

Esso Highlands Limited



Papua New Guinea LNG Project

**HQ1-3 RAP Addendum 3:
Spoil Dump 1 + Extensions**

PGHU-EH-SPZZZ-410007

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ACRONYMS

Acronym	Definition
ANUE	Australian National University Enterprises
BPEA	Best Practices in External Affairs
BSA	Benefit Sharing Agreement
CCJV	Clough Curtain Brothers Joint Venture
CRP	Communal Resource Plan
EHL	Esso Highlands Limited
EIS	Environmental Impact Statement
ELC	Environmental Law Centre
ESMP	Environmental and Social Management Plan
FN	Family Number
FRV	Full Replacement Value
Ha	Hectares
HGCP	Hides Gas Conditioning Plant
HQR	Hides Quarry Road (to HQ1-3 quarries)
IFC	International Finance Corporation
ILG	Incorporated Land Group
IPCA	In-Principle Compensation Agreement
KP	Km point (Hides to landfall at Omati)
Lanco	Landowner Company
LBBSA	Licence-Based Benefit Sharing Agreement
LLG	Local Level Government
LNG	Liquefied Natural Gas
LR	Livelihood Restoration
M&E	Monitoring and Evaluation
O&GA	Oil and Gas Act
OIMS	Operations Integrity Management System
OSL	Oil Search Limited
PIA	Project Impacted Area
PNG	Papua New Guinea
PNG LNG	Papua New Guinea Liquefied Natural Gas Project
PPL	Petroleum Prospecting License
PS	Performance Standard
RAP	Resettlement Action Plan
RIT	Resettlement Implementation Team
ROW	Right of Way
RPF	Resettlement Policy Framework
RTC	Resettlement Team Coordinator
SHP	Southern Highlands Province
SIA	Social Impact Assessment
SMLI	Social Mapping and Landowner Identification
UBSA	Umbrella Benefits Sharing Agreement
VG	Papua New Guinea Valuer General

EXECUTIVE SUMMARY

Introduction

Esso Highlands Limited (Company) proposes to develop the Papua New Guinea Liquefied Natural Gas (PNG LNG) Project (Project) to commercialize gas reserves within the PNG Southern Highlands and Western Provinces.

This HQ1-3 RAP Addendum 3 report, referred to as the Hides Quarry Road Spoil Dump One Site and Extensions (HQR SD 1), is an addendum to the Hides Quarry 1-3 RAP. Addendum No. 3 focuses on physical and economic displacement resulting from the construction of the main spoil dump and dump extensions adjacent to the Hides quarry road. Total area to be accessed is 17.1 ha consisting of four sub-sites. The spoil dumps are required for deposits of excess fill material from the access roads and HGCP site.

The nature of the soil required a change in land preparation techniques that resulted in increased amounts of spoil. Spoil has been placed onto the eastern areas of SD 1 and Extension 1, and a spoil slip on 09 September damaged one newcomer structure on the eastern edge of the site. The spoil area was consequently increased to exclude future risks.

Resettlement Goal

The Project's overall resettlement goal is to design and implement resettlement in a manner that improves, or at least restores, livelihoods and standards of living of physically and economically displaced persons. This HQ Spoil Dump Addendum is consistent with goals, principles, and processes described in the Project's October 2009 Resettlement Policy Framework (RPF).

The intervention on the Spoil Dump site involves both physical and economic resettlement.

Institutional and Legal Framework

The resettlement process complies with legal requirements and criteria such as the following: those specified in the PNG Oil and Gas Act (O&GA); key PNG National Government institution guidelines; legislation governing both provincial and local governments; and the International Finance Corporation's (IFC) Performance Standards on Social and Environmental Sustainability.

Social, Economic and Cultural Environment

The Huli linguo-cultural group occupies the land within the Hides spoil dump area, as is the case for the general Hides and Komo catchment areas.

Consultation and Disclosure

Consultations and disclosures regarding the proposed development have been continuous along the HQR and Spine routes since November 2010. A separate public consultation and engagement for affected spoil dump landowners took place on the 17 August 2011, with follow-up household negotiations throughout August, September and October.

Communication mediums included written letters, meetings, oral presentations, flip charts, booklets and flyers in English and Pidgin. A process of disclosure of documents is in place and will include public dissemination and distribution of the HQ Spoil Dump Addendum.

Project Impacts

The list below summarises the principal impacts likely to be experienced by affected spoil dump households:

- Six established households, with nine structures, will be physically displaced. Two of these households have already been resettled once before from HGCP. In addition 16 newcomers, consisting of two groups, have constructed houses on the site and seven households will also be economically displaced. These households have also been affected on other Project sites in the Hides area. The first group of newcomers located on the Extension 2&3 area established structures after April 2011 and the second group on the spoil slip site established structures in the last one to three months.
- 17.1ha of forest and garden resources.
- The census and survey team examined over 35 garden zones with a total area under agriculture of 1.9 ha. Garden crops were typical for the area, including sweet potato, banana, pitpit, pineapple, choko, and cassava; and tree crops included coffee trees and seedlings, marita, casuarinas and castanopsis. Four 4 fish ponds were also identified.
- Access to water sources will be affected. This will be replaced through the construction of water collection structures.
- Disruption in social networks is expected to be minimal, as affected households have indicated in the social survey they will move to sites in close proximity to the HGCP or spoil dumps.
- No trade stores were found within the affected area and no loss of employment is anticipated.
- No community infrastructure will be impacted by the development. Relocatees will, however, benefit from the region wide community infrastructure that will eventuate both from the Project discretionary programs and the Government commitments made in the LBBSA.
- There are no cultural heritage sites on the land and any chance finds will be subject to appropriate mitigation measures and programs.
- Regional population increase and influx will arise due to construction activities, improved services and employment opportunities. There is no anticipated occupation of the spoil dump sites though during construction small opportunist trade stalls may be erected.
- No household are immediately vulnerable but a number of households and individuals will be monitored. A dedicated Vulnerable Assessment Team has been established for this purpose. These include two households that have resettled once before, the seven economically displaced households who have been affected on other Project sites and a number of individuals who are old, widowed or at risk of abandonment. The development of this spoil dump together with past sidcasting and proposed spoil dump developments will place increasing social pressure on the area and so will need to be closely monitored.

Eligibility and Entitlements

Those individual households subject to physical and economic displacement due to loss of houses, land, economic trees or gardens are eligible to receive damage and deprivation compensation as well as livelihood restoration. Newcomers will likewise receive compensation but this will take account of the reduced impact on these households, as most have only been on the site for a few months. Landowners will also be entitled to once off and rental payments for damage and deprivation, including loss of access to traditional hunting grounds. Compensation will be paid at full replacement value.

Livelihood Restoration Program

In addition to compensation payments, livelihood restoration programs will be implemented to improve, or at least restore, the livelihoods and standards of living of physically and economically displaced persons. These programs include land-based as well as non-land based activities. Five of the six established households have already identified resettlement sites.

Grievance Management Framework

A Project Grievance Procedure has been implemented to receive, respond to, and address any grievances made to the Project.

Organizational Roles and Responsibilities

Overall responsibility for the planning, implementation, and monitoring of physical and economic displacement rests with the Land and Community Affairs Department of the Company.

Monitoring and Evaluation (M&E)

Monitoring and evaluation will provide information on whether clan and individual compensation, resettlement and development investments are providing positive benefits, and to indicate the need for corrective action that may be required to achieve Project resettlement goals.

Resettlement Implementation Schedule

A schedule of tasks has been developed to plan and implement the major components of resettlement implementation over the latter part of 2011 through to 2012.

Cost and Budget Estimate

The budget has been approved by the Company, and additional budget provision made for any contingencies. The cost of the Spoil Dump resettlement program is estimated at approximately US\$0.55million.

1.0 INTRODUCTION

This HQ1-3 RAP Addendum No. 3 report, referred to as the Hides Quarry Road Spoil Dump One Site and Extensions (HQR SD 1), is an addendum the Hides Quarry 1 to 3 RAP. Addendum No. 3 focuses on the resettlement of people currently residing in areas which the Project wishes to access to establish spoil dumps. The spoil dumps are required for deposits of excess fill material from the access roads and HGCP site. The sites lie in the Southern Highlands Province of Papua New Guinea and within Petroleum Development Licenses 1 and 7. The license boundary between PDL1 and PDL7 transects laterally at the northernmost point of Spoil Dump Extension 2, so that affected households lie in both PDL1 and PDL7.

Figure 1-3 illustrates the Spoil Dump 1 site in relation to the HQ1-3 road and quarry area.

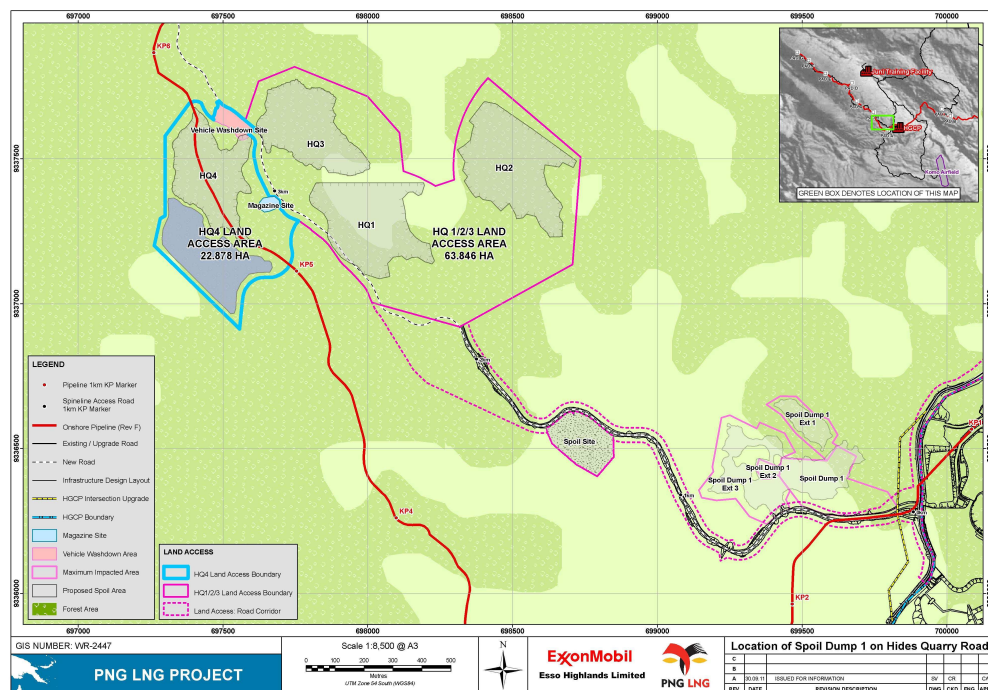


Figure 1-1: HQR Quarries and Spoil Dump Lcales

The total area to be accessed is 17.1 ha, constituted as follows: Spoil Dump 1: 7.1 ha; Extension 1: 2.3 ha; Extension 2: 0.4 ha; and Extension 3: 7.3 ha (Figure 1-2). The spoil area will be required for some four to six months and will then be rehabilitated.

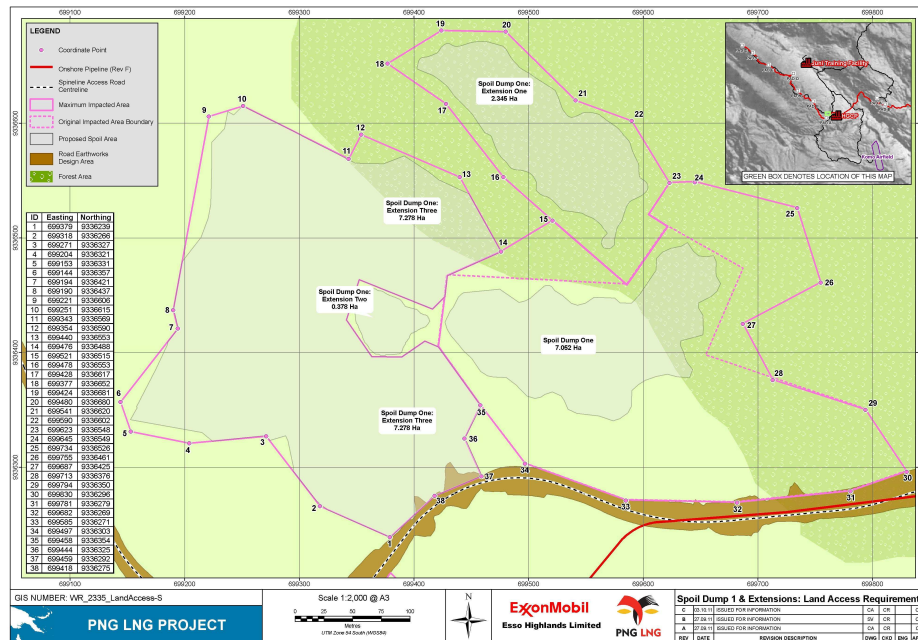


Figure 1-2: Spoil Dump 1 and Extensions

Prior to the formal expansion of the spoil dumps, certain amounts of spoil were dumped on side casting areas along the HQR that affected small areas of gardens. The nature of the soil required a change in land preparation techniques that resulted in increased amounts of spoil. Spoil has also been placed onto the eastern areas of SD 1 and Extension 1, and a spoil slip on 09 September damaged one newcomer structure on the eastern edge. The spoil area was consequently increased to exclude future risks. The spoil slip arose after excess spoil was placed on Spoil Dump 1 and then this moved to the NE section of the site and into an area of housing recently constructed by newcomers. For the purposes of this report, these newcomers are referred to as the 'Spoil Slip' newcomers to distinguish them from the newcomers established in Extension 2 and 3.

The affected community consists of a mix of 'established' households, who have been in the area for 8 months or more, newcomer households, who have moved into the area since April 2011, and households who have gardens in the area (economically affected). In total, 29 households are affected, constituted as follows: (i) six established households, with nine structures, that will be physically displaced; (ii) 16 newcomers consisting of seven within Extensions 2&3 and nine on the spoil slip area; and (iii) seven economically affected households.

Two of the established households have already been resettled once before from HGCP and the seven economically affected households have all been affected at other sites - four of the seven are from the HQR area, 2 from HGCP and 1 from Kopeanda Landfill (HWMA). Figure 1-3 illustrates the distribution of affected structures and gardens for each of the groups affected.

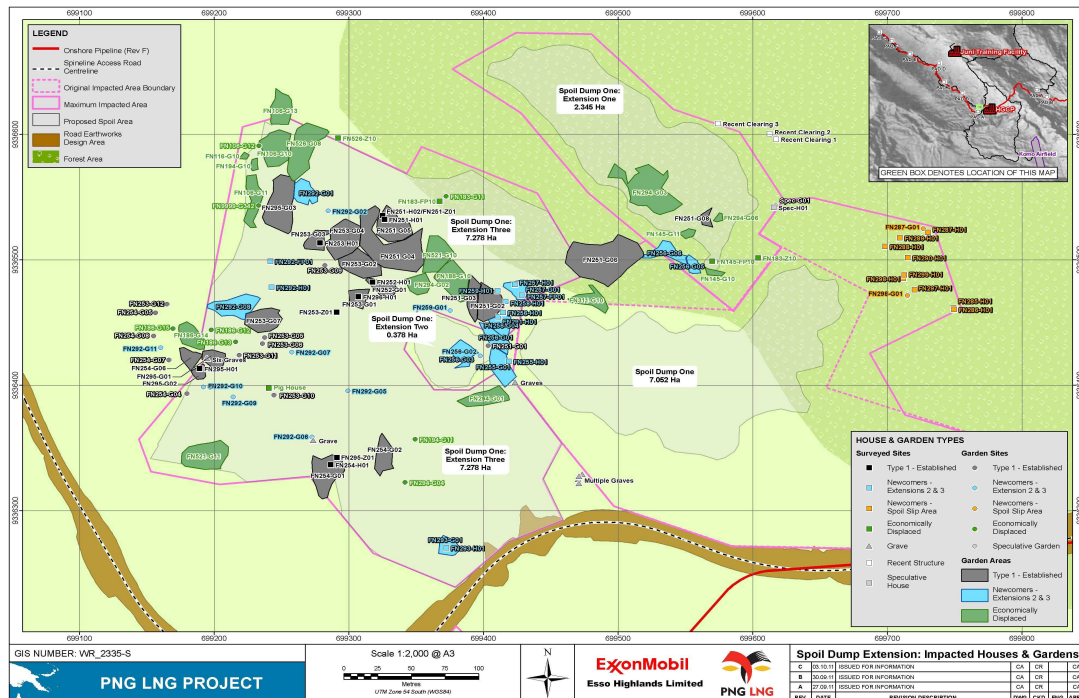


Figure 1-3: SD1 Distribution of structures and gardens

In addition to Spoil Dump 1 and the side casting areas, further spoil dumps will be required along the quarry road and within the quarry areas. Table 1-1 below summarizes all areas that have been developed and are planned for future spoil development, together with the households affected. Figure 1-4 illustrates the location of each of the sites along the quarry and wellpad access road:

Table 1-1: Summary of Spoil Dump Areas & Households Resettled

Site	RAP / addendum	Area (ha)	Number FNs resettled
HQ1-3 Area (Original)	Hides Quarry 1-3 RAP	42.0	10
HQ1-3 Area (Additional households included owing to safety requirements - Road related)	As above	Area incl. in Addendum 4	03
HQ1-3 Area (Additional SD– within HQ1-3 area but not developed until October 2011)	As above. Change of land use from quarry to spoil dump (SD 6)	Included in HQ 1-3	01
SD 1 & Extensions (Addendum 3)	HQ1-3 (Addendum 3)	17.1	06
Side casting and spoil dump area	HQ1-3 (Addendum 4)	24.4	0 (Only trees affected)
Spoil Dump No. 2 and Extensions	HQ1-3 (Addendum 5)	8.5	07

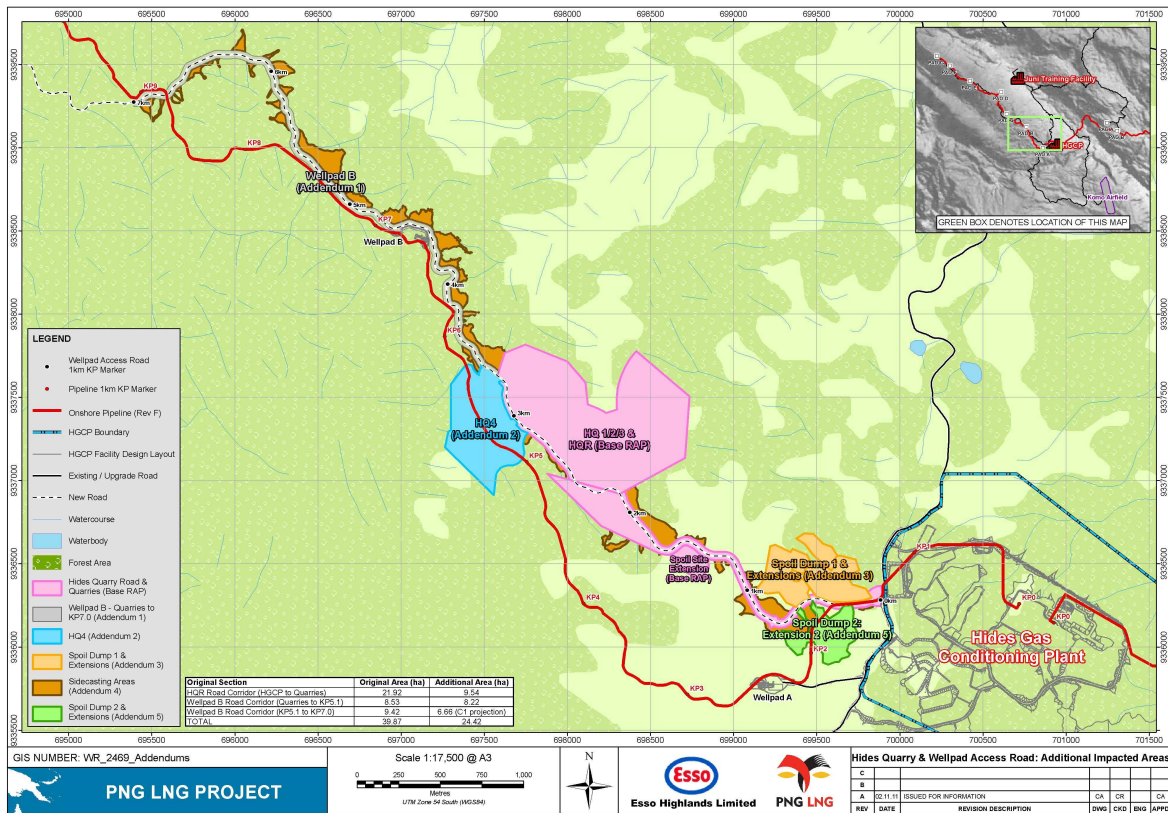


Figure 1-4: Spoil Dumps and Side casting Areas

This HQR Spoil Sites Addendum No. 1 outlines measures that will be undertaken to address impacts on individual and communal resources. The construction, logistics and labour activities will comply with the following social and environmental project plans and protocols:

- Camp Management Plan - PGGP-EH-SPENV-000018-024;
- Community Health & Safety Management Plan PGGP-EH-SPENV-000018-021;
- Community Impacts Management Plan PGGP-EH-SPENV-000018-022;
- Community Infrastructure Management Plan PGGP-EH-SPENV-000018-027;
- Community Engagement Management Plan PGGP-EH-SPENV-000018-026; and
- Labour and Worker Conditions Management Plan PGGP-EH-SPENV-000018-023.
- Air Emissions Management Plan – PGGPO-EH-SPENV-000018-004
- Noise and Vibration Management Plan – PGGP-EH-SPENV-000018-005

1.1 Resettlement Goal

The Project's overall resettlement goal is to design and implement resettlement in a manner that improves, or at least restores, livelihoods and standards of living of physically and economically displaced persons. This HQ Spoil Dump Addendum is consistent with goals, principles, and processes described in the Project's October 2009 Resettlement Policy Framework (RPF).

1.2 Institutional and Legal Framework

The resettlement process complies with legal requirements and criteria detailed in the HQ1-3 RAP, such as the following: those specified in the PNG Oil and Gas Act (O&GA); key PNG National Government institution guidelines; legislation governing both provincial and local governments; and the International Finance Corporation's (IFC) Performance Standards on Social and Environmental Sustainability.

1.3 Sources of Information

Key sources of CRP information are summarized in Table 1-2:

Table 1-2: Key Compliance Documents and Information Sources

Document	Reference
PNG Oil and Gas Act	1998/2001
PNGLNG Environmental and Social Management Plans	PGGP-EH-SPENV-000018
PNGLNG Company National Content Plan	PGGP-EH-BPZZZ-000013
PNG LNG Project Resettlement Policy Framework	PGGP-EH-SPENV-000018-030
PNGLNG Environmental Impact Statement	
PNGLNG Social Impact Statement	
International Finance Corporation's Performance Standards on Social & Environmental Sustainability – April 30, 2006	Performance Standard 1 – Social and Environmental Assessment and Management Systems
International Finance Corporation's Performance Standards on Social & Environmental Sustainability – April 30, 2006	Performance Standard 5 – Land Acquisition and Involuntary Resettlement
International Finance Corporation's Performance Standards on Social & Environmental Sustainability – April 30, 2006	Performance Standard 4 – Community Health, Safety and Security
International Finance Corporation's Performance Standards on Social & Environmental Sustainability – April 30, 2006	Performance Standard 7 – Indigenous People
PNG – Full Scale Social Mapping & Landowner Identification: studies PRL12 and PDL1	Dr Laurence R Goldman (2008)
Exxon Mobil Best Practice in External Affairs	
Exxon Mobil Land Use Standard	
Exxon Mobil Operations Integrity Management Systems (element of Community Awareness on Property Rights and Resettlement)	
Exxon Mobil Policy on Human Rights	
HGCP to Hides Quarry Road pre-construction report	PGHU-EN-SRZZZ-420040

This HQR Spoil Sites Addendum is compliant with the Lenders Environmental and Social Requirements.

1.4 Site Selection and Avoiding/Minimizing Resettlement

The requirement for spoil dump sites was anticipated in the HQ1-3 RAP but additional sites are now required as more spoil is being generated from the access roads and HGCP, in particular. The new affected site and related extensions are thus an addition to the original submission and required for construction purposes. The original Hides Quarry Road Spoil Site of 3.23 ha proved to be unsuitable and has been replaced by other minor sites adjacent to the road and the SD 1 & Extensions site. Spoil sites are also being maximised in the

quarry 1 to 3 areas but limited options remain for the economic use of spoil sites elsewhere in the HQR/HGCP area.

The resettlement impact of the original HQ1-3 sites was assessed as relatively minimal (i.e., less than 10) with few people resident on the proposed quarry areas but rather concentrated along the quarry access road (HQR). The additional resettlement impacts are of a similar magnitude to that identified in the original HQ1-3 RAP, in terms of established households, but include two groups of newcomer households and households, not resident in the area, that will lose gardens. The first groups of newcomer households, located in the Extension 3 area, constructed houses within the last 4-6 months and the second group, affected by the spoil slip area, constructed houses in the last 1 to 3 months. Gardens of the economically affected households have been established in the last year by households who have been affected by other Project sites.

2.0 SOCIAL, ECONOMIC AND CULTURAL ENVIRONMENT

The topography throughout the spoil dump area consists of a mix of depressions, sink holes and steep slopes. Homesteads and gardens are mainly located on the western and northern sides of the site and on the NE where the spoil slip occurred.

2.1 Population and Clans

The Huli linguo-cultural inhabit the spoil dump and surrounding environs, which includes the general Hides and Komo catchment areas.

Table 2-1 provides a summary of the principal clans¹ recorded for the HQR1-3 area and spoil dump sites; the majority of the impacted spoil dump landowners belong to the Kela clan. A detailed history of the relationships, land tenure precedence and disputes between the clans is given in the HQ1-3 RAP. The land holdings of most of these clans are contiguous and run in an easterly direction from the Tagari River up to the Hides ridge in discrete vectors. These Huli clans arrived some 8 generations ago pioneering settlements and cultivations in previously unused forest areas. Intensive settlement at the spoil dump site is relatively recent occurring over the last few years.

Figure 2-1 and Figure 2-2 illustrate the clan-to-land disposition in the general area and more specifically in and around the spoil dump environs.

Table 2-1: Spoil Dump and Quarry Clan Listing

Principal Impacted HQ1-3 clans	Census Fieldwork Team	Archaeological Team 2010	Goldman PRL12 SMLI 2008	SPOIL DUMPS
HAGU (Kulu sub-clan)	●	●	●	●
WARABIA	●	●	●	
KELA	●	●	●	●
TAGUALI	●	●	●	

¹ The affected spoil dump landowners referenced membership to more than 11 distinct clans.

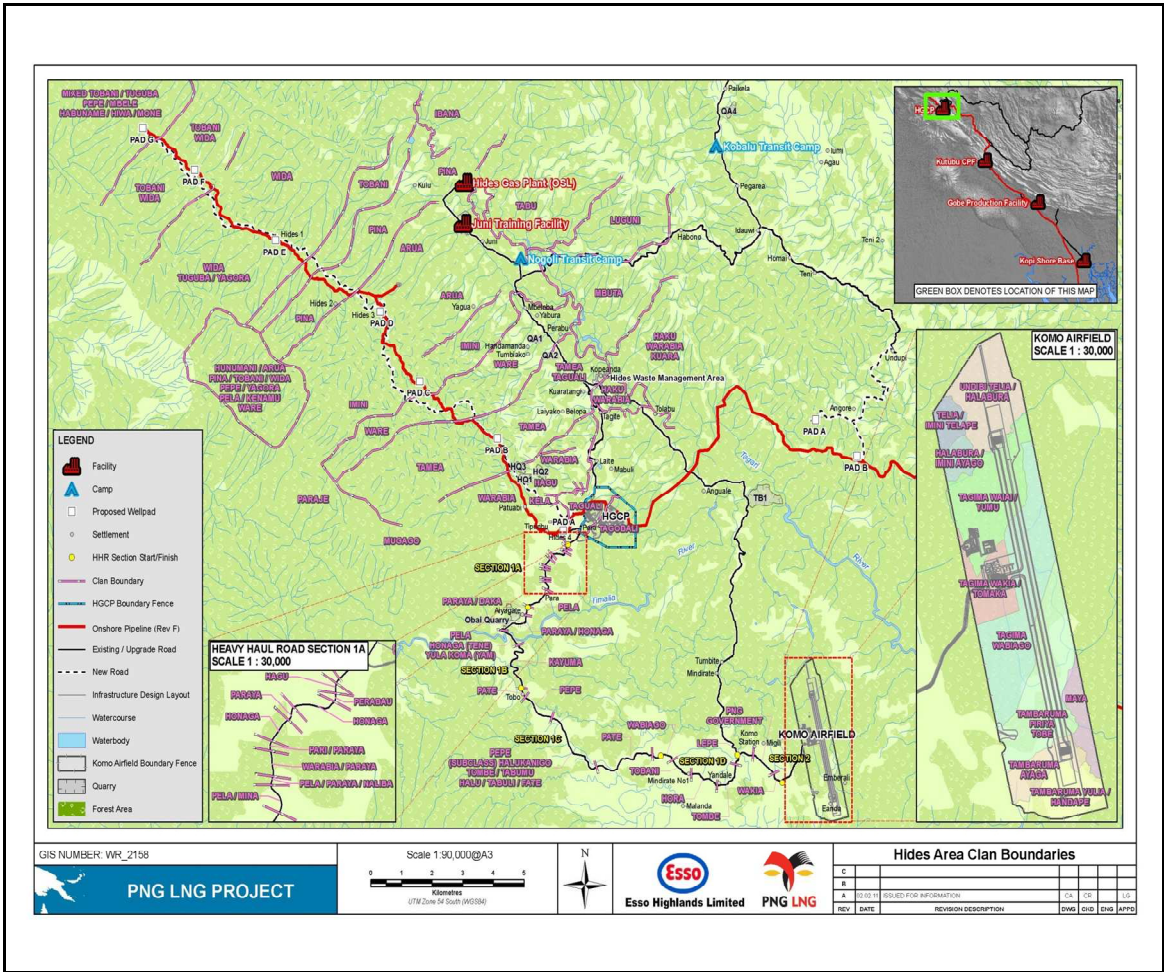


Figure 2-1: General Hides Clan Distribution

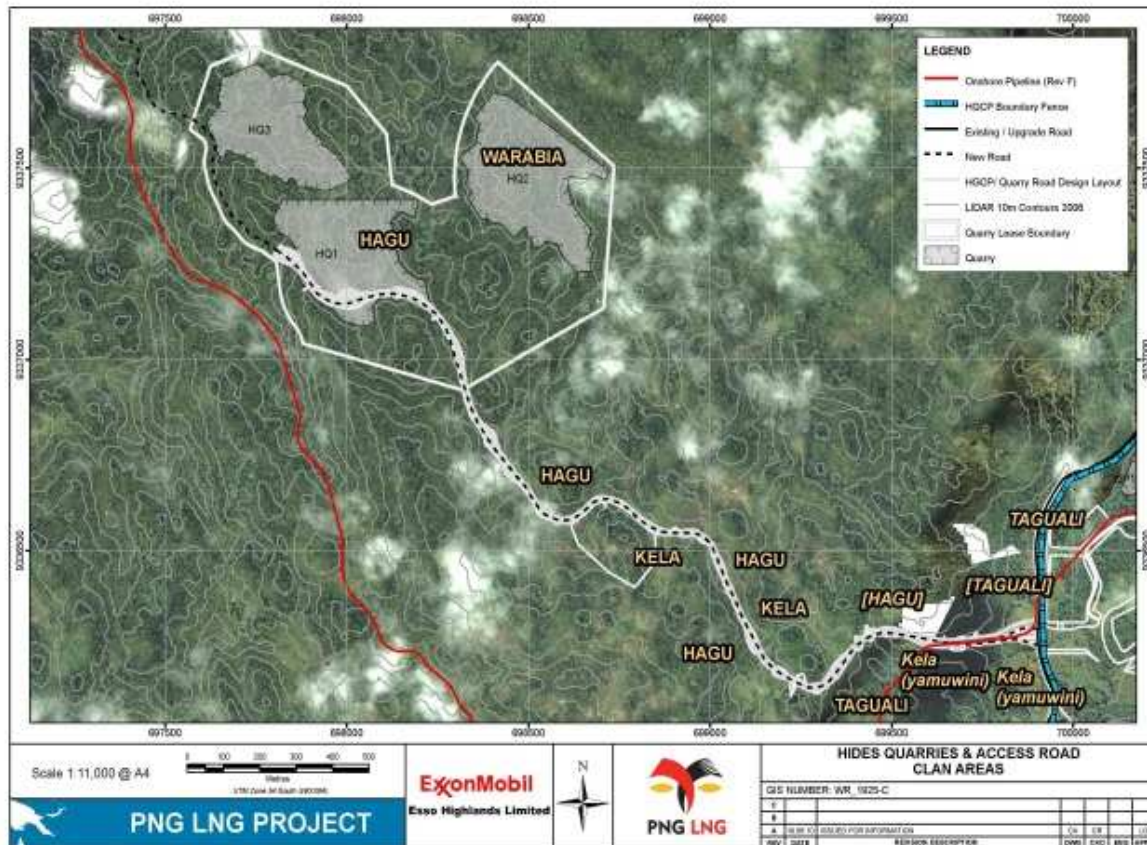


Figure 2-2: Quarry Road Clan Disposition

In response to Social Survey Question A4 – ‘Have you moved here from somewhere else?’ three of the physically impacted households indicated they had, and furthermore this would also be the second ‘relocation’ for two households since 2010². This finding is supported by responses to Question A6 – ‘Why did you move?’ in that again the three physically impacted households indicated they had already moved from the Hides quarry road and Well Pad areas. Three of these relocated settlers stated they were living on their ‘father’s’ or husband’s land and the remaining two indicated they had ‘rented’ the land they were presently using.

2.2 Demographics and Household Profile of Directly Affected Population

Table 2-2 below includes a summary of the household numbers for the three groups of households. A total of 147 people are affected with the average number per household ranging from 10.8 for established households to 4.7 for Newcomers in the Slip Area. Such a range is to be expected considering the nature of the newcomer households, with many of the structures being small and incomplete as dwellings. Absentees of newcomers in Ext 2&3 are particularly high at 70% with the other sites also being significant at 45% and 49% for Slip Area newcomers and established households respectively. An average of 17% of absentees are outside the local area (mainly in Tari).

² One household also moved from Wellpad A for their own reasons.

The gender split for established households is similar to many other Project sites but lower for Extension 2&3 newcomers and even lower for Slip Area newcomers. The same applies to the number of children at each household, confirming the recent settlement status of the newcomer households.

Table 2-2: Summary of Household Numbers

	Established Households	Newcomers (Ext. 2&3)	Newcomers (Slip Area)	Total
Total Households (FN)	6	7	9	22
Total people	65	40	42	147
Average per household	10.8	5.7	4.7	6.7
Total Females	31	17	15	63
Percentage of total	48%	43%	36%	43%
Total Children <=15yr	31	16	11	58
Percentage of total	48%	40%	26%	39%
Absentees	32	28	19	79
Percentage of total	49%	70%	45%	54%
Absentees Outside Local area	7	9	9	25
Percentage of total	11%	23%	21%	17%

Appendix 1 contains further social characterization of the affected landowner constituency in respect to employment, income sources, educational achievement and literacy.

2.3 Social Infrastructure

Figure 2-3 illustrates the distribution of social infrastructure in the area. As previously noted the spoil dump sites and extensions will not disturb present social infrastructure.

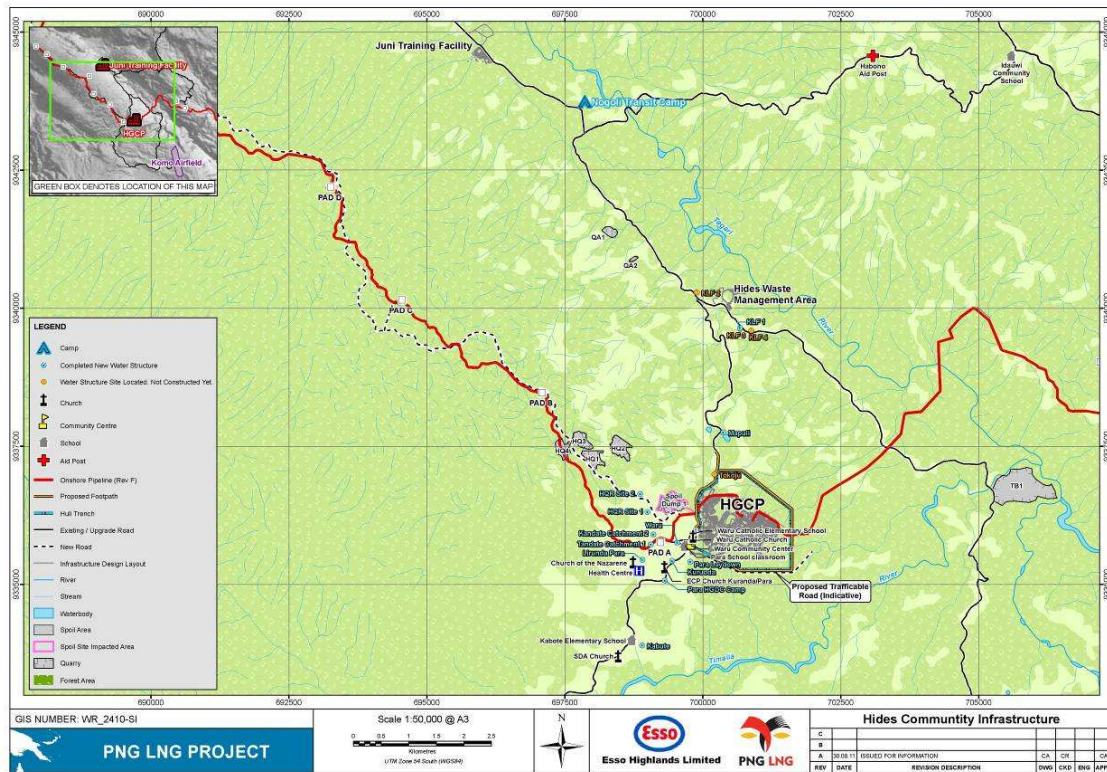


Figure 2-3: Social Infrastructure in the Hides Region

2.4 Water and Sanitation

None of the impacted households had water tanks and the majority (100%) of survey respondents indicated they sourced their water from local springs. There were no communal water tanks recorded. Average time to collect and return with water was 17.5 minutes with a range from 5–30 minutes. 12% of those who responded to the enquiry reported that water was available all year round. Access to, and continued and uninterrupted supply of, water were issues raised by affected landowners in the open responses to question I13 (see below).

Table 2-3 indicates that reliance on pit latrines was at levels comparable and consistent with that recorded for the HQ1-3 area but much lower than other areas.

Table 2-3: Traditional Pit Latrine and Bush Usage at HQ1–3, TB1, Spoil Dump, HGCP, & Komo Airstrip and Catchment

Ablution Type	Komo Catchment	Komo Airstrip	HGCP	HQ1–3	Spoil Dump	TB1
Bush	14%	9%	5%	67%	75%	41%
Traditional Pit Latrine	74%	91%	91%	33%	25%	60%

2.5 Sources of Energy

All spoil dump households rely on firewood for fuel and this is typical for much of this rural environment.

2.6 Structures

2.6.1 Types of House: Materials Used, Sizes, etc.

The census and survey team recorded 25 bush-material structures belonging to 22 affected FNs with structures, of which 9 belong to the 6 established households and the rest to the newcomers. Figure 1-3 shows the location of impacted houses and gardens in the proposed spoil dumps areas.

Most structures belonging to resettlement affected landowners were constructed of bush-materials, usually woven cane or split timber slabs with a kunai (*imperata grass*) thatch roof. Some Slip Area newcomer houses had tin roofs (ease of construction) but rudimentary walls and floors (see Figure 2-4 for a typical established house and Figure 2-5 for a newcomer structure in the spoil slip area).



Figure 2-4: Established Spoil Dump House



Figure 2-5: Newcomer Structure

2.7 Land Tenure and Land Use

2.7.1 Garden Census

The total area to be accessed for spoil dumps is 17.1 ha. The Census and Survey Team examined over 35 garden zones with a total under agriculture area of 1.9 ha. Established households had active gardens in the area, with gardens averaging 1,540m². Gardens of Extension 2&3 newcomers were less developed (containing mainly coffee seedlings) and smaller, averaging 500m², and Spoil Slip newcomers had not developed gardens, apart from a few nominal plantings. The average area of gardens belonging to the seven economically displaced households was 650m².

There were more than 590 crops counts including banana, pitpit, pineapple, choko and cassava; 3,166 coffee plantings including trees (943) and seedlings (2,223); 208 tree crops including marita and fig; 481 economic trees including casuarina (366) and castanopsis (44). Four fish ponds were also identified.

The project has committed to applying FRV rates for all gardens and trees including those that are around the present houses and structures.

2.8 Cultural Heritage Sites

A survey was undertaken of the Spoil Dump site and no cultural heritage sites were recorded in these areas.

The Project's cultural heritage programs and protocols address archaeological evidence and secondary burials and ensure that, where appropriate, relocation of ritual items occurs in accordance with Huli custom.

2.9 Vulnerable Households

The Project will assist elderly, young, landless, infirm and disabled people affected by involuntary resettlement to appropriately meet their needs during the physical relocation and reestablishment of houses and gardens.

No heads of households are immediately vulnerable but categories of potentially vulnerable households to be closely monitored include:

- Two households that have been resettled once before.
- Seven economically displaced households who have lost gardens on other Project sites. Whilst these and the above two households are not at present considered 'landless', they will be closely monitored in respect to their land availability, subsistence levels and livelihood status over the next 2 years.
- Two males over 50.
- Six households with 7 children aged five or under; however, no household had more than two such children less than 5 years of age.
- 1 widow and female head household.
- 1 wife who expressed concern that her husband will abscond with compensation payments.

ELC maintains a list of vulnerable households and individuals across all resettlement sites, which is used for ongoing monitoring of these households' progress during and post resettlement. In addition, a dedicated Vulnerable Assessment Team has been established on site to identify vulnerable households, to define and implement mitigation measures, and to monitor individuals within these households to ensure that they are no longer vulnerable.

2.10 Resettlement Sites

The resettlement social survey and census solicits responses from affected established landowners in respect to the relocation process and likely resettlement sites. To the survey Question I10: *"What is your relationship to this [relocation] land?"* 83% of respondents said they would move to their father's land (51% TB1, 52% KLF, 62% HHR) and 17% to their mother's land (30% TB1, 31% KLF). In the context of Huli land tenure custom, these responses encourage one to conclude that the physically affected landowners will have security of tenure in their chosen relocation locale.

In response to Question I11: *"How far is it [preferred relocation site] from your current house?"*

- 16% of respondents declared the travel time to the new relocation site was no more than 30 minutes;
- 51% estimated a travelling time of between 1-1.5 hours; and
- 33% indicated the relocation distance was no more than 2 hours.

The respondents who nominated their relocation locales indicated they would move to the clan lands of Kela (16%), Hagu (5%) and other (30%); these clans are all adjacent to HQ1-3 and within the Hides-Komo environs (see Figure 2-1). These responses are consistent with the 1hr travel time noted for Question I11 above.

With respect to Question I12: “What do you own there?”

- 17% of respondents said they had both a house and garden,
- 83% said land and gardens only.

These answers appear consistent with responses given to question A9: “Do you or your family have another residence outside spoil dump?”—where 80% of affected landowners indicated they had no other physical house or residence.

Subsequent to the survey, five of the six established households have identified specific resettlement sites, most of which are close to the spoil dump site as illustrated in Figure 2-6. Seven newcomer households have already identified alternative sites, with most expected to return to their previous places of residence. In conclusion, it is anticipated that all affected households will find alternative resettlement sites, as has been the case on other Project areas.

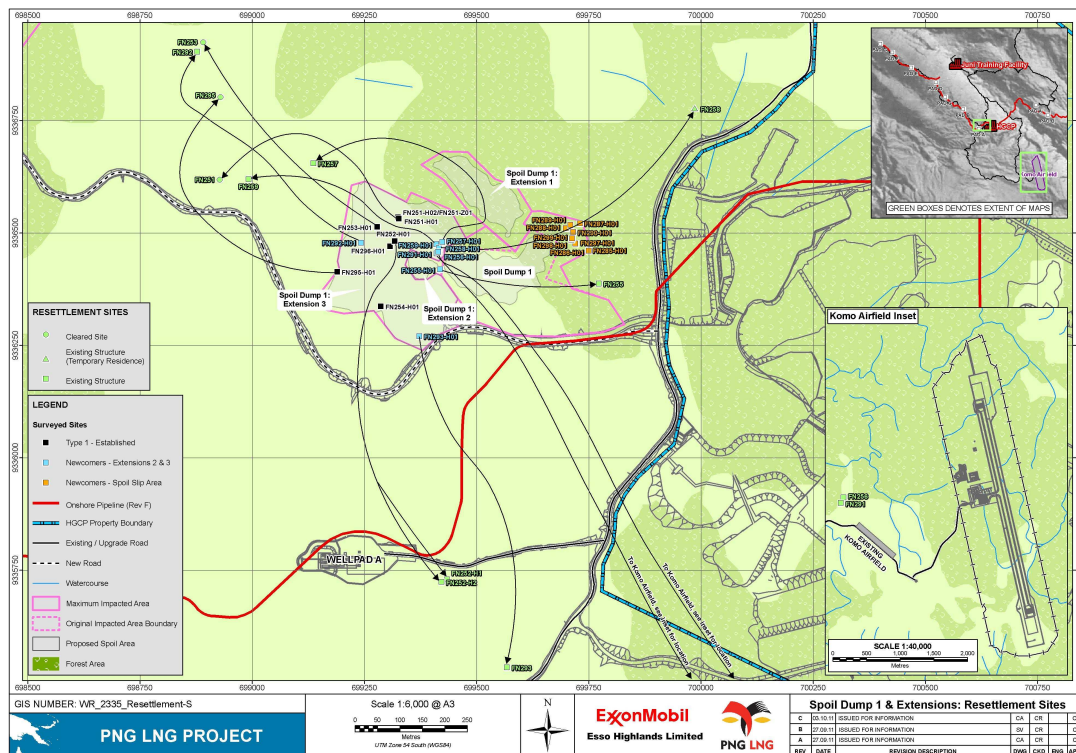


Figure 2-6: Resettlement Sites Identified to Date

2.11 Project Knowledge and Attitude to Relocation

The resettlement family/house social survey recorded the subjective comments from spoil dump affected landowners concerning their attitudes to resettlement.

In response to Question I4: “Are there any aspects of this Resettlement Action Plan that you do not agree with?” The principal (33% of responses) concern of respondents was related to the IBD/deferred compensation arrangements, much as was the case for TB1 residents. Most respondents just wanted the cash. It may be that the lack of enthusiasm across the region for the IBD provision is reflecting the lack of customary analogues to such savings regimes, and distrust of ‘banks’ in general.

In response to the Question I5: “Are you willing to self-relocate?”, the overwhelming majority of spoil dump (see Figure 2-7) landowners were willing to relocate at the time the questionnaire was administered.

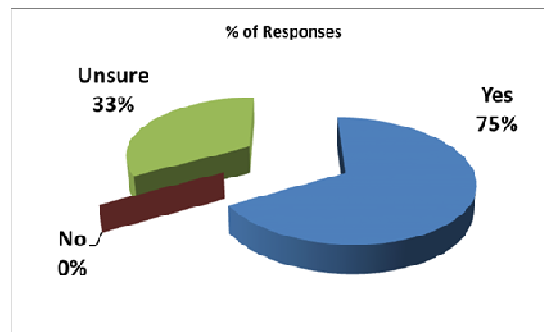


Figure 2-7: Spoil Dump Respondents' Willingness to Relocate

In response to the Question I7: “Do you think your life will be better after the relocation?”

- 83% of respondents were ‘unsure’,
- 17% responded ‘no’.

There is variation across the resettlement impacted catchments in respect to these kinds of attitudes to future welfare and livelihoods. The data here indicate a higher degree of uncertainty due in part perhaps to a lack of understanding of the full suite of resettlement assistance package benefits.

Notwithstanding the above comments, the recorded answers to Question I8: “Do you think there will be any benefits from the relocation?” indicate affected landowners had high expectations concerning the cash component of the household package. However, no other comments were made in respect to livelihood restoration, social services or the provisions for replacement housing.

Other landowner issues were captured in survey Question I13: “Is there anything else you would like to say?”

Repeated concerns raised included, but were not limited to, the following:

- Supply of water and electricity (37%),
- Demand for an all cash package with no IBD component (43%), and
- Ensure payments made to women (20%).

These findings are not atypical in the general context of Hides-Komo region resettlement. In the initial phase of disclosure, when these concerns were recorded, landowners voiced all their anxieties. Over the following months they become attenuated as they learned more about the resettlement process and prioritized their demands. In particular, with almost two years of resettlement impact in adjacent constituencies, newly affected landowners are wiser as to what they want and what they think they need.

3.0 CONSULTATION AND DISCLOSURE

3.1 Overview of Consultation and Disclosure

An initial resettlement awareness road-show specifically for spoil dump landowners was undertaken on 17th August 2011. Table 3-1 provides a summary of attendees at the public consultation for the Spoil Dump area. In addition to RIT consultation activities, the Environmental Law Centre (ELC) has also been involved in support activities. ELC accompanies RIT members during group and household consultation sessions in order to provide legal advice to households as well as to the RIT.



Figure 3-1: Spoil Dump Disclosure Meeting 17th August 2011

Table 3-1: Summary Attendees at Public Consultation for Spoil Dump Area

Resettlement Awareness						
Village	Date	Awareness Team*	Number of Attendees			
			Male	Female	Children	Total
Spoil Dump	17/08/2011	RIT, CA and ELC	25	16	13	54

A summary of issues raised and responses included in Appendix 2. As is evident from some of the issues raised, by far the overriding concern of spoil dump affected landowners was the potential shortage of land for Kela clan's people, given relocation sites at HQ1-3, SpineLine and HGCP had also been impacted. This finding accords with answers also given to the social survey question I6 (see below). An understanding of Kela clan migrant status and their land relationships to Hagu, Warabia and Mugago has been provided in the HQ1-3 RAP.

3.2 Consultation and Disclosure Methods

Verbal information (during community meetings and household meetings) on the proposed spoil dump intervention was supported by various materials concerning the resettlement process:

- "Resettlement Information Booklet for the PNG LNG Project" (written in English, Huli and Pidgin);
- Flipcharts and A0 vinyl sheets to support verbal presentations during public meetings.

After the first community and consultation meeting, the spoil dump households were consulted to establish their awareness and understanding of the resettlement process by RIT and ELC as described in Table 3-2.

Table 3-2: Summary of RIT Household Consultation Interactions

No	Agency	Date	Spoil Dump Households
Meetings			
1	RIT & ELC	26/08/2011	3 Physical Resettlement
2	RIT & ELC	30/08/2011	6 Physical Resettlement
3	RIT & ELC	Sept & Oct 2011	Individual agreement negotiation and signing

Survey results to assess feedback on the public disclosure are summarized in Table 3-3.

Table 3-3: Awareness of the Spoil Dump RAP Consultation Process

Question No.	Question Posed	Yes	No	Unsure
I1	Did you attend the road-show presentations of the RAP?	67%	33%	0%
I2	Do you think you understand the Resettlement Action Plan?	50%	33%	11%
I3	Would you like the Project to explain the Resettlement Action Plan to you again?	33%	50%	11%

In response to the open ended Question I6: "What problems do you think relocation will present to you and your family?" many people gave multiple answers: a projected shortage of land (80%), problems of building another house in a short time-frame (80%), law and order issues (20%), and food and subsistence concerns (20%).

4.0 PROJECT IMPACTS

4.1 Introduction

Table 4-1 summarizes potential impacts and mitigation measures:

Table 4-1: Summary of Impacts and Mitigation Measures

Impact	Scale	Mitigation – Project Responses
Resettlement impacts – households and structures	6 established households and 16 newcomer households will be physically displaced. Two of the established households have already been resettled once from HGCP. 7 economically displaced households (gardens within SD 1) who have also been affected at other Project sites.	Package reflects agreed cash and in-kind compensation provisions for affected established landowners. Newcomers will likewise receive compensation but this will take account of the reduced impact on these households. (A similar approach will be adopted as for the Timalia Borrow Pit area ³) Landowner acceptance evidenced and signaled by signed agreements, a copy of which will be lodged with DPE. Households who have already been subject to resettlement once will be closely monitored over the next 2 years in respect to their land use, subsistence and livelihood status
Loss of access to land and natural resources (deprivation)	Approximately 17.1 ha	The Company will pay the Landowning clans and individuals compensation at FRV. In compliance with Section 118(2) of the Oil and Gas Act, at equivalent market rates. Three forms of payments will be made: Compensation for the use and enjoyment of the surface of the land (annual payment). Compensation for land surface damage and Compensation for initial damage to naturally-occurring bush, vegetation, birds, animals or fish
Loss of gardens, trees and crops	35 garden zones of 1.9 ha: 590 crops, 3,166 coffee plantings; 208 tree crops; 481 economic trees; 4 fish ponds.	Individual landowners are entitled to one-off damage compensation payments. Compensation at the equivalent of market rates will be paid for crop losses, and temporary rations are provided to households resettling to assist with subsistence requirements until gardens are re-established. A livelihood restoration program will be implemented to assist affected households with restoring or improving livelihoods.
Loss of water resources	The affected households obtained water from within the SD 1 area.	Provision has been included for the construction of a water <i>haus win</i> , as has been constructed along the HQR and HGCP areas. The Project is monitoring all water resources in the area so as to mitigate where necessary.
Disruption in social networks	Disruption in social networks is expected to be minimal, as affected households have indicated in the social survey they will move to sites in close proximity to the HGCP or spoil dumps and 5 of 6 established households have identified resettlement sites within 350m of their current sites.	Most households will self-relocate to areas in close proximity. Social networks with respect to exchange relations will continue as these are based on kinship, descent, affinity and friendship ties not related per se to specific locales/areas.

³ PGHU-EH-SPZZZ-420003 Timalia Borrow Pit (TB1) RAP. May 2011

Impact	Scale	Mitigation – Project Responses
Vulnerable	<ul style="list-style-type: none"> Two households who have moved once before. Seven economically displaced households who have been affected by other Project sites. Two males over 50. Six households with 7 children aged five or under; however, no household had more than two such children less than 5 years of age. One widow female head households; 1 female with 'domestic control' issues Kela clan households claiming to be land challenged 	<p>Special assistance will be provided, such as transit, garden establishment and house construction for these individuals and families.</p> <p>A dedicated Vulnerable Assessment Team has been established to identify, mitigate and monitor potentially vulnerable households.</p> <p>If households present as genuinely 'land challenged' or 'landless' they will qualify for special assistance.</p>
Impacts on business and employment	No loss of employment will occur. No businesses impacted.	Project construction and activities are offering employment to affected household members.
Community services and facilities	No community infrastructure will be impacted by the development.	
Cultural Sites	No cultural sites will be impacted.	<p>Compensation schedules for range of cultural heritage sites.</p> <p>Skeletal material to be handled by PNG National Museum. Appropriate rituals to be undertaken by local landowners and caretakers of sites.</p> <p>Chance find sacred stones and artifacts to be relocated by people themselves. Other material to be lodged with National Museum and overseen by archaeologists as per mitigation measures outlined in Hides Waste Management area Pre Construction Survey Report.</p>
Influx of migrants	Regional population increase and influx will arise due to construction activities, improved services and employment opportunities. There is no anticipated occupation of the spoil dump sites during construction and access to the site from the HQR road is controlled.	<p>Squatter settlements will be difficult to establish in this area as most of the land is under customary ownership so that migrants without close relatives will find it hard to maintain any subsistence livelihood.</p> <p>The Project is currently developing Project Induced In-Migration response plans using a community-based process. The outcomes of these activities will assist in developing an area specific plan for the Hides and Komo areas. It is anticipated that these plans will be implemented by late 2011.</p>

4.2 Cumulative Impacts

The original land take for the HQ 1-3 RAP was 42 ha. The additional land take for this addendum of 17.1 ha together with the additional adjoining sidecasting and spoil dump areas listed in Table 1-1 has increased the land take by a further 50 ha. This area has recently become a high preference area for settlement by the community so that they can be close to development opportunities. Consequently the community have raised concerns about land shortages and multiple resettlements by the project. Although affected landowners are still able to self-relocate without undue and adverse impacts on their subsistence livelihoods or access to available land, further developments could prevent this.

The Spoil Dump 1 developments will impact two spoil dump relocatees as well as seven economically displaced houses for a second-time, which is considered both unavoidable and regrettable; however, the project will provide special assistance in the proven circumstances of hardship. The robust livelihood restoration programs will be able to monitor land and food shortages, and based on the case-by-case findings the Project will respond with further measures where any person or family suffers hardship or is worse off than was the case in the pre-resettlement phase.

4.3 Closure and rehabilitation

The spoil sites are used for some four to six months after which they will be closed and rehabilitated. Decommissioning responsibilities are detailed in the Project's Environmental Management Plan. Re-vegetation and land rehabilitation programs will be implemented on the spoil dump sites to return the land to its pre-project vegetative state where feasible. Consultations will be held with the affected households and clan leaders to establish their preferences, prior to implementation, taking account of the necessary environmental requirements. Although the agricultural potential of the rehabilitated spoil sites will be low, these sites have the advantage of being level compared to the surrounding terrain, so could also be used for community facilities, such as sports fields.

4.4 Eligibility and Entitlements

The RPF provides a full schedule of eligibility criteria for compensation and entitlements that will be adopted for the Project. The full schedule of eligibility and entitlements is detailed in the HQ1-3 RAP⁴.

⁴ Note: Alternative housing delivery options are being evaluated.

5.0 LIVELIHOOD RESTORATION PROGRAM

A livelihoods restoration program will be implemented for affected spoil dump families as detailed in the HQ1-3 RAP section 8.

6.0 GRIEVANCE MANAGEMENT FRAMEWORK

The resettlement process for the spoil dump landowners will consider grievances through the Grievance Procedure, which will apply across all Project activities. The Grievance Procedure is available to people affected by displacement, other local populations residing in the Project impact area, and other stakeholders directly affected by the Project.

The Grievance Procedure to be adopted for the spoil dump area is defined in the RFP. The Project will disclose information about the Grievances Procedure to the affected spoil dump communities, interested persons and organizations. The transparency and fairness of the process will be explained through both verbal (via regular stakeholder meetings) and written updates (such as newsletters, website, and posters).

7.0 ORGANIZATIONAL ROLES AND RESPONSIBILITIES

The Company is responsible for overall resettlement planning, implementation, and monitoring as per the RPF. It is implemented by the Company's Land and Community Affairs Team. General organizational details are described in the HQ1-3 RAP, Sections 10.

8.0 MONITORING AND EVALUATION

The Monitoring and Evaluation system (M&E) provides Project management, and directly affected persons, households and communities, with timely, concise, indicative information on whether compensation, resettlement and related development investments are on track and achieving Project goals. The Resettlement Team Coordinator (RTC), supported by the Field Implementation Coordinators, will coordinate internal and external M&E implementation.

Further details of the monitoring process to be implemented can be obtained from the HQ1-3 RAP section 11.

9.0 CRP IMPLEMENTATION SCHEDULE

Table 9-1 below sets out an estimated timeframe of the tasks required in order to implement the spoil dump resettlement program,

Table 9-1: Spoil Dump Resettlement Implementation Schedule

Activity or Task	Actions	2011					2012+	
		A	S	O	N	D	J	F+
Planning	Completion of Addendum							
Approvals	Internal Company approval of the Addendum							
	Addendum Submission to Lenders							
	Addendum Summary to community							
Land Issues	Confirm resettlement sites & any impacted water sources (provision)							
Confirm and finalise compensation agreements	Final identification of vulnerable households							
	Verify inventories of affected land and assets (incl. special valuations)							
	Finalize any entitlement contracts							
Compensation payments and resettlement	Cash payments to individuals							
	Resettlement, housing package, distribution materials or cash component/restitution							
Graves, spiritual & other cultural sites	Relocate / recover (provision)							
Livelihood Restoration	Provide livelihood restoration program to affected families							
	Non-agric training and agribusiness programs							
	Distribution of rations							
Verification and monitoring	Design & implementation of monitoring and evaluation system (ending October 2013)							
	Local advocacy & compensation advisors							
	Internal monitoring							
	External evaluation (including completion audit)							

10.0 COST AND BUDGET ESTIMATE

Budget provision of US\$ 0.55 million is included for forest damage and deprivation costs to clans, as well as losses associated with individual gardens and trees and other social infrastructure, should these arise.

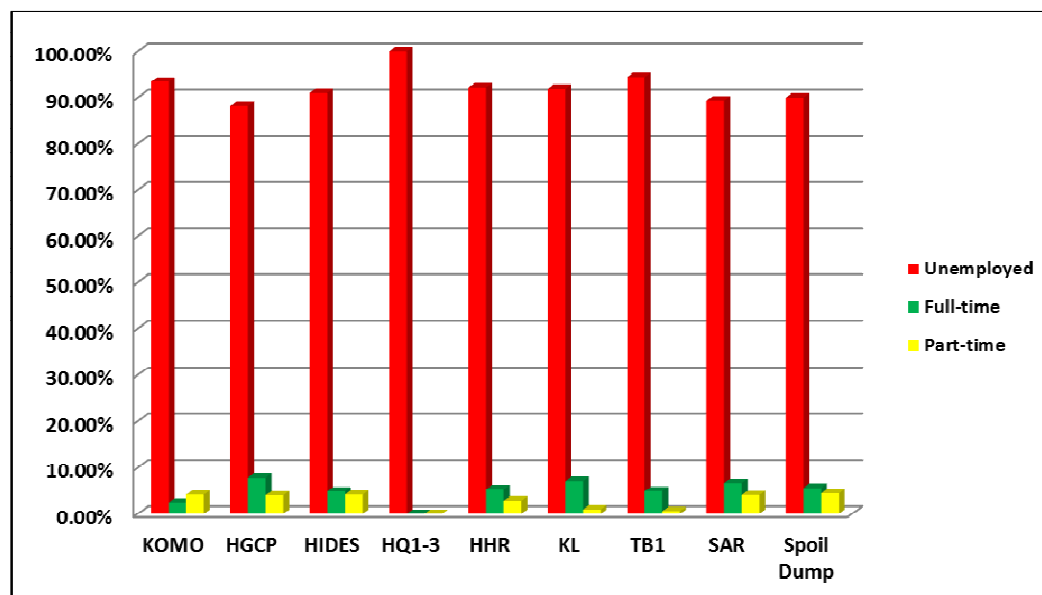
APPENDIX 1: SOCIAL, ECONOMIC AND CULTURAL CHARACTERISTICS

EMPLOYMENT ACTIVITY AND INCOME SOURCES

The spoil dump social census recorded 90% of people had no form of paid employment. The majority of spoil dump landowners are engaged in subsistence horticulture so these recorded levels of unemployment do not carry the same implications, values or consequences conventionally associated with industrialized societies. Most people in Huli produce to eat not sell.

Only 4 males and 1 female from established households had full-time paid employment. These paid employees had jobs as a driver, cook, laborer and clerical assistant with HGDC. Employers included EHL, CCJV, HGDC, and Eurest Catering.

Appendix 1 Figure 0-1 indicates that across the resettlement impacted areas levels of paid employment of established households appear to show little variation. In this regard the spoil dump profile matches many of the resettlement impacted catchments in Hides and Komo.



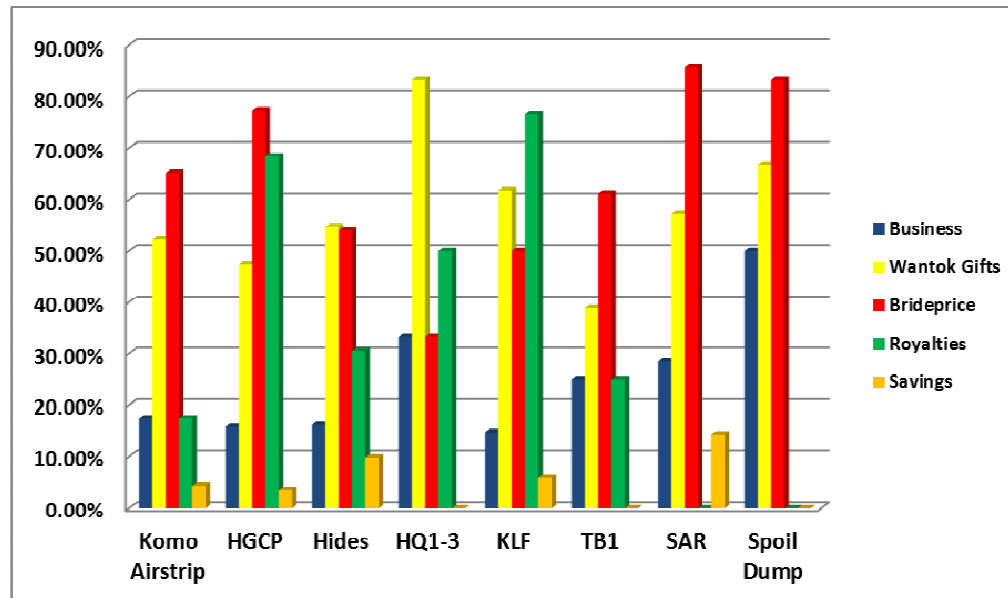
Appendix 1 Figure 0-1: Comparative Employment Levels for HQ1-3, HGCP, HHR, KLF, TB1, SAR, Spoil Dump, Komo and Hides Catchments

Longitudinal data from all previous petroleum and gas SIA surveys indicated that bride-price, local subsistence activity including fishing and cash cropping, and exchange (e.g. *wantok* gifts) continue to represent the vitality of the traditional economy in the financial lives of the populace. One respondent has ownership interests in a trade store but it is not located on the resettlement affected spoil sites.

Appendix 1 Figure 0-2 sets out the principal income sources for the affected spoil dump established residents and compares this with the results for other resettlement impacted constituencies. The profile is broadly continuous with other impacted resettlement areas and we note (a) the absence of reported income from royalties is in line with recorded responses from the SAR catchment; and (b) the seemingly higher percentage of respondents with declared income from business in fact merely reflects the small sample size in which one or two responses skew percentages for this question.

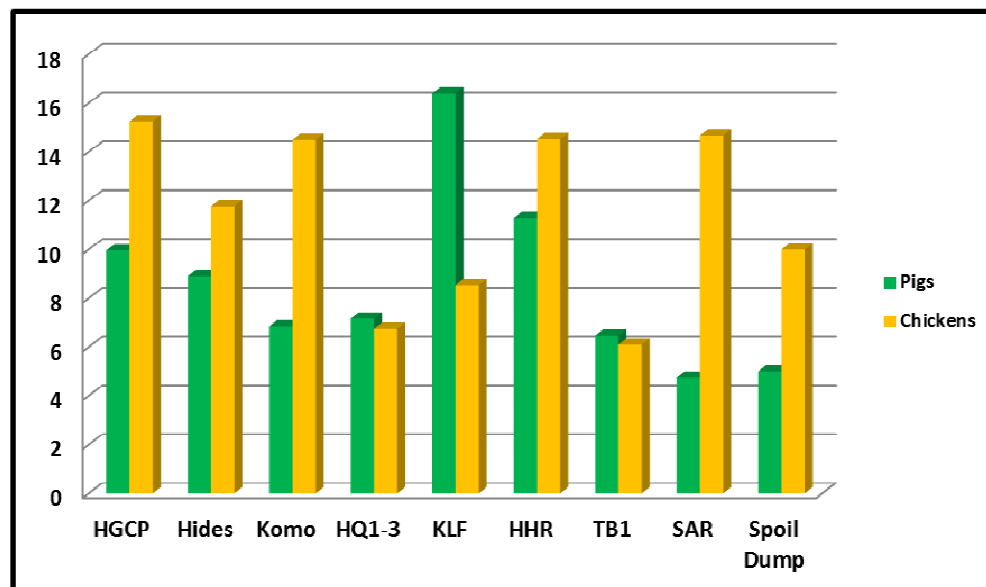
Three of the established households declared income from the sale of coffee, all from food crops, and two from the sale of poultry. Whilst the small sample size again makes it difficult to draw meaningful comparisons, in light of the high male absenteeism in the spoil dump

catchment the data suggest that many of the resident wives may have been marketing produce and poultry to gain their own income streams.



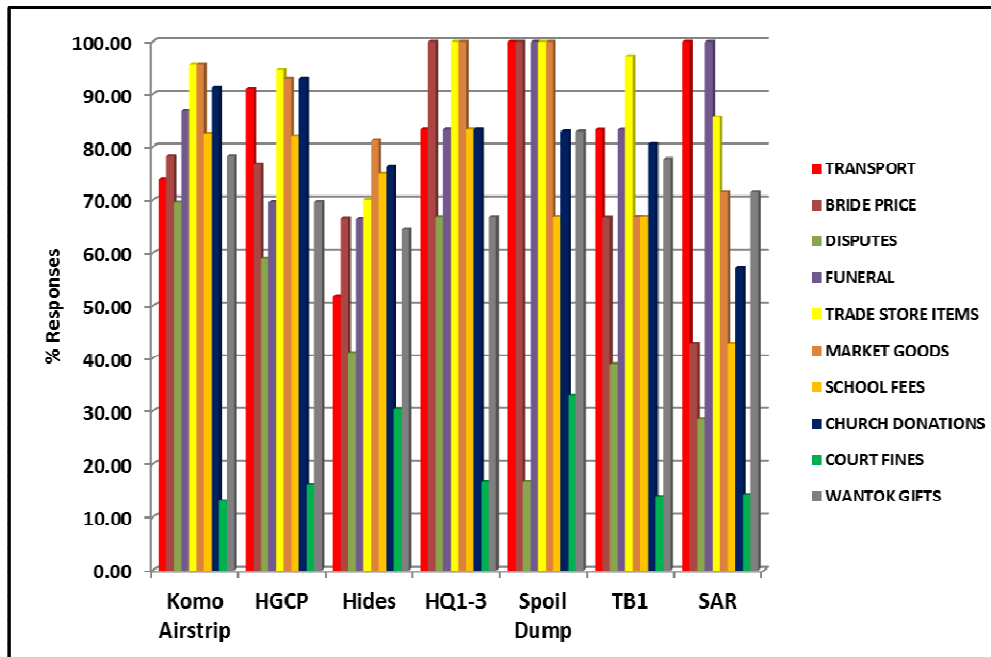
Appendix 1 Figure 0-2: Income Sources for HGCP, HQ1-3, KLF, TB1, SAR, Spoil Dump, Komo Airstrip and Hides Catchments

Appendix 1 Figure 0-3 indicates that average family holdings of pigs and chickens. The profile of ownership in the spoil dump area is lower than HGCP, Komo and HHR with fewer pigs and more chickens than HQ1-3.



Appendix 1 Figure 0-3: Averaged Pigs and Chickens per Household – HQ1-3, KLF, HGCP, HHR, TB1, SAR, Spoil Dump, Hides and Komo Catchments

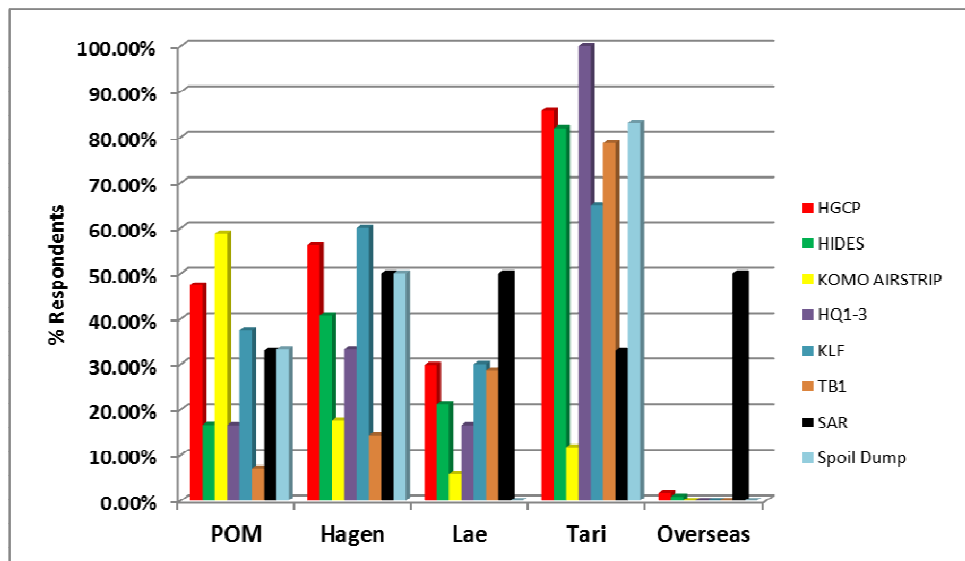
The patterns of expenditure (Appendix 1 Figure 0-4), recorded in the survey, point to the continuity of traditional modes of social exchange through bride-price, *wantok* gifts, and funeral donations. The profiles of expenditure are very similar in relative distribution between categories across most other resettlement catchments and consistent with findings for HQ1-3.



Appendix 1 Figure 0-4: Expenditure Patterns of HQ1-3, KLF, TB1, SAR, Spoil Dump and HGCP Residents by Comparison with Komo Airstrip and Hides Catchments

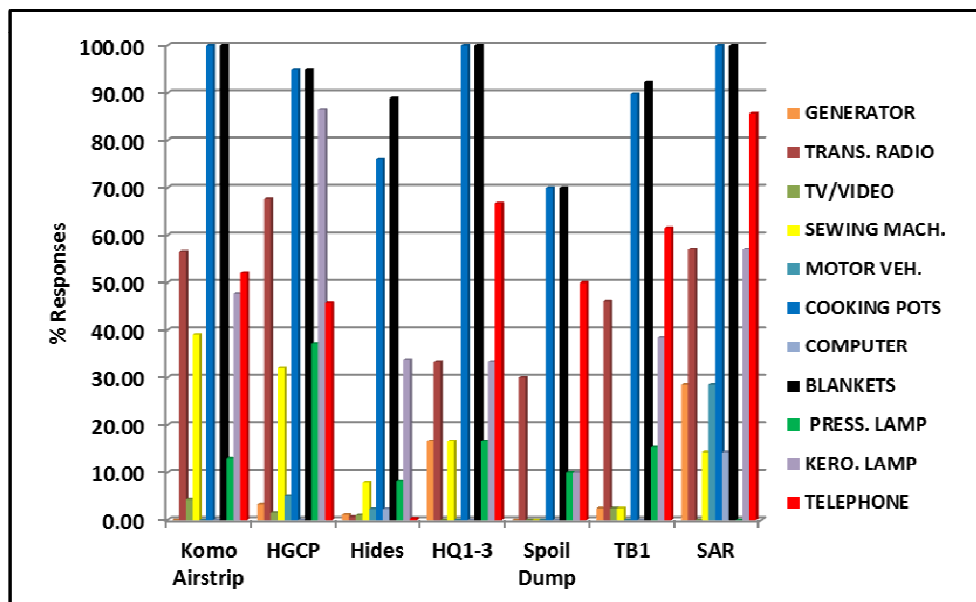
As noted in other adjacent area RAPs, household item purchases such as biscuits (50%), rice (67%) and tinned fish (67%) are bought mainly from trade stores. By contrast with other areas spoil dump landowners bought most of their soap (33%) and canned drinks (17%) from roadside markets rather than trade stores, in addition to vegetables (67%), fruit (50%) and *buai* (33%).

Travel profiles for spoil dump households (Appendix 1 Figure 0-5) appear mostly consistent with those for HGCP in that the majority of people had travelled to Tari and fewer to more remote destinations.



Appendix 1 Figure 0-5: Travel Profiles for HQ1-3, KLF, TB1, HGCP, SAR, Spoil Dump and Komo Airstrip and Hides Catchment

Appendix 1 Figure 0-6 shows the comparative levels of reported ownership for a range of household assets. The relative levels of ownership and distribution of responses was slightly lower than the region in terms of blankets and steel cooking pots but mobile phone ownership was similar at 50%.



Appendix 1 Figure 0-6: Comparative Household Assets HQ1-3, KLF, TB1, HGCP, SAR, Spoil Dump, Komo Airstrip and Hides Catchments

EDUCATION PROFILE

School Attendance

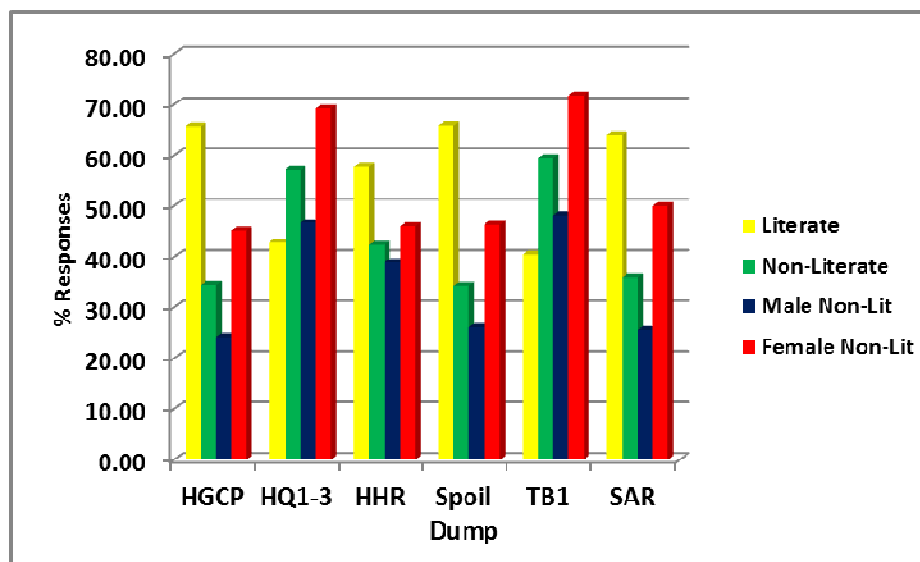
The spoil dump social survey indicates 81% of school-age children were attending school with 83% of eligible males in attendance and 80% of eligible females. Of the responses recorded for lack of school attendance parents noted the following rationales: 'no school fees' (40%), and 'lack of interest' (60%).

Educational Attainment

Thirty-three percent of persons aged 15 and over reputedly had no formal education (male 25%; female 46%) Only 6% of spoil dump residents aged 15 and over claimed they had achieved Grade 10. One female declared attainment of a vocational certificate and one male reported he had obtained a Diploma.

Literacy

Illiteracy rates for 15+ years (Appendix 1 Figure 0-7) was 34% which is lower than levels recorded for the general area: TB1 (60%), KLF (55%), Komo Airstrip (45%) and the wider Komo catchment (50%). As everywhere in PNG, female illiteracy rates (46%) for the spoil dump area were higher than those recorded for males (26%).



Appendix 1 Figure 0-7: Literacy - Illiteracy and Male/Female Illiteracy Rates across SAR, Spoil Dump, Hides and Komo Resettlement Impacted Areas

APPENDIX 2 – SUMMARY OF ISSUES AND RESPONSES IDENTIFIED AT DISCLOSURE MEETING

Question/Issue	Answer	Subject Category	Follow-up Required	Recommended Action
Kela clan land shortage: affected by HGCP, HQR, Well Pad 'A' and Spoil Dump Kela clan has given their land at Well Pad 'A' in 1997 & HQR in 2010. This Spoil Dump is taking their remaining land reserved for gardening and settling.	We acknowledge there may be a potential shortage for some families and we will look at this circumstance in each case and evaluate. Our livelihood monitoring team will assess this and report back to us.	Land Shortage	M&E and livelihood restoration to monitor.	Monitoring
High Expectations, and other issues raised by FNs in the past not being addressed, company's obligations under the signed contracts also not honoured to date.	The Project is committed to ensuring it fulfils all its contractual obligations. ELC follow-up with consultations of each household and we record and address all issues.	Contract breaches	In future meetings, interpreters and RIT officers must make simple short presentation. RIT need to follow-up on outstanding issues and payments such as IBD deposits and KSA.	RIT to follow-up
Affected households and community is aware of how other projects like Porgera, OK Tedi, Kutubu relocated the affected families and landowners. Therefore community is still waiting for development and what was promised by the company.	The Company acknowledges your concern and will implement social development projects in your area. It will advise in due course as to progress on this front.	Social Services	Advise community development projects and infrastructures to be established to benefit the community and the affected households.	Management to advise
All affected households wants better / higher price for all agricultural compensations which was signed last week. Made reference to agricultural compensation for named individual which was only valued at K200 for two gardens that seemed low.	If possible compensation for improvements must take into consideration the amount of land Kela clan is contributing to the project. All compensation will be at FRV not Valuer General rates.	Compensation	ELC and RIT to follow and explain.	RIT to follow up with agreements.
Kela Lost most land. What does company have to give to replace the land lost? Wants K51, 000.00 package Lost land/garden at Well Pad 'A', the HQR and now Spoil Dump. They do not have other land to move to make gardens or build houses.	We have responded before to this concern and will discuss packages with you individually.	Land	M&E and livelihood restoration to monitor.	Monitoring
There are no services set up on site to reflect what the company promised. Company is pushing people to relocate while it cannot build houses on time, pay IBD entitlements, and other	The Company fulfils its promises. As we already said before we will report on Company plans for social service development in this area in due course.	Services	EHL, CA, RIT, Resettlement management	

Question/Issue	Answer	Subject Category	Follow-up Required	Recommended Action
services promised under signed agreements.				
Not all community members have access to clean water from the water catchments structures set up by project. If clean water was provided, (named individual) child would not have died.	The project will continue to erect water supply posts in affected catchments and ensure free access to these sites. There is a grievance mechanism and process in place for people to inform us of any difficulties.	Water	EHL & L&CA to monitor	