

# ENVIRONMENTAL AND SOCIAL MONITORING REPORT

*Camisea Natural Gas and Natural Gas Liquids Pipeline Project, Peru*

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**JULY 2003**

## 1.0 INTRODUCTION

The Inter-American Development Bank (IDB) and the Corporación Andina de Fomento (CAF) (collectively the Lead Arrangers or “MLAs”) have been performing independent environmental and social monitoring (IESM) of the Camisea natural gas and natural gas liquids pipeline project (“Downstream Project”) in Peru since September 2002. Transportadora de Gas del Peru (TGP) is the company sponsoring the downstream component of the Camisea Project.

The Camisea Project consists of three sub-projects:

1. The gas field in Block 88 and the proposed Fractionation Plant and Export Terminal near Pisco (“Upstream Project”),
2. The natural gas and liquids transportation pipeline (“Downstream Project”), and
3. The natural gas distribution network in Lima and Callao (“Distribution Project”).

The Downstream Project consists of a 33-year concession agreement with TGP to build, own, operate and transfer two major pipeline systems: a 697 kilometer (km) natural gas pipeline and a 575 km natural gas liquids (NGL) pipeline. The two pipelines will be laid in parallel trenches on a common right-of-way (ROW) extending from a gas processing plant at Las Malvinas, located in the Ucayali Basin 431 km east of Lima, to a proposed NGL processing and shipping facility near the port of Pisco, 200 km south of Lima. The natural gas pipeline will run north to the Lima City gate at Lurin from a point east of Pisco (Figure 1).

This monthly report summarizes the construction monitoring activities performed as part of the overall Environmental and Social Due Diligence review of the Downstream Project. The monitoring activities conducted during July 2003 are covered in this report.

## Monitoring Objectives

URS Corporation (URS), an international environmental and engineering consulting firm under contract with IDB/CAF, initiated the IESM of the project in September 2002. The MLAs’ review primarily focuses on the Downstream Project. However, the Upstream Project is also being monitored by URS field personnel because of the overlapping and cumulative environmental and social sensitivity of the tropical rainforest location and impacts. The objectives of the IESM are to provide the MLAs with reliable and unbiased information regarding the project’s compliance with environmental and social management plans and procedures, as well as construction best management practices (BMPs).

The IESM team consists of full-time environmental and social monitors in the field who perform the following principal activities:

- Conducts daily field observations and documents environmental and social procedures and processes that are being implemented by TGP and its contractors;
- Reviews other construction monitoring activities that are being carried out by TGP and its contractors (Gulf Interstate, Domus, and Knight Piesold);

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- Prepares daily reports to IDB/CAF regarding ongoing activities in the field;
- Provides immediate recommendations, as necessary and appropriate, to TGP, Pluspetrol, and their field representatives regarding ways to improve management practices.

The IESM does not include redundant sampling, testing, and other measures that are performed by Knight Piesold and Domus for TGP's environmental and social monitoring programs. For sampling and testing results, one can refer to Knight Piesold's monitoring reports. Likewise, INMAC performs monitoring on behalf of Pluspetrol for the Upstream Project.

These monthly summary reports are also being prepared to document the effectiveness of the project's environmental management plans and procedures (Plan de Manejo Ambiental [PMA]) and the recommendations for improvement wherever applicable. The monthly monitoring reports are available to public through the Camisea Web page, [www.camisea.com.pe](http://www.camisea.com.pe).

### **Report Organization**

This monthly monitoring report is a summary of the environmental and social daily and weekly reports and is organized into four major sections:

- Introduction
- Project status and construction activities completed during the current reporting period
- Environmental, health and safety monitoring completed along with observations and recommendations
- Social monitoring completed along with observations and recommendations.

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## **2.0 PROJECT STATUS AND CONSTRUCTION ACTIVITIES**

The following is a summary of the project status and construction activities during July 2003. This information has been obtained from field observations and Pluspetrol and TGP monthly reports.

### **Upstream Project**

#### **2.1.1 3-D Seismic**

The seismic exploration of Block 88 was completed in October 2002.

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### 2.1.2 Flow Lines

**Flowline: Las Malvinas – San Martin 1** Directional drilling of the 20-inch, 16-inch and 2-inch pipes at the Camisea River were conducted during July.

**Flowline: San Martin 1 – San Martin 3** – Continued clearing, grading, pipe stringing and bending activities. Implementation of soil erosion control and pipe transportation also continued during July.

### 2.1.3 Gas Plant at Las Malvinas

**Las Malvinas Separation Plant and Facilities** – Continued construction and assembly of the gas plant equipment and instrumentation.

### 2.1.4 San Martin – 1 Well Pad

**San Martin 1 Drilling Platform** – Drilling operations of the SM-1003 was complete, the well reached a vertical depth of 3,530m.

**San Martin 3 Drilling Platform** – Continued clearing of the areas for the installation of the SM-3 platform and facilities (camps, heliport, divert pit and cuttings storage area), and transportation of equipment and materials from Las Malvinas.

### 2.1.5 Fluvial Transportation

Daily inspections of the fluvial transportation program continued during the month of July at the control points between Las Malvinas and Maldonadillo along the Lower Urubamba River.

## Downstream Project

See the July 2003 Knight Piezold Monthly Report for information regarding the status of the downstream project.

## 3.0 ENVIRONMENTAL, HEALTH AND SAFETY MONITORING

### Introduction

URS provided independent monitoring of the effectiveness of environmental, health and safety (EHS) and social mitigation measures during construction. The monitoring was conducted by visiting active construction sites to observe implementation of measures contained in the Plan de Manejo Ambiental (PMA), TGP's Health and Safety (H&S) Plans and the construction specifications.

Specific works that were observed included project infrastructure facilities, such as potable water intake, treatment and distribution; collection, treatment and disposal of sanitary and storm water; installation of erosion and sediment control measures; drilling mud management; work camp safety and sanitary conditions; and work on the ROW and helipads. Monitoring observations also covered implementation of health and safety control. The following sites were visited during the July reporting period:

#### Upstream

- Paracas Fractionation Plant Site
- City Gate Lurín area.

#### Downstream Facilities

- Aendoshiari-2 Camp
- Chocoriari Camp
- San Antonio Camp

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- Kepashiato Camp
- Acocro Camp
- Rumichaca Camp
- Workshop and diesel supply pump in Santa Catalina de Tranca
- Alto Shimaa Native Plant Nursery
- Segakiato Native Plant Nursery
- Access road between San Antonio and KP 168+620
- Access road between Kepashiato and Alto Itariato

### Downstream Pipeline ROW

KP 108+250 to KP 113+900

KP 122+180 to KP 148+600

Comerciato River crossing (KP 151+850)

KP 135+400 to KP 143+000

KP 148+684 to KP 156+550

KP 161+750 to KP 162+000

KP 163+600 to KP 164+500

KP 168+600 to KP 205+000

KP 244+800 to KP 273+500

KP 291+500 to KP 291+700

KP 314+500 to KP 320+500

KP 356+150 to KP 356+350

KP 386+000 to KP 390+800

KP 452+500 to KP 464+000

KP 470+750; KP 471+000

KP 483+250 to KP 483+425

KP 708+000 to 711+250

KM 174 (Los Libertadores Highway).

Pertinent sections of the PMA that were the focus of monitoring include:

- Prevention, correction and/or mitigation plan.
- Waste management plan
- Environmental training plan
- Contingency plan
- TGP's/Pluspetrol's Health and Safety Plans

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### Environmental, Health and Safety Observations

A summary of activities where PMA implementation was adequate, as observed during July, is described in the following subsections:

#### 3.1.1 Upstream Project

##### Distribution Flow Line

Recovery work is being performed in three archeological sites along the Flow Line in KP 706+000; KP 708+200 and KP 708+500.

##### Paracas Station

In the camp belonging to the subcontractor CBI, a solid waste storage area has been prepared, with separate cells clearly marked for storing the different types of residues produced on the work site.

A concrete bunker has been built for the power source used for X-rays.

Electric generator fuel tanks have mobile secondary containment trays.

Soil impregnated with fish oil and grease is being removed in the southern sector. The most contaminated material (from historical dumping at the site) has been taken to a sanitary landfill area in Lima.

A plan is being prepared to collect plastic containers and cartons, mainly from the area where plant assembly work was executed. This waste material will be taken to the Portillo Grande sanitary landfill in Lima.

#### 3.1.2 Downstream Project

##### Camps, Pump Stations and Other Facilities

##### 1. Shimaa Plant Nursery (KP 122+180)

- The plant nursery that was set up to produce seedlings and seeds to revegetate the ROW and auxiliary construction sites is fully operational. About 90,000 native arboreal species are currently in stock (ungurahui palm tree, Tornillo or screw tree, shimbio, cedar, seringá, cetico, topa, etc., with plans to produce a further 350,000. 11 local workers from the native community of Shimaa were employed and trained to build and maintain this plant center.
- The revegetation plan for the Selva area contemplates the installation of 13 plant centers (11 of which are already operational) where, by November 2003, it is planned to produce 3.4 million seedlings to reforest an area of approximately 2133 hectares (ROW: 966 ha. base camps: 87 ha., piers or wharfs: 4 ha., pump stations: 8 ha., shoe flies: 42 ha. and slopes: 1026 ha.).

##### 2. San Antonio – Tocate – Pacobamba – Chiquintirca Road (48.3 Km)

- Heavy project machinery and equipment traffic on road require continuous maintenance and upgrading work necessary (gabion construction, grading and surface stabilization, etc.).

##### 3. Rumichaca Camp

- The fence around the compost pit has been repaired.

##### 4. Kepashiato Camp

- In the building used to house the electricity generation equipment, triplay (wood) noise barriers were replaced with adobe (mud brick) walls.
- The compost cell was covered with a corrugated metal roof.

##### 5. San Antonio Camp

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- Information from Dr. Frei Flores (camp physician) indicates that medical supplies and stocks have improved substantially.
- 6. Asia Camp
  - Storage areas, with roofs and good ventilation, are being built for oxygen and gas cylinders.
  - In the sewage treatment plant, percolation pits have been excavated to cope with any increased water volume from treatment plant.
  - Maintenance area was tidy—contaminated soil had been removed, and waste containers for different types of waste generated had been placed strategically around the site.
  - Work on the construction of a grease separation chamber for the fuel tank area is in its final stages.
  - The camp area was very tidy and clean.
- 7. San Antonio – Tocate – Pacobamba – Chiquintirca Road (48.3 Km.)
  - 233 road signs have been installed, the design and format of which comply with international norms. They have been placed on 2 and 3 meter-high concrete posts.
- 8. Workshop and diesel pump in Santa Catalina de Tranca
  - Oxygen and acetylene cylinder storage area was covered to protect cylinders from direct solar radiation.
- 9. PR-2 Station
  - The leaking electric generator has been removed.
  - As part of the safety policy, a “Work Safety Analysis” (AST in Spanish) notice has been posted in a public place, indicating the types of work to be executed during the day in question, EPP to be used, and safety measures to be adopted.
  - The fuel storage secondary spill containment system has been improved, but if this area is to be extended, further modifications to increase capacity will be required.

### Pipeline ROW

1. ROW spread between KP 108+250 and KP 113+900 and shoe fly
  - The top layer of the route used for traffic and shoe flies was leveled and stabilized to make conditions safer for vehicles and machinery.
  - KP 110+000 (former KP 104+000) – Slope backfill. Satisfactory stabilization and revegetation work.
  - KP 112+400 – Landslides affecting access road to the Alto Shima community were provisionally stabilized. However, due to the seriousness of these earth movements, more extensive work is required.
2. Comerciato River (KP 151+850)
  - A meeting was held on site, with environmental, public relations and construction personnel from TGP and Techint, representatives from OSINERG and COMARU and 4 community representatives in order to address the concerns of some members of the Aendoshiari community with land on the left bank of the Comerciato River with respect to the pipeline aerial crossing of this river. Community members expressed concerns about: the height of the piping with respect to the maximum probable river level, adverse impact of support structure foundations and landslides on slopes near riverbanks. All of these aspects were clarified.

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### 3. KP 161+750 (Apurimac River)

- To facilitate pedestrian traffic crossing the trench, a small steel footbridge has been installed, which meets established safety requirements.
- The access road between the campsite and left bank of Apurimac River is regularly sprinkled to minimize dust generated by project vehicles.

### 4. ROW Spread between KP 168+320 and KP 186+000

- KP 169+750 to KP 170+550 –Cajadela Archeological Site. Satisfactory recovery work, in compliance with Conservation and Protection Laws for Peruvian Archeological Heritage. Recovery work, which started on April 29, 2003, involves 9 archeologists and 85 workers. Archeological material found (stone axes, arrowheads, pots, pottery pieces, circular stone dwellings, etc. probably from the Chanca-Inca culture, dating back approximately 600 years).
- KP 180+050 – Tunnel 1. Satisfactory safety measures adopted during tunnel perforation: Workers equipped with Personnel Protective Equipment, adequate control of work personnel entering and exiting tunnel, ventilation system and dust extraction, etc.
- KP 182+300 to KP 182+500. At the request of the construction supervision (GIE), some material was removed from the slopes, and to avoid this material being dumped on lateral slopes (a volume of approximately 200 m<sup>3</sup>), it was spread over the road surface in the 'trail-road' sector.
- KP 186+300 to KP 186+850. To prevent material from backfill slopes (slopes about 150 m in depth) continuing to affect the Alfarpampa River, about 1500 m<sup>3</sup> of gabions were built along the riverbank.
- KP 186+100. To prevent continued dumping on lateral slopes during clearing work, material is now being removed in appropriately equipped dump trucks. Nine 10 m<sup>3</sup> trucks are being used for this work. Clearing and grading has been completed on about 230 m of surface in 3 weeks.

### 5. ROW Spreads between: KP 244+800 to KP 273+500

- Final restoration works and implementation of definitive erosion control measures in progress:
- Appropriate collection and storage of topsoil has been performed during clearing and grading works means that there is now enough material to cover the entire length and width of the ROW surface.
- South bank of Yucay River. To prevent further river contamination from landslides, 4 containment walls with soil-cement sack gabions have been built.
- At KP 273+500 (where ROW crosses Ayacucho – Cuzco route). A concrete containment wall has been built to ensure ROW stability and prevent landslides onto the road.

### 6. ROW KP 291+600 (ROW Crossing with Los Libertadores Highway)

- To protect power boxes (cathodic protection) and prevent landslides onto the road, a cyclopean concrete containment wall has been built.
- Roads signs installed comply with the technical requirements specified in 'Los Libertadores Highway Crossings' presented by TGP to the Ministry of Transportation and Communications.
- The crossing executed by horizontal drilling has not affected the soil support structure or the asphalt apron.
- The area affected by the diesel spill has been satisfactorily cleaned.

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### 7. ROW Spreads between KP 314+500 and KP 320+500

- Land is being satisfactorily returned to its original relief. Special mention should be made of the excellent work executed in the spread between KP 314+500 and KP 315+500, where the ROW has a relatively steep transverse gradient of 45%.

## Deficiencies

As has been discussed in previous monthly reports, implementation of the PMA in the areas observed on the downstream project continues to be inconsistent and often lags behind other construction operations. Although actions are continuously being taken to correct previously identified deficiencies, new deficiencies are continually being observed. As concluded in previous monthly summary reports, one would expect to see improvement in overall performance as the project progressed.

The following discussion focuses on general issues rather than specific occurrences or deficiencies. During July, IESM Monitors provided 116 recommendations for improvements or corrective action. This represents a 4% increase in reported deficiencies since the June reporting period.

Specific details of these recommendations were discussed in the field with the respective company representatives, as appropriate. The primary concerns with the Downstream Project during the month of July 2003 can be grouped into five general categories. These categories of observed deficiencies and the probable underlying causes are generally the same as those reported in previous monitoring reports. The numbers in parentheses indicate the percentage of URS Monitor Recommendations for corrective action in each category for the month.

1. Timely implementation of spill prevention, secondary containment, and spill remediation measures at locations where fuels, lubricants, and other potential contaminants (including contaminated soils) are stored (**23%; previous month – 33%**).
2. Timely installation of Best Management Practices to provide temporary protection to land and related water resources by preventing land sliding, excessive erosion and sedimentation of surface waters and bofedale wetlands (**13%; previous month – 21%**). There remains an urgent need to implement temporary erosion control and slope stabilization measures throughout the project.
3. Effective Health and Safety Management (**25%; previous month – 15%**).
4. Effective waste management and sanitary practices at camps and along the ROW (**11%; previous month – 27%**).
5. Implementation of effective restoration and slope stabilization, including timely remediation of failed efforts (**28%; previous month – 15%**).

### Spill Prevention and Secondary Containment

There was noted improvement in the number of spill/contaminant prevention, contingency and cleanup deficiencies observed in August. Most deficiencies continue to be observed in the work camps. The most common deficiency is associated with the lack of secondary containment measures at warehouse areas for bulk fuel/lubricant storage and storage of other potential contaminants used for construction. Other problems are associated with the need for isolating contaminated soils at semi-permanent work sites (e.g., maintenance areas, fabrication areas, bulk storage areas).

Probable causes include:

1. Techint's failure to implement construction specifications in a coordinated effort to focus due attention to all aspects of construction.
2. Insufficient due diligence by operations and logistics personnel

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3. Inadequate leadership and training to crews responsible for the proper implementation of spill prevention.
4. Insufficient dedicated staff to implement measures.

Recommendations to improve performance on this issue include:

1. Provide better onsite supervision to identify potential problems and to direct proper implementation of spill prevention and containment practices for camps and other bulk storage areas.
2. Increase the number of crews responsible for implementing proper methods for spill prevention and material storage.
3. Diligent onsite enforcement by TGP.

### Best Management Practices

Erosion and sediment control measures have been installed in the majority of locations where needed along the ROW. During July, there was a significant reduction in the absolute and relative number of deficiencies observed, indicating considerable improvement in this area. This is likely due in part to the shift from construction (temporary BMP's) to permanent restoration activities.

Most likely causes for the erosion control problems observed include:

1. Inability of erosion control crews to keep up with other construction activities with initial installation and routine maintenance of temporary erosion control and soil conservation measures.
2. Emphasis by Techint on pipelaying production rather than other important responsibilities.
3. Ineffective enforcement by TGP.

Recommendations to improve performance on this issue include:

1. TGP should continue to prioritize areas for receiving stabilization work and BMP installation by Techint.
2. Provide better onsite supervision and where necessary, increase the number of workers dedicated to erosion control crews and provide better training regarding erosion control practices.

### Health and Safety Management

There was a reduction in the number of H&S deficiencies reported during July. The deficiencies observed were varied and the issues included need for better living and sanitary conditions in camps, public safety on roads, dust and noise suppression and availability of protective equipment.

On any pipeline project, safety needs to be reinforced on a daily basis at the crew level. Foremen and supervisors need to constantly remind their workers to maintain a high level of awareness at all times, not only for themselves but for their co-workers and the public as well. Before starting work, each crew should convene a safety/coordination meeting to discuss the work that they will be doing that day and the attendant safety hazards.

Most likely causes for unsafe working conditions and accidents include:

1. Inadequate crew coordination and daily reinforcement of safety practices.

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2. Inadequate oversight and ineffective enforcement by TGP. If Techint is unwilling or unable to implement effective safety practices, TGP should take a stronger contractual position to compel Techint to do so.

Recommendations to improve performance on this issue include:

1. TGP and Techint should adopt a “zero tolerance” policy toward serious accidents.
2. Each and every crew should hold safety awareness discussions prior to starting work each and every day.
3. TGP should provide better surveillance and diligent onsite enforcement.

### Waste Management

In most instances, acceptable waste management practices are being followed along the ROW and in the camps. The closure/reduction in force at some work accounts for the significant decrease in the relative number of deficiencies observed since the June 2003 reporting period.

Most deficiencies concerned the general need for removing improperly discarded waste from camps and work sites, and the proper disposal of contaminated soils.

Probable causes include:

1. Inadequate due diligence, leadership by project management and insufficient allocation of workers assigned to waste management.
2. Insufficient surveillance and enforcement by TGP regarding waste management issues.
3. Inadequate engineering design.

Recommendations to improve performance on this issue include:

1. Techint should provide better onsite supervision and where needed, increase the number of workers dedicated to waste management in accordance with the PMA.
2. TGP should take a stronger contractual position to compel Techint to maintain acceptable waste management practices in full compliance with the PMA.

### Effective Slope Restoration and Stabilization

Many of the deficiencies noted in July are associated with the final cleanup of the ROW and work sites. As such, they may be considered to “punch list” items that will require additional attention over and above the normal cleanup activities. Many problem sites are characterized by fill embankments that have failed due to their steep repose, as well as soil erosion and poor drainage control. Although some amount of failure of fill slopes and permanent erosion control structures can be expected, there needs to be an effective plan to correct these problems in a timely manner.

Most likely causes for the restoration/stabilization problems observed include:

1. Inadequate coordination and supervision of cleanup crews by Techint.
2. Ineffective oversight and enforcement by TGP.

Recommendations to improve performance on this issue include:

1. Techint should coordinate restoration activities so that sites that require reclamation work are not omitted.
2. TGP should provide better surveillance and diligent onsite enforcement.

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3. Critical areas (e.g., steep slopes, fill embankments, stream banks, etc.) should have specially-prepared stabilization/revegetation plans.

### 4.0 SOCIAL MONITORING

#### Introduction

URS also monitored the effectiveness of Pluspetrol and TGP's Community Relations Plan (CRP). The purpose of this plan is to identify, understand, and manage key social aspects of the project that impact the communities within the project's area of influence. Pluspetrol and TGP have implemented a Community Relations Office to implement the different programs included in the CRP. The Community Relations Office is composed of a community relation manager, a supervisor, and a team of coordinators, who are responsible for the fieldwork.

The monitoring was conducted by visiting active construction camps, communities, and settlements. The following sites were visited during July 2003.

- Las Malvinas (upstream), Chocoriari, Kepashiato, Patibamba, Huaytara and Acocro camps
- Communities of Nuevo Mundo, Camisea, Kirigueta, Maldonadillo, Atalaya, Miaria, Sepahua, Pampamarca, Quishuarcancha, Parco, San Luis de Picha, Occocro, Asabran, Pacha, Hunacano, Fundo Mayo, Herbay Bajo y Humay.

Specific monitoring of the following programs was conducted:

- Community Relations and Training Program
- Communications and Consultation Program
- Local Development Program
- Temporary local hiring programs

In general, the programs specified in TGP's and Pluspetrol's CRP are underway. The following is a summary of the observations and recommendations for the reporting period.

#### 4.1.1 Observations

##### Community Relations and Training Program

The TGP Community Relations Training Program is designed to prevent, minimize, and manage negative social impacts within the area of influence. Under this program, Pluspetrol and TGP conducted the following activities:

- Pluspetrol has incorporated to its Native Community Department at Las Malvinas camp two native people, one from the Machigienga ethnic and one from the Yine ethnic group. This allows for better communication between the communities and the community relations officers.
- On July 2 and 3, 2003 Pluspetrol conducted a guided site visit of the upstream project for authorities and representatives of the following communities: Nueva Luz, Nueva Vida, Nuevo Mundo, Sensa, Camaná, Puerto Huayna, Puerto Rico, Bufeio, Pozo, Sheboya, Puija and Nueva Union. Representatives of FECONAYY also participated in the site visit.
- During July GTCI - CONAPA continued the fieldwork for anthropologic evaluation of the indigenous people at the Nahua-Kugapakori Reserve.
- Pluspetrol provided a motorboat and a boat to FECONAYY to conduct its activities.

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- TGP signed an agreement with three Shrimp Fishers Association of the Pisco River. Under the agreement TGP will provide 200,000 shrimp larvae for restocking the river. TGP will also provide equipment test to determine the physical characteristics of the Pisco River water. Pluspetrol will also provide support for periodic evaluation of the shrimp population (count).

### Communication and Consultation Program

- URS social monitor met with social managers from TGP and Pluspetrol to coordinate the follow-up of field observations and to improve communication and improve the supervision/monitoring of the social activities at the Camisea Project.
- TGP conducted a presentation to high school students at the communities of Chiaras and Allpacacha located in the Sierra sector. The main purpose of the presentation was to introduce the students the goals and objectives of the Camisea Project. Safety and health issues were also discussed during the presentation.
- TGP has appointed Mr. Eric Pajares as Supervisor of the newly Community Relation Supervisor position created by the Community relation Manager.
- On July 25, 2003 TGP held a meeting with the community of Chocoriari to discuss the preparation of the paper work for the communal hall.
- On July 24, 2003 TGP conducted a meeting with the Chocoriari and Tupac Amaru communities to communicate the schedule and execution of the hydrostatic test during July 25 thru 27. TGP provided support for the mobilization of the children to avoid the area of the test.

### Local Product Acquisition Program

During July Pluspetrol did not purchase any local products. TGP under this program does not purchase local products.

### Land Compensation Program

As part of its compensation program, Pluspetrol made a deposit in the amount of \$ 166,499 for the Kirigueti community. The money was deposited at a local bank in the city of Quillabamba. This is the first of two reimbursements agreed by Pluspetrol.

TGP continued making compensation payments and conducting negotiations with the communities/owners affected by the construction of the ROW. In the Sierra sector, TGP has initiated the involuntary relocation of nine families affected at the Huayllahura community. In the Selva sector, TGP and the three families affected at the Shimaa community identified the location where their houses will be relocated and signed an agreement. In the Costal sector TGP continued negotiations and agreements.

### Local Development Program

As part of the Local Development Program (LDP), TGP continued its support to the communities along the ROW. At the Mantalo community TGO offered the installation of a radio transmissions equipment. At Chocoriari-Ticumpinia additional nurseries were installed. At the Pampamarca-Acocro community, the perimeter chain link fence for the local school was started. At Huayllahura repairs to the church has also started. At Ccoyama, the ceiling of the Communal Hall is being repair. To improve the effectiveness of the LDP, TGP has hired Ms. Sussana Parades, a Civil Engineer, as the LPD Supervisor. Her responsibilities are to conduct workshops to identify local initiatives, evaluate the financial and technical feasibility of the projects and supervise the execution of the identify projects.

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Pluspetrol started with the construction of a Mothers Club facility at the community of Camisea and Nuevo Mundo.

### Temporary Local Hiring Programs

During the month of July, Pluspetrol hired 46 new local people for the construction activities at San Martin 3 well pad and Malvinas camp, and for the fluvial transportation monitoring activities. See the July 2003 Knight Piezold Monthly Report for information regarding TGP's local hiring.

### Camp Conditions

The construction camps in general, provide adequate accommodation for the workers. The Asia camp is now fully habilitated. After the kidnap of personnel at Tocate camp security measures were implemented at all camps of the upstream and downstream projects. A platoon from the Peruvian Army was deployed at each camp.

### Other Issues

- Under a signed agreement between Pluspetrol and the Cusco Regional Government (CRG), the Operations Office of the CRG is preparing conceptual design projects to provide potable water to the communities of Kirigueta, Camisea, Nueva Luz and Miaria.
- TGP is providing transportation for three local students from the community of Manko Capac to attend the Chocoriari School.

## **4.1.2 Recommendations**

### Community Relations and Training Program

Pluspetrol should take a proactive attitude and make a decision regarding the request from the communities along the Picha River for compensation due to aerial transportation impacts. The decision should be communicated to the communities in a public meeting explaining the reasons of the denial for compensation or if approved to initiate the negotiations.

### Communication and Consultation Program

Techint's Community Relations Officers (CRO) should coordinate and communicate better with those from TGP regarding local hiring in the coast. TGP's CROs should be the only ones coordinating with local communities the requirements for hiring local workers to avoid false expectations created by Techint's CROs.

TGP and Pluspetrol should provide induction to the platoons deployed at the different camps of the project especially regarding the Code of Conduct in native communities.

### Land Compensation Program

TGP should continue implementing the land compensation and relocation programs more effectively and carefully. During the month of July a conflict aroused between two landowners at the community of San Juan de Iguanco (Kps 630+000 and 630+000). TGP negotiated the land compensation with the Cañete community, however, Mr. De los Heros claimed property rights over the affected land. TGP should not make payments until this issue is resolved.

### Local Development Program

TGP should continue its Land Development Program support in all areas of the project. The LDP should focus more on sustainable projects that will benefit the communities in long term.

## ENVIRONMENTAL AND SOCIAL MONITORING REPORT

*Camisea Natural Gas and Natural Gas Liquids Pipeline Project, Peru*

### Temporary Local Hiring Program

As the construction activities of the ROW are coming to completion the demand for local work is decreasing, and it will be important that TGP and Pluspetrol continue communicating the level of local hiring that is expected for the remaining construction, and make it clear that any hiring will be done only through TGP's and Pluspetrol's Local Hiring Program.

### Other Issues

Several strikes occurred during the month of July that stopped work along the ROW. These strikes were mainly due to lack of adequate communication with the communities and landowners along the ROW especially in the Coast sector. TGP and Techint should improve their communication with the landowners about the compensation due to loss of crops and other impacts to avoid or minimize these strikes.

Pluspetrol and TGP should reinforce the Code of Conduct to their workers and sub-contractors. Claims of violations the Code of Conduct were received during the month of July.

## **5.0 FOLLOW-UP ACTIONS**

The observations and recommendations discussed above have been discussed with TGP's and Pluspetrol's on-site inspection staff and will be tracked for compliance during subsequent monitoring.