by the P&GA department. MOH leads the technical aspects of all health-related community development support activities.

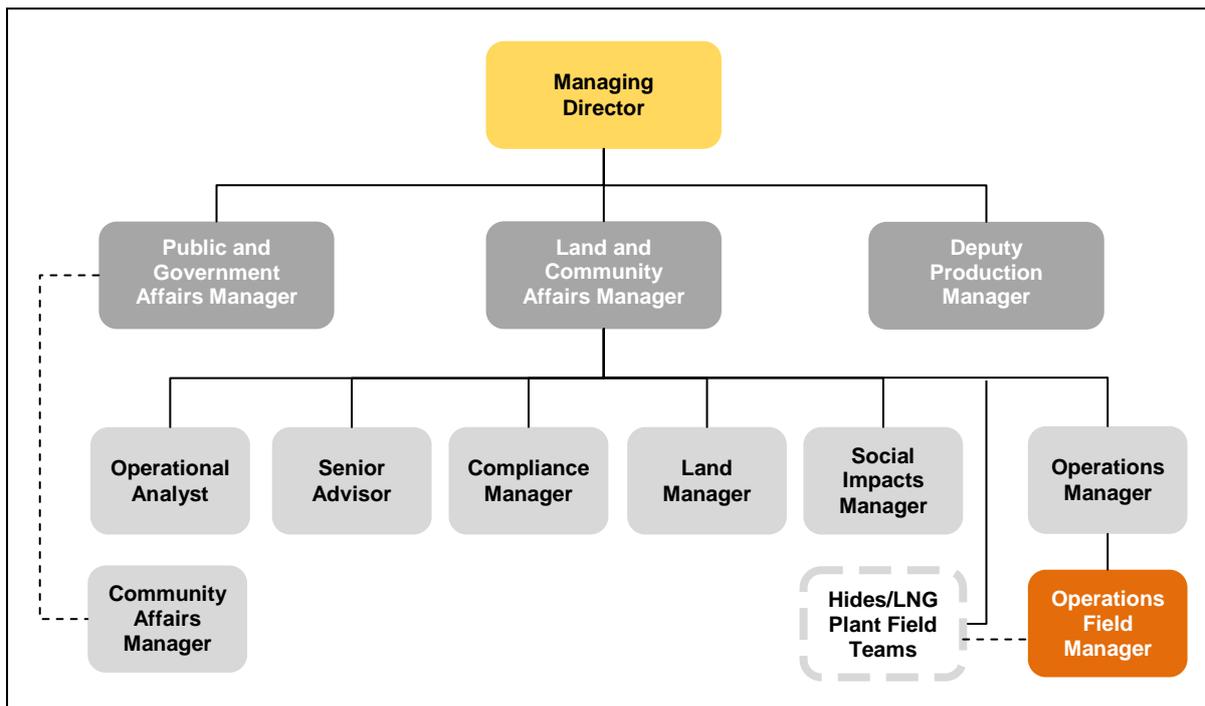


Figure 3-2: Land and Community Affairs organisation chart

Primary responsibilities for L&CA department managers and field teams are summarised in Table 3-1.

Table 3-1: Land and Community Affairs team responsibilities

COMPLIANCE	LAND	COMMUNITY AFFAIRS	SOCIAL IMPACTS	FIELD TEAMS
<ul style="list-style-type: none"> <li>• Lender Interface</li> <li>• External L&amp;CA reporting</li> <li>• Business Controls</li> <li>• Internal Reporting</li> <li>• SMP Compliance</li> <li>• Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Land Access</li> <li>• Land Agreements, including ongoing payment commitments</li> <li>• Cash Management</li> </ul>	<ul style="list-style-type: none"> <li>• Community Affairs</li> <li>• Field Liaison</li> <li>• Stakeholder Engagement</li> <li>• Grievances</li> <li>• National Content</li> <li>• Benefits tracking</li> <li>• Infrastructure Development Grant support</li> </ul>	<ul style="list-style-type: none"> <li>• Community Investment</li> <li>• Business Development</li> <li>• Livelihoods Restoration</li> <li>• Resettlement Action Plans</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder Engagement</li> <li>• Community program implementation</li> <li>• Local business development</li> </ul>

Some sample job descriptions are provided in Section 7.0 to demonstrate the type of roles that will apply during the production phase. As the needs of the Project change over time, a number of roles may be replaced by others more appropriate to the Project’s needs at the time.

## 4.0 IMPACTS AND MITIGATION

Community development support activities are undertaken by EHL to promote the development of conditions conducive to enhancing the livelihoods of individuals, while also mitigating potentially harmful effects. Selection criteria applicable to both mitigation measures and discretionary projects are explained in Section 4.1, with Section 4.2 providing further detail on mitigation measures, and Section 4.3 addressing discretionary projects.

### 4.1 Selection criteria

The community development support activities undertaken by EHL, regardless of which part of the organisation funds or manages the activity, will meet the following criteria<sup>2</sup>:

- Contributions will not, under normal circumstances, be given to:
  - Churches or religious projects (contributions to religious organisations providing community service needs on a non-denominational basis are acceptable)
  - Individuals for personal benefit
  - Political candidates or political parties (contributions to political candidates or political parties are managed by the P&GA function pursuant to guidelines approved by the Exxon Mobil Corporation Board of Directors)
  - Intermediate fund-raising agencies, except for workplace giving campaigns through which control of individual donations can be appropriately managed

EHL will seek to work on community development support activities that align with identified development priorities in Papua New Guinea. Development priorities may be identified by: the Government of Papua New Guinea; studies undertaken by development organisations/institutions, including donor and multi-lateral agencies; and locally identified priorities. Community development priorities are identified through a variety of external avenues, including, but not limited to:

- *The Papua New Guinea Vision 2050 (Independent State of Papua New Guinea, 2011)* – A framework for a long term strategy that maps out the future direction of the country, reflecting the aspirations of its people
- *Papua New Guinea Development Strategic Plan 2010-2030 (Department of National Planning and Monitoring, 2010)* – A framework for improving quality of life that seeks to exploit available opportunities and enable Papua New Guinean citizens to become key players in the overall socio-economic development of their country
- *Papua New Guinea Medium Term Development Plan 2011-2015 (Department of National Planning and Monitoring, 2010)* – Demonstrates the Government's strategic direction for economic and social development. Identifies the wider policy framework and makes provision for recovery and development, improvement of fiscal responsibility and support for rural development, poverty reduction and human resource development
- *Millennium Development Goals (United Nations, 2000)* – Papua New Guinea's commitments to addressing the eight development goals targeting the reduction of poverty
- *Transforming our health system towards Health Vision 2050, National Health Plan 2011-2020 (Government of Papua New Guinea, 2010)* – Identifies the policies and strategies which will be applied by the Government to meet the national health vision

These documents form the basis from which provincial, district and local-level development plans are generated by the Government. EHL will seek to align with these more geographically-based plans where they are available.

---

<sup>2</sup> These criteria are adapted from the ExxonMobil Community Investment Guidelines.

All discretionary community development support projects will be selected based on their capacity to become self-perpetuating and not dependent on long-term funding. Projects will have a defined exit strategy as part of the Project plan.

#### **4.2 Mitigation measures for potential risks and impacts**

Table 4-1 summarises potential risks and impacts which rely upon community development support activities as mitigation measures. While there is flexibility in the manner in which these activities are implemented, they need to achieve the risk and impact minimisation and mitigation as described.

**Table 4-1: Potential risks and impacts requiring community development activities as mitigation measures**

SUB-CATEGORY	RISK/IMPACT TO THE COMMUNITY	RISK/IMPACT TO THE PROJECT	MITIGATION MEASURES	REF#	MONITORING	MONITORING FREQUENCY	RESPONSIBILITY
Transformations leading to changes to identity, culture, and natural resource-based livelihoods.	<ul style="list-style-type: none"> <li>Adverse changes to the social fabric that makes up the indigenous community and that preserves the identity and sense of being a self-identified group</li> <li>Significant changes to traditional lifestyle (activities, reliance on cash, authority structures, traditions etc.) due to presence of project and cash incomes</li> <li>Change in gender roles and responsibilities due to introduction of formal employment</li> </ul>	Unmitigated or unrecognised transformation of indigenous cultures could be in contravention of the <i>United Nations Declaration on the Rights of Indigenous Peoples (United Nations, 2007)</i> .	Implementation of the findings of the mid-term third party review.	7-1	Verification	Annual for 2 years	L&CA
			Protection of culture programs, including language protection and promotion, capturing of "stories" and other cultural aspects as identified by clan representatives.	7-2	Verification	Annual	L&CA
			Support of, and, where appropriate, capacity building of civil institutions in communities.	7-3	Verification	Annual	L&CA
			Periodic updating of aspects of social baseline to identify changing trends in communities.	7-4	Undertake targeted survey and updating of community profiles (using existing survey instruments)	Every 2 years Annual	L&CA L&CA
Development benefits.	Real or perceived deficiencies in project efforts to promote the development of conditions conducive to enhancing the livelihoods of communities in the Project area.	Unstable conditions, manifested in the form of disruptions to supply lines, work stoppages, damage to property, threats to workers, etc.	Review objectives and outcomes of community development support activities. Establish and implement evaluation process, which will occur every three years.	7-5	Verification	Annual	L&CA P&GA MOH
			Develop community participatory monitoring system for relevant community development support activities and programs.	7-6	Verification Community feedback	Annual	L&CA

SUB-CATEGORY	RISK/IMPACT TO THE COMMUNITY	RISK/IMPACT TO THE PROJECT	MITIGATION MEASURES	REF#	MONITORING	MONITORING FREQUENCY	RESPONSIBILITY
			Review and record distribution of development benefits within affected communities (this is controlled by the Government so EHL can influence but not direct).	7-7	Grievances	Annual	P&GA/ L&CA
Community services - Education, health, cultural, institutional.	<ul style="list-style-type: none"> <li>Reduction of support for community services from Company (either directly or through contractors) leading to decreased health services</li> <li>Increased demand on community services (schools, clinics, churches) through prolonged effects of Project Induced In-Migration (including lack of out-migration at completion of construction) and expectations based upon experience with other companies (e.g. mining industry in Papua New Guinea)</li> </ul>	Increased demand on EHL to fulfil a government service.	Advance partnership approach through community development support programs. Develop strategy to provide ongoing support through involvement of other third party partnerships, in accordance with defined exit strategy.	4-16	Social surveys Verification	Annual	MOH
			Monitor population changes at completion of construction (extended Project Induced In-Migration program).	4-17	Socio-economic surveys – Verification	Annual	L&CA
Security personnel - Government: assess and document risks.	<ul style="list-style-type: none"> <li>Demobilisation of mobile squad leads to increased crime and disorder in communities</li> <li>Disproportionate use of force by Government forces or absence of Government support when needed</li> </ul>	Increase project operating costs.	Maintain support for re-establishment of village justice systems, traditional leadership and authority structure – capacity building for civil institutions.	4-25	Grievances  Verification	Annual	L&CA

### 4.3 Recommended and discretionary community development support activities

In addition to the community development support activities already described in Table 4-1, which directly mitigate potential risks and impacts, EHL will undertake discretionary community development support activities conducive to enhancing livelihoods in the Project area and across Papua New Guinea more broadly.

#### 4.3.1 Community profiles

The appropriateness of a community development support activity will vary significantly, according to the community profile of where the activity takes place. Community profiling, including assessments of institutions as well as needs and priorities, was undertaken during the Project’s construction phase. Building on this knowledge and the experience gained during the construction phase, the L&CA and P&GA teams will develop and maintain a community profile for Upstream North, Upstream South, the LNG Plant site and at the national level (as indicated in Figure 4-1). Community profiles include an informal assessment of institutions, needs and community assets within the geographic areas.

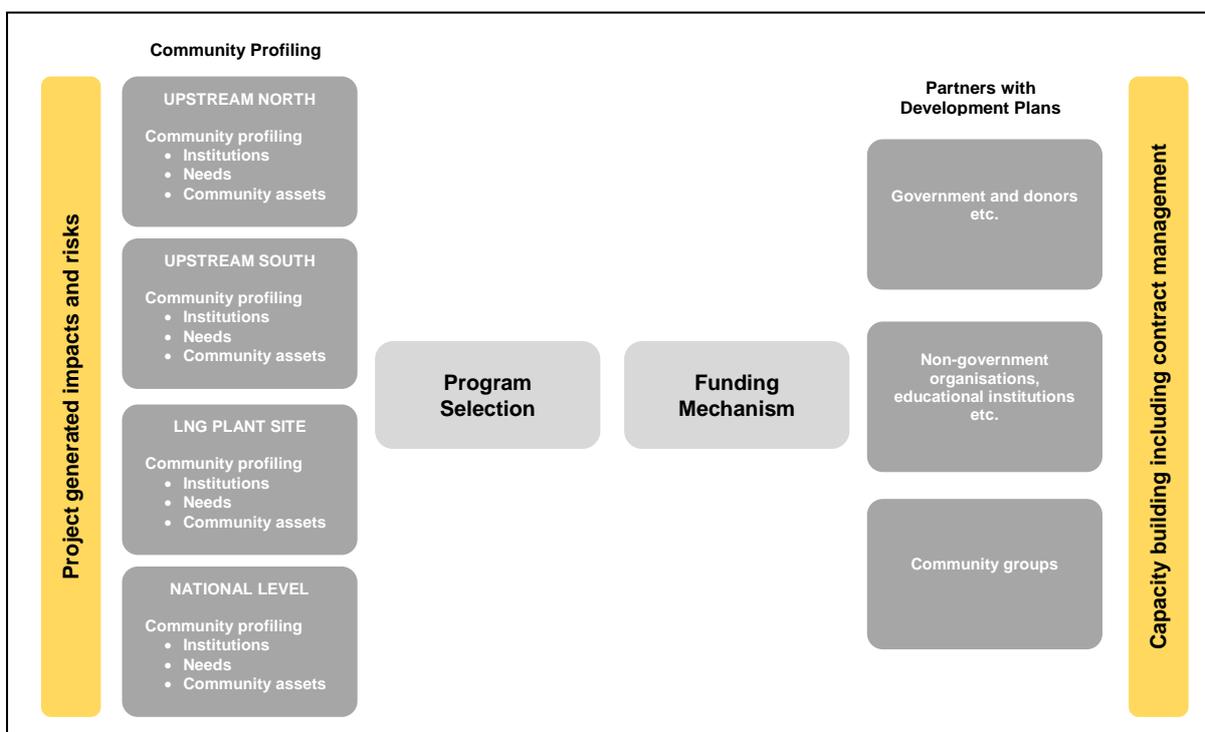


Figure 4-1: Community development support program selection process

#### 4.3.2 Strategic themes

Strategic directions for community development support activities at a theme level have purposefully not been defined in this Plan. This is to ensure that strategic directions are identified through effective engagement with intended beneficiaries, and in response to the development challenges present at the time.

Where strategic directions are identified for a theme, a Strategy Document will be prepared and updated regularly. The Strategy Document will define how the strategic direction will contribute to the achievement of the objectives outlined in this Plan. All strategic themes will be reviewed on a two-yearly basis as a minimum.

#### 4.3.3 Significant programs

When a significant program opportunity is identified (where significant is considered to be any program valued at greater than 100,000 Kina), a project design document will be completed. The project design document will describe, at a minimum:

- The objectives of the program
- Timeline and budget for project implementation
- Potential partner organisations and an assessment of other activity in this field in Papua New Guinea
- A monitoring and evaluation framework for the program
- Reporting requirements and schedule

In addition to the selection criteria defined in Section 4.1 and the community profiles, proposed ‘recommended and discretionary’ community development support activities need to be evaluated in a manner that allows for transparent comparison of value to the community and the Company. Table 4-2 provides a framework for this comparison, but it should be used as a guide only.

**Table 4-2: Evaluation matrix<sup>3</sup>**

POTENTIAL PROGRAM	SUSTAINABILITY	PRODUCTIVITY	EQUITABILITY	TECHNICAL FEASIBILITY	SOCIAL/ CULTURAL	COST	COMMUNITY CONTRIBUTION	TIME	POINT AND RANK
Library book program									
Education and awareness on sanitation in communities									

In Table 4-2, the column headings can be interpreted in the following manner:

- Sustainability – Can the community keep the project running by itself, after outside assistance has gone?
- Productivity – Will the project substantially increase the availability of needed resources?
- Equitability – Will the project benefit a broad cross-section of the community?
- Cost – Will large amounts of financing be needed (amounts greater than 50,000 Kina)?
- Community contribution (beneficiary contribution) – Will the community/beneficiary be able and willing to contribute to the project (normally through an in-kind contribution)?
- Technical feasibility – Does the project require specialised technical expertise to both start and maintain?
- Social/cultural acceptability – Does the project fit within the community’s norms and stated development priorities?
- Time needed – Will it take a long time (more than two years) for the community to reap the benefits of the project?

Once programs are selected they will primarily be implemented through third party contractors. EHL will review funding options within three years of commencement of production.

EHL seeks to work with third party partners who have experience working in Papua New Guinea. As appropriate, opportunities to work with, and build capacity within, partner organisations to deliver higher quality and better managed projects will be pursued.

<sup>3</sup> Adapted from *Community Development Toolkit (International Council on Mining & Metals, 2012)*.

## 5.0 MONITORING AND EVALUATION

All community development support activities will have a defined monitoring and evaluation schedule as part of the activity proposal. The overall goal of community development support activities is to promote the development of conditions conducive to enhancing the livelihoods of individuals, while also mitigating potentially harmful effects.

The overall goal of the monitoring and evaluation framework is to determine whether projects have succeeded in meeting the objectives of this Plan, which is whether they:

- Promote the development of conditions to strengthen communities to benefit from the Project's presence
- Avoid or reduce the risk of adverse social impacts on Papua New Guinean communities during production
- Provide opportunities for sustainable development benefits in a culturally appropriate manner
- Ensure that the development process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of Indigenous Peoples
- Meet local regulatory requirements and *Performance Standard 7: Indigenous Peoples (International Finance Corporation, 2006)* expectations

At an individual project level, the monitoring and evaluation indicators will seek to assess the inputs, expected and actual outputs, actual outcomes, and to understand the reason for any difference from those anticipated in the project design. An example is included in Table 5-1.

**Table 5-1: Monitoring and evaluation template**

INPUTS	EXPECTED AND ACTUAL OUTPUTS	ACTUAL OUTCOMES (PERFORMANCE INDICATOR)	DIFFERENCE	REASON FOR THE DIFFERENCE	CORRECTIVE ACTIONS	CONTRIBUTION TO OBJECTIVES
Cooking courses for women.	Expected: 20 women starting, completing the training and developing sustainable small businesses to sell home-made produce. Actual: 20 women started the training, and 15 completed it.	Five women following completion of training have subsequently set up small businesses to sell homemade produce. Four of these businesses have been operating at a profit for more than 6 months.	Five women did not complete the training. Ten women completed but did not set up a business.	Saturated market for home produce in the activity area. Training required too much time away from gardens for some participants.	Change the timing and duration of the training to accommodate gardening requirements. Assess the local market to determine demand for home-made produce items.	Of the women who completed this training, 25% have developed businesses that are sustainable and culturally appropriate.

In addition to the outcome indicators for each activity, the following indicators will be measured for each of the geographic areas:

- Community grievances, and the nature of those grievances
- Work stoppages attributed to community disgruntlement with EHL
- Total spend on community development programs
- Spend per geographic area
- Spend per theme (where themes will include strengthening social resilience, community capacity building and partnership, and local economic development)
- Value of co-contribution from other/external sources
- Results of community feedback assessments from projects

### **5.1 Assessment, review and evaluation**

Internal assessments of community development support activities will be undertaken regularly. This will involve a desktop review of progress against activity outcome indicators, budget spend and schedule, as well as easily acquired field data, such as feedback from Village Liaison Officers who live in the communities where the development support is being provided, and contacting contractors who implement programs as necessary.

Additional reviews include:

- Strategy documents reviewed at least once every two years
- Significant programs reviewed against their objectives (as described in the Project design documents) annually
- Mitigation measures monitored per the schedule defined in Table 4-1

### **5.2 Audit**

An independent third party audit of the community development support activities (both process and outcomes) described in this Plan will be conducted every three years once production commences.

## **6.0 REPORTING**

### **6.1 Internal**

EHL will receive program reports from third party contractors implementing programs on a monthly basis (unless otherwise stated in the contract). These program reports will include details on activities undertaken in the month, budget spend, schedule and community/stakeholder feedback as appropriate. Reports against the indicators identified in Section 5.0 will be regularly prepared by the L&CA team (drawing on other teams as necessary).

### **6.2 External**

In addition to the OIMS external reviews, the Lender Group's Independent Environmental and Social Consultant will conduct independent, external reviews on an annual basis as part of the defined Project assessment. An update on community development support activities will also be included in the Environmental and Social Report, which is made available on the Project website at [www.pnglng.com](http://www.pnglng.com).

Drawing on the community engagement approaches outlined in the Stakeholder Engagement Plan, L&CA will develop a culturally appropriate annual communications event updating communities on community-based support activities. The road show will be developed and implemented by the L&CA team across the Project area.

## 7.0 ROLES AND RESPONSIBILITIES

The main functions responsible for implementing this Plan are L&CA, P&GA and, to a lesser extent, MOH. These functions and roles are subject to change over the production phase.

### 7.1 Managers

L&CA Manager:

- Overall responsibility for managing local community development planning, budgets, strategy development, resourcing and monitoring and evaluation
- Coordinate the development of core strategies and plans aligned with Project objectives
- Monitor L&CA Plan to actively manage and support relationship development with Production line management
- Development and monitoring of L&CA budgets based on project activities and project schedule
- Establish and execute processes and procedures in conjunction with field resources to ensure regular monitoring of activities, data capture, coordination and alignment with objectives

L&CA Social Impacts Manager:

- Responsible for local community investment
- Responsible for managing the monitoring all local community development support activities
- Responsible for outcome evaluation of all community development support programs (even if implemented by a different team)
- Identification and selection of third party contractors to implement programs to support strategic themes

P&GA Manager:

- Overall responsibility for managing the interface between EHL and external parties
- Responsible for implementation of OIMS System 10-1 Community Awareness, with final endorsement for all community development activities
- Overall responsibility for managing national and international community development support planning, budgets, strategy development, resourcing and monitoring
- Responsible for managing the monitoring of all provincial, national and international community development support programs (using indicators agreed with the evaluation team in the L&CA department)
- Implement Best Practices in External Affairs to maintain positive, effective working relationship with key government organisations, advisory bodies and relevant institutions that impact the Project

MOH Manager:

- Overall responsibility for setting the direction and evaluation of community development health-related programs
- Coordinates MOH-led community development support activities with P&GA and L&CA departments

- Reviews all health-related community development support activities to ensure consistency with direction and to review progress in terms of health outcomes
- Responsible for managing the monitoring of all health-related community development support programs (using indicators agreed with the evaluation team in the L&CA department)

## 7.2 Implementing level

L&CA Community Affairs Officers:

- Responsible for the implementation of the L&CA strategies and associated activities
- Primary interface between the EHL and host communities
- Develop and actively manage the landowner engagement strategy, particularly relating to ongoing awareness and information
- Develop and maintain supportive relationships with local level regulatory bodies such as the Department of Petroleum and Energy and provincial and local-level government authorities
- Managing the implementation of the program
- Responsible for developing and maintaining a mutually respectful, long-term, transparent relationship with community representatives in a culturally appropriate manner

## 7.3 Compliance managers

L&CA Compliance Manager:

- Reports to the L&CA Manager
- Monitor and assess the performance of all local community development activities against internal and external commitments
- Secure and report against the budget and resources allocated to community development activities
- Report community development support spending for all activities in this field (regardless of which budget they are sourced from)
- Communicate improvement objectives and targets in accordance with the guidance provided in this Plan
- Review performance trends on a regular basis and stewarding performance against objectives and targets
- Ensure adequate resources are available to meet objectives of this Plan

P&GA Business Manager:

- Reports to the P&GA Manager
- Responsible for ensuring all P&GA-led community development support activities comply with ExxonMobil policies and meet due diligence requirements

## **8.0 TRAINING AND AWARENESS**

Before the development of a training and awareness program for employees implementing community development support activities, a needs analysis will be conducted. The needs analysis will be based on the requirements of this Plan and the people involved in its implementation.

### **8.1 Competency**

Skills and knowledge will be developed for personnel responsible for implementation of this Plan in the following areas:

- Project execution
- Implementing community development support projects
- Managing program and project budgets
- Evaluation of program components
- Occupational safety, risk management and controls
- Tok Pisin or other relevant Papua New Guinean languages
- Working effectively in a virtual, multi-cultural team environment

Depending on the type and nature of programs envisaged for community development support, consultants with specialised knowledge in areas such as rural health, hygiene, justice and other focus areas will be retained as required.

## 9.0 REFERENCE LIST

Department of National Planning and Monitoring. (2010). *Papua New Guinea Development Strategic Plan 2010-2030*.

Department of National Planning and Monitoring. (2010). *Papua New Guinea Medium Term Development Plan 2011-2015*.

Government of Papua New Guinea. (2010). *Transforming our health system towards Health Vision 2050, National Health Plan 2011-2020*.

Independent State of Papua New Guinea. (2011). *Papua New Guinea Vision 2050*.

International Council on Mining & Metals. (2012). *Community Development Toolkit*.

International Finance Corporation. (2006). *Performance Standard 7: Indigenous Peoples*.

United Nations. (2007). *United Nations Declaration on the Rights of Indigenous Peoples*.

United Nations. (2000). 55/2. *United Nations Millennium Declaration. Millennium Development Goals*.