

# ENVIRONMENTAL AND SOCIAL MONITORING REPORT

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

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### 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. The MLAs are considering providing partial financing to Transportadora de Gas del Peru (TGP), 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.

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

### 1.1 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 both the Upstream and Distribution projects are 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;

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- Reviews other construction monitoring activities that are being carried out by TGP and its contractors (Gulf Interstate, Domus, and Knight Piesold);
- 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).

### 1.2 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 September 2003. This information has been obtained from field observations and Pluspetrol and TGP monthly reports.

#### 2.1 Upstream Project

##### 2.1.1 3-D Seismic

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

##### 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 was conducted during September.

**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 September.

##### 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 September at the control points between Las Malvinas and Maldonadillo along the Lower Urubamba River.

#### 2.2 Downstream Project

See the September 2003 Knight Piezold Monthly Report for information regarding the downstream project.

### 3.0 ENVIRONMENTAL, HEALTH AND SAFETY MONITORING

#### 3.1 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

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also covered implementation of health and safety control. The following sites were visited during the September reporting period:

### Upstream

The following facilities were inspected:

- Paracas Fractionation Plant (Pluspetrol)
- Lurin City Gate

### Downstream Facilities

- Pacobamba Camp
- Huaytara Camp
- Rumichaca Camp
- Acocros Camp
- Humay Camp
- Aendoshiari 3 Camp
- San Antonio TGP Camp
- Unión Progreso community

### Downstream Pipeline ROW

KP 57+000 to KP 58+800

KP 84+500 to KP 104+000

KP 136+750 to KP 153+600

KP 161+750 to KP 162+000

KP 168+620 to KP 175+250

KP 199+000 to KP 200+600

KP 216+300

KP 222+000 to KP 225+300

KP231+000 to KP 243+000

KP 451+700 to KP 464+000

KP 464+100 to KP 453+100

KP 470+800

KP 494+900 to KP 495+100

KP 521+200 to KP 523+000

Cañete River

KP 554+000 to 561+100

KP 612+000 to KP 614+000

KP 704+500 to KP 708+600

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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

## 3.2 Environmental, Health and Safety Observations

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

### 3.2.1 Upstream Project

#### Paracas Fractionation Plant

##### CBI Camp

Camp perimeter tidy and clean, all worksites are clearly marked and work personnel have necessary personal safety equipment.

Noise monitoring points were established using coordinates imposed by DGAA. The preliminary results of this activity indicate that noise levels are within the permitted limits for environmental noise levels.

##### Graña Camp

Work has concluded on the installation of black and gray water treatment plants, and these are currently in the stabilization process. Meanwhile, effluents are being transported in cisterns to the water treatment system in San Andrés.

### 3.2.2 Downstream Project

#### Camps, Pump Stations and Other Facilities

##### *Unión Progreso Community (formerly San Antonio and San Martín)*

1. As part of the compensation agreed upon with the community for different impacts generated by the project, TGP improved the road surface of local roads in the community for a total length of 4 km and storm water drainage is currently being installed in the critical sectors. A concrete-surfaced multifunctional sports court is also being built.

##### *Humay Camp*

1. A vehicle washing area has been implemented in the camp storage area, which has a grease trap chamber and infiltration pit.

##### *San Antonio Camp*

1. Improvements have been performed, resolving several of the observations made in previous reports:
  - Expired fire extinguishers have been replaced.
  - The area used for weighing and cleaning food has been roofed.

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- A security post has been installed for military personnel stationed outside the camp, in a site that gives a clear view of the camp area. This provides adequate security coverage, while also keeping providing separate quarters for military personnel outside the camp.
- As the diesel pipeline is now operational, the movement of fuel drums between the camp and work fronts has been drastically reduced. The few drums still present in the dispatch area are appropriately stored.
- The infiltration pits have been covered with a corrugated metal cover at ground level.
- Another storage area has been designated for dry food products and foodstuffs sent to the Aendoshiari 1, 2, 3 and 4 Camps. Food storage is being managed better, thus resolving the problem of lack of space in the refrigerators.

### Pipeline ROW

#### *ROW KP 495+000 (Miraflores Archaeological Site 3A)*

1. Satisfactory progress is being made with archaeological recovery work, in strict compliance with Peruvian Archaeological Heritage Conservation and Protection Laws. The archaeological material found, household structures, burial objects, broken and unbroken pottery pieces, etc., have not yet been accurately dated, but are assumed to be from the Nazca and Inca cultures (650-1500 years old).

#### *ROW Section between KP 612+000 and KP 612+800 (Cañete River)*

1. Knight Piésold personnel are currently performing a biological monitoring to assess the possible impact of construction activities on aquatic fauna (mainly prawns).

#### *ROW Restoration Spread between KP 276+000 and KP 245+000 (previous kilometer posts measurement)*

1. ROW restoration works in the Acocros spread towards KP 276+000 have been almost entirely completed.
2. The surface level was graded, restoring natural drainage to the watercourses crossed.
3. Erosion control systems were installed, as well as containment mechanisms on the slopes to prevent any land movement.

#### *ROW - KP 215+050 (Sacharajay Stream, hydrostatic testing water discharge site)*

1. Precautions have been taken to avoid contaminating the stream during hydrostatic test-related work.

#### *ROW - KP 708+600 (Archeological site)*

1. Archeological remains, found in the ROW, are being recovered in a manner that reflects respect for the national archeological heritage. A total of 39 human remains, reported by the archeologist in charge to be from the formative period before the Inca Period, have been recovered.

#### *Pisco River crossing (KP 470+800)*

1. At this point, trench excavation is being executed for laying concrete-coated pipe. As a mitigation measure to reduce water turbidity, sediment barriers have been installed downstream from the crossing.
2. Biological monitoring is being performed to implement the corresponding mitigation measures in the event of any severe impact on aquatic fauna.
3. To work in the dry riverbed, the river is channeled and diverted (within its same course) towards an area at a distance from the construction activities. This facilitates piping

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construction, prevents increased levels of suspended solids in the water and minimizes any impact in the event of hydrocarbon spills.

4. Machinery is washed before starting any work in the riverbed. All equipment has cleaning and spill containment kits and any fuel refilling is done outside the riverbed, from a tanker truck, which does not remain on the site (fuel sleds are not being used).

### *Cañete River Crossing*

1. To prevent dust being generated by project vehicles, access roads to worksite are being sprinkled.
2. Biological monitoring is being performed, and the degree of water turbidity is also being monitored to take any necessary action to reduce the possible impact on aquatic populations in the river. The preliminary results of this monitoring process indicate that habitat alterations have not been significant.
3. To work in the dry riverbed, the river is channeled and diverted (within its same course) towards an area at a distance from the construction activities. This facilitates piping construction, prevents increased levels of suspended solids in the water and minimizes any impact in the event of hydrocarbon spills.
4. Machinery is washed before starting any work in the riverbed. All equipment has cleaning and spill containment kits and any fuel refilling is done outside the riverbed, from a tanker truck, which does not remain on the site (fuel sleds are not being used).

### *Road between San Antonio – Toccate – Pacobamba – Chilinga (60 Km)*

1. To enhance road safety, 528 warning signs have been installed, the design and format of which comply with international standards. In addition, 268 small posts with reflector tape have been installed on dangerous bends.

### *Patibamba – Pacobamba Highway*

1. The Patibamba road is being sprinkled in the sector where pipe lower-in and trench backfill work is in progress to reduce dust generated by project vehicles and machinery.

### *Coastal Area (General)*

1. During pipe construction in agricultural areas, the following mitigation measures were adopted:
2. To avoid interrupting any irrigation systems, tubes are installed to carry water from one side of the ROW to the other and culverts are installed in the main irrigation canals.
3. The ROW has an average surface width of only 15 meters, which minimizes negative environmental impacts, while maintaining the safety of construction activities.

## 3.3 Deficiencies

The following discussion focuses on general issues rather than specific occurrences or deficiencies. During September, IESM Monitors provided 112 recommendations for improvements or corrective action, which represents a 31% increase over the August reporting period. Specific details of these recommendations have been provided to the respective company representatives, as appropriate.

There continues to be a notable failure in the proper implementation of PMA provisions associated with the proper implementation of spill prevention and secondary containment measures, proper removal/disposal of contaminated soils, and general housekeeping in camps and worksites. As concluded in previous monthly summary reports, one would expect to see improvement in overall performance of these issues by this stage in the project.

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As pipeline construction approaches mechanical completion, the number of deficiencies associated with the implementation of temporary erosion control measures (Best Management Practices) has declined significantly. The relative numbers of recommendations associated with clean-up activities, e.g., waste management and long-term erosion control stabilization has increased. These may be classified as “punch-list” items that should be addressed at some point during the restoration phase.

The recommendations provided by IESM Monitors during the month of September 2003 can be grouped into five general categories. Nearly all are associated with the Downstream Project. 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 number and associated percentage of IESM Monitor Recommendations for corrective action in each category for the month.

1. Timely implementation of spill prevention and secondary containment measures at locations where fuels, lubricants, and other potential contaminants (including cleanup of minor areas of contaminated soils) are stored (**34 recommendations = 31% of total; previous month – 30 recommendations = 35% of total**).
2. Timely installation of Best Management Practices to prevent land sliding and excessive erosion and sedimentation of surface waters and bofedale wetlands during construction(**7 recommendations = 6% of total; previous month – 9 recommendations = 11% of total**).
3. Effective Health and Safety Management (**25 recommendations = 22% of total; previous month – 13 recommendations = 15% of total**).
4. Effective waste management and sanitary practices at camps and along the ROW (**22 recommendations = 20% of total; previous month – 12 recommendations = 14% of total**).
5. Implementation of effective restoration, slope stabilization and permanent erosion control, including timely remediation of failed efforts (**24 recommendations = 21% of total; previous month – 21 recommendations = 25% of total**).

### Spill Prevention and Secondary Containment

Most deficiencies in the deployment of spill contingency and prevention measures continue to be observed in the work camps, and continue to be a high ranking deficiency, accounting for 32%- 36% of total deficiencies identified over the past several months. 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).

### Best Management Practices

Erosion and sediment control measures have been installed in the majority of locations where needed along the ROW. During September, there was continued reduction in the absolute and relative number of deficiencies observed, indicating some improvement in this area, as well as the completion of new right-of-way grading.

### Health and Safety Management

There were no major incidents reported during September. Most recommendations by IESM Monitors focused on general housekeeping at camps and worksites to remove potential hazards. As always, safety is an issue that needs to be reinforced daily at the crew level.



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## Waste Management

In most instances, acceptable waste management practices are being followed along the ROW and in the camps. Most of the deficiencies identified during September were associated with the abandonment of work camps, work sites, and the ROW, where the removal of construction waste and contaminated soils has not been completed.

## Effective Restoration and Stabilization

Many of the deficiencies noted in September 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 above the normal cleanup activities. Most IESM recommendations focused on proper restoration of stream crossings, recontouring, and slope stabilization.

## **4.0 SOCIAL MONITORING**

### **4.1 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 September 2003.

- Las Malvinas, San Martin 2 (upstream), Chocoriari, Kepashiato, Patibamba, Pacobamba, San Antonio, Rumichaca, Acocro and Asia camps
- Communities of Camisea, Timpia, Aguas Calientes, San Antonio, Chirquintirca, Hayrapata, Ayacucho, Huallhua, Huayllahura, Quinuas, and Rumichaca.

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:

- The “Bajo Urubamba, Matsiguengas and Ynes” Peabody Museum sponsored by Pluspetrol's Native Communities Department continue its exhibition at the Peruvian National Archeology, Anthropology and History Museum. Four native monitors are

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hosting the event (two Machihuengas and two Yines). The monitors provide information about the objects included in the exhibition.

- TGP has been implementing safety traffic signs along the San Antonio – Pacobamba access road in compliance with the agreement signed with the Ministry of Transportation and Communications to prevent accidents and protect the people from the communities along this access road.
- TGP provided support to the Fourth Agricultural, Livestock, Artisan and Eco-tourism Regional Fair conducted at the San Antonio community. TGP's support included the elaboration of exhibit panels and posters, grading and cleaning the area of the fair, installation of tents and a medical post, and provided transportation for the communities attending the event.
- TGP is conducting improvements to the streets at the San Antonio Community. Streets are being graded and compacted. A 24-inch diameter pipe will be installed for the drainage system and gravel material will be placed as protection.
- An Emergency Evacuation in case of an Earthquake training course was conducted by TGP for its Ayacucho base personnel. Peru's Fire Chief conducted the training course.

### Communication and Consultation Program

- URS social monitor meet 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 meetings at the Chilinga and Ninabamba communities to present and discuss with the community members the technical documents for the Local Development Plans. During the meeting the communities agreed to provide with the adobe bricks and the excavation of the foundation.
- Pluspetrol is sponsoring guided site visits of Las Malvinas Gas Plant for senior students from local communities. Six (6) guided visits were scheduled for the month of September as follows: on September the 20<sup>th</sup> Nueva Luz, on the 21<sup>st</sup> Kiriguete, on 27<sup>th</sup> Camisea and on the 28<sup>th</sup> Miaria. During the site visit students, teachers and parents were given a safety induction, provided safety glasses and were introduced to the project in general and the gas plant specifically.
- On September 22, 2003 TGP's Community Relation Officer held a meeting with authorities from the community of Timpia to re-schedule the field verifications of the ROW width within the affected land at the communities of Timpia and Camana.
- On September 24, 2003 TGP held a meeting with members of the Department of Ayacucho Agricultural Federation (Federacion Agraria Departamental de Ayacucho, FADA). During the meeting TGP's Community Relations and Environmental Departments representative answered concerns about the environmental management of the ROW re-composition work. FADA requested a Work Plan which was denied by TGP indicating that all work will be directly coordinated with the affected communities.

### Local Product Acquisition Program

Pluspetrol purchased plant trees from the communities of Shivanrkoreni, Kuwait, Nueva Luz and Miaria in the amount of 5,750 nuevos soles. TGP under this program does not purchase local products.

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### Land Compensation Program

Representatives of Pluspetrol visited different communities downstream of Bufe Pozo to incorporate them under the area of influence of the upstream project and under its compensation program. This initiative has been received with great expectations at these communities.

TGP continued making compensation payments and conducting negotiations with the communities/owners affected by the construction of the ROW. In the Sierra sector, TGP conducted a field survey to determine the bordering limits of the Llillinta-Ingahuasi and Churina-Rosspata communities to determine the land that is impacted by the ROW that corresponds to each community. The survey is being done with members of both communities. In the Selva sector Techint has scheduled a meeting with the Timpia community to negotiate the payment of palm trees used for the Project. In the Costal sector 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. Continue construction of the fence at the Pampamarca-Acoco community school, labor is being provided by local workers. At Huayllahura repairs to the church is nearly completed. At Huallhua the construction of the Community Hall has started. At the communities of Alto Shimma, Valle Manguriari and Aendoshiari, the construction documents to build the local schools is ready to be implemented.

Construction of the Mothers Club and the Students Lodging facilities, sponsored by Pluspetrol, continued at the community of Camisea.

### Temporary Local Hiring Programs

During the month of September, Pluspetrol did not hire any new local people. See the September 2003 Night 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.

### Other Issues

- The worker missed in May 2003 was found dead near Las Nubes zone. The police is investigating the causes of the death.
- Techint donated chairs and beds (box and mattress) to the communities of Timpia and Chocoriari.

## **4.1.2 Recommendations**

### Community Relations and Training Program

TGP should have implemented the involuntary relocation of 8 families that are directly impacted by the ROW at the Huayllahura community before the installation of the gas pipes. Members of the community are now claiming that they were forced to accept the installation of the pipe through the community. They also claim that during the consultation TGP's RCO will only let speak certain members of the community that supported TGP's request and those that oppose did not have a chance to speak out. About 200 m is left to be installed and the community has expressed that will not allow the completion of the pipe installation until their claims are heard and resolved. The decision to locate the gas pipes through the

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middle of the community indicates a lack of sensibility and poor judgment by TGP that could have avoided sensitive social issues in an area prone to violence. TGP should resolve the involuntary relocation of the families immediately.

### Communication and Consultation Program

Techint should coordinate better the students guided site visits to the Las Malvinas Gas Pant. It was observed that there was lack of coordination between the different departments involved in the guided site visit (environmental, safety and construction). This should be improved for the October site visits.

TGP's Community Relations Officers (CRO) should coordinate and communicate better with Pluspetrol's Native Community Department when a worker of the downstream project needs to be provided transportation by Pluspetrol. On September 21 another Techint was sent to Pluspetrol without the previous coordination that resulted in the loss of his rest time.

### Land Compensation Program

TGP should continue implementing the land compensation and relocation programs more effectively and carefully and make sure that copies of the signed agreements are provided to all parties before the construction actives are conducted. On September 3 member of the Quinoa community blocked the access of the X-Ray vehicle claiming the second payment for the access road. Even though complete payment was done the first time, however, the community did not have a copy of the signed agreement that could have prevented the blockade. TGP should negotiate the additional land required at the PC1 and scraper in advance to the beginning of any construction activities. The additional land will impact the only agricultural land from the community of Chirquintirca, therefore, compensation should not only include indemnification but the replacement of the lost land so the community could continue is agricultural activities.

Members of the Rumichaca community during a meeting held at the community requested that TGP the perimeter fence installed at the pipe storage area adjacent to the Rucmichaca camp be left for the community. Techint has indicated that will do as part of the compensation payment for the use of the land. TGP should evaluate the request and consider donating the fence to the community.

### 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 the long term.

### Temporary Local Hiring Program

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

It is also important that TGP makes sure that its sub-contractors are paying local worker the minimum wages established in the Peruvian Laws including any benefits that are applicable.

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### 5.0 FOLLOW-UP ACTIONS

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