

ENVIRONMENTAL AND SOCIAL MONITORING REPORT

Camisea Natural Gas and Natural Gas Liquids Pipeline Project, Peru

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FEBRUARY 2004

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 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 to the NGL processing and shipping facility near the port of Pisco, 200 km south of Lima. The natural gas pipeline will run north from a point east of Pisco to the Lima City gate at Lurin.

This monthly report summarizes the construction monitoring activities for the Downstream Project. The monitoring activities conducted during February 2004 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 project. 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);
- Prepares daily reports to IDB/CAF regarding ongoing activities in the field;

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- 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.

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 February 2004. This information has been obtained from field observations and Pluspetrol and TGP monthly reports.

2.1 Upstream Project

See the February 2004 Pluspetrol Monthly Report for information regarding the upstream project.

2.2 Downstream Project

See the February 2004 Knight Piesold Monthly Report for information regarding the downstream project status.

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

Upstream

LNG Gas Fractionation Plant

Marine Mooring/Loading Platform

Punta Pejerrey Workshop

Paracas Fractionation Plant

Marine Terminal (Pluspetrol)

Downstream Facilities

Huáncano involuntary settlement

Huaytará – Ayaví – Chaulisma Road

Humay and TGP Camp

Huaytará TGP Camp

Vicuña Protection Program surveillance cabins

Kiteni Collection Area

Pump Station 2

Pig Traps at KP 336+000

Lurín City Gate (TGP),

Pig Traps at KP 520+000

Downstream Pipeline ROW

KP 424+000 to KP 452+000

KP 485+000 to KP 515+000

KP 520+000 to KP 521+000

KP 545+000 to KP 552+000

KP 558+800 to KP 672+150

KP 89+000 to KP 153+000 (over flight)

KP 107+000 to KP 112+000

KP 189+000 to KP 191+450

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KP 198+600 to KP 200+800
KP 211+650 to KP 212+700
KP 221+800 to KP 225+500
KP 263+500 to KP 267+000
KP 289+000 to KP 292+000
KP 300+000 to KP 304+000
KP 372+000 to KP 375+000
KP 384+700 to KP 386+000
KP 263+500 to KP 267+000
KP 520+000
KP 527+500 to KP 532+250
KP 558+750, KP 561+200
KPs 660+750 to KP 663+650
KPs 676+000 to KP 677+900,
Lobería Variant (KPs 0+000 to 1+750)

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

- 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 the PMA was properly implemented, as observed during February, is described in the following subsections:

3.2.1 Upstream Project

NGL Fractionation Plant

1. Clean up work still in progress in area around plant. To date, 1,400 tons of solid waste and soil contaminated with fish oil and grease have been removed.
2. To improve the appearance of the plant, Pluspetrol prepared a Landscaping Project, which has now been approved by INRENA and DGAA.
3. To date, there have been 280 uninterrupted working days—1,430,869 man/hours—without any serious accidents.
4. All work areas are adequately sign posted, cordoned off, clean and tidy.
5. In the different contractors' workshops, compressed gas and hazardous substance storage is satisfactory.

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6. Sanitary effluents from the G&M–Skanska and Pluspetrol offices are treated then stored to await transportation and disposal in the San Andres sewage network. Other contractors use portable chemical latrines.
7. The 6 wells drilled to provide water for tank and pipeline hydrostatic tests also constitute the groundwater network for monitoring underground water quality.
8. Two first aid kits and an ambulance are available for medical emergencies and evacuations.

Marine Mooring/Loading Platform

1. Work is being executed under strict safety measures: Adequate warning and safety signs, workers using complete PPE, ASTs prepared before starting any activity and constant supervision by a safety monitor.
2. Adequate solid waste management and disposal and use of portable chemical latrines.

Paracas Bay - Direct Area of Impact

1. Monitoring Progress in progress, both the Early Warning System and the Monitoring Program.

Punta Pejerrey Workshop

1. Work areas are adequately sign posted, cordoned off, clean and tidy.
2. Compressed gas and hazardous substance storage is satisfactory.
3. Sewage effluents collected and treated in ENAPU sewage system.

Paracas Fractionation Plant

1. The work area is adequately tidy and clean and work personnel are equipped with the required personal protection equipment for the different types of work being implemented in these facilities

Marine Terminal

1. Immediate emergency response equipment is available on site for underwater excavation works.
2. During underwater excavation works, an area with a radius of 50 meters was observed to be affected by turbidity, although the size of the area varies with the wind direction. This turbidity is being monitored to assess its impact and to take the corresponding mitigation measures in the event that levels exceed acceptable parameters.

3.2.2 Downstream Project

General

1. The Vicuña Protection Program is still operating the Surveillance Cabins to monitor the local vicuña population. Four rangers work to maintain the vicuñas within the land belonging to the communities of Ayaví, Tambo and Huaytará.

Camps, Pump Stations and Other Facilities

Itariato Nursery

1. Ongoing production of young plants belonging to local species. As a measure to enhance the durability of each plant, the leaves have been pruned. The plants in some parcels of land, for example *pacay*, have yellow foliage, mainly due to nitrogen deficiency. It is expected that the application of foliar manure will remedy this situation.

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Pig Traps (KP 520+000)

1. Levels of order and cleanliness in the surrounding areas are satisfactory and worksites have been adequately identified with signs.

Lurín City Gate

1. Level of clean-up in the entire area was observed to be satisfactory. The different worksites are clearly identified and work personnel are equipped with the required personal protection equipment for the different types of work being implemented.

Pipeline

General

1. In general, restoration works being executed are adequate and, as far as possible, the land is being restored to its original relief

ROW between KP 189+000 and KP 375+000

1. Restoration work has started beyond KP 189+000. The banks of the rivers that cross the ROW near KP 189+100, KP 189+800, KP 190+500 (Chanchamayo River) and KP 191+450 have been protected with large rocks.
2. In the sectors between KP 211+650 to KP 212+700, and KP 221+800 to KP 225+500, gabions are being built at the foot of the slopes, particularly at the points where the ROW crosses the highway.
3. Maintenance work has been carried out on the drainage canals and berms implemented as erosion control measures in the following sectors: KP 300+000 to KP 304+000; KP 372+000 to KP 375+000.

ROW between KP 485+000 and KP 515+000

1. As there are 8 crossings over the Pisco River in this sector, check and block valves have been installed at several points to minimize water contaminated from accidental spills.
2. Revegetation work on the banks of the Pisco River will begin in the next few days. River species from the Poaceae and Asteraceae families will be used as well as ditch reed, etc.

ROW between KP 520+000 and KP 521+000

1. KP 521+000 (Hydrostatic test). Measures adopted to evacuate water from the piping (6,000 m³) are adequate: oxygenation and energy dissipater devices, lined drainage canal and oxide and sediment filtration pit.

ROW between KP 532+250 and KP 561+200 (Hydrostatic Test)

1. Levels of order and clean-up in this site are satisfactory, work boundaries are adequately identified and secondary spill containment systems have been installed for the additional equipment.

ROW between KP 545+000 and KP 552+000

1. Slightly undulating sector of Pacific coast desert area. The LNG piping has been welded and is now being lowered in and backfilled.
2. The pipeline route does not affect the sand formations and oasis in the sector; therefore, negative environmental impacts from piping construction are minimal.

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ROW between KP 558+800 and KP 672+150

1. Pipeline construction in the Pisco – Lurín sector is nearly complete, with approximately 4 km of construction remaining.
2. In general, construction activities are satisfactory:
3. Agricultural areas: Road width between 14 and 18 meters, vegetation cut down to ground level leaving the root system intact, installation of culverts to maintain irrigation systems operational, installation of temporary surrounding fences, etc.
4. Uncultivated land: Due to the topography, low rainfall, poor agricultural potential, almost non-existent conspicuous flora and fauna, low population density, etc., construction activities have caused no significant environmental and/or social impacts.
5. A large percentage of the restored agricultural areas have now been replanted with crops.
6. Areas of uncultivated land have been adequately restored. Due to the extremely low rainfall rates, the implementation of permanent erosion control mechanisms was not required.

ROW at KP 558+800

1. Trench excavation work encountered a large cistern (tank). This tank, called 'La Luna', dates back to the 19th Century and its floor is made of brick. To install the pipeline, the bricks were removed and stored. After the pipeline is laid, the bricks will be collected and replaced.

3.3 Deficiencies

The following discussion focuses on general issues rather than specific occurrences or deficiencies. For the overall Project during February, IESM Monitors provided 71 recommendations for improvements or corrective action, which represents approximately 186% increase over the January reporting period. Most of this increase can be attributed to the progressively increasing levels of construction activities since the New Year holiday break. Specific details of these recommendations have been provided to the respective company representatives, as appropriate.

As can be seen in Section 3.2 above and in previous monthly reports, considerable environmental mitigation work is being undertaken. 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 (as compared to peak construction), with a corresponding increase in cleanup and restoration concerns. Likewise, the relative number of recommendations associated with final restoration remains high. As such, these may be classified as "punch-list" items that need to be reconciled at some point during the restoration and early operations phases. Despite the reduction of overall construction activity and camp closures, observations of deficient SPCC implementation and contamination prevention practices continue to be a significant concern.

The recommendations provided by IESM Monitors during the month of February 2004 can be grouped into five general categories. Most 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 contaminated soils) are stored (**18 recommendations this month = 25% of total; previous month, 5 recommendations = 13% of total**). Note: 5 of these recommendations pertained to the upstream project.

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2. Timely installation of Best Management Practices to prevent land sliding and excessive erosion and sedimentation of surface waters (**7 recommendations this month = 10% of total; previous month, 5 recommendations = 13% of total**).
3. Effective Health and Safety Management (**14 recommendations this month = 20% of total; previous month, 4 recommendations = 11% of total**).
4. Effective waste management and sanitary practices at camps and along the ROW (**15 recommendations this month = 21% of total; previous month, 5 recommendations = 13% of total**).
5. Implementation of effective clean-up/restoration and slope stabilization, including timely remediation of failed efforts (**17 recommendations this month = 24% of total; previous month, 19 recommendations = 50% of total**).

Spill Prevention and Secondary Containment

Despite the reduction of overall construction activity and camp closures, observations of deficient SPCC implementation and contamination prevention practices continue to be a significant concern, as it has throughout construction. The most common deficiencies continue to be 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). Most deficiencies are observed at semi-permanent work areas (e.g., camps, pump stations, and staging areas) rather than the ROW, where spills would have a greater opportunity to cause offsite contamination.

Best Management Practices

Throughout construction, erosion and sediment control measures were installed in the majority of locations where needed along the ROW. With the majority of ongoing construction taking place in the coastal desert, the need for temporary BMP's has been significantly reduced. Most of the deficiencies reported in February were associated with previously installed measures that had failed and obstructions to the flow of irrigation canals.

Health and Safety Management

No additional information was received concerning the fatal accident involving a trackhoe operator on January 17, 2004.

Most recommendations by IESM Monitors focused on general housekeeping at camps and worksites to remove potential hazards, or at least to provide signage to alert personnel or public as to potential hazards. Additional recommendations focused on erecting warning signs for the public to be aware of construction activities or hazards.

As always, safety is an issue that needs to be reinforced daily at the crew level.

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 February were associated with housekeeping (trash pickup) at work camps, ancillary work sites, and along the ROW, where the removal of construction waste has not been completed. These were typically sites where wastes were collected and piled on site to await final removal – which was delayed for whatever reasons.

Effective Cleanup/Restoration and Stabilization

To date, considerable work has successfully been completed during the cleanup and restoration phase. The recommendations associated with this issue during February mostly concerned repair of failed erosion control structures, final repair/restoration of irrigation canals, and

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increasing the capacity of installed runoff control measures. These are activities that should be incorporated into the overall construction restoration program (i.e., prior to operations phase). Long-term monitoring of erosion control measures and slope stability should be implemented for the remaining construction period as well as the operations phase. Punch lists should continue to record recurring problem sites so that corrective action can be scheduled and that critical sites are not overlooked.

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 February 2004.

- Las Malvinas, Chocoriari, Kepashiato, and, Acocro camps
- Communities of Chocoriari, Belen. Nuevo Leon, Huao, Santa Clara, Rima, Bufe Pozo, Camisea, Sepahua, Maldonadillo, Atalaya, Nueva Luz, Nuevo Mundo, Ticumpinia, Kiteni, Quillabamba, Pampamarca, Huallhua, Sacharaccay, Ninabamba, San Luis de Picha, Qasonccay, Ccarhuarpampa and Asia.

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 delivered signed compensation agreements for fluvial impact to the communities of Kumarillo, Kapagiriato, Inkare, Tzinquiato, Rima, Santa Clara, Esperanza, Belen and Huao. A representative of OIRA (Organización Indígena de la Región de Atalaya) was present during the delivery process. Pluspetrol and the communities also discussed the compensation disbursements and the execution of local development projects for the communities.
- The Fluvial Surveillance Community Program sponsored by Pluspetrol has been reinstated in full. Surveillance is conducted by member of the communities located downstream of Las Malvinas Camp.

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- The Quillabamba Epidemiology Office (QEO) hired two Entomologists under the signed agreement between TGP and the Ministry of Health, Regional Office of Cusco, to conduct entomologic surveillance in the Upper and Lower Urubamba areas. The QEO is also conducting a program to control the outbreak of rabies at the communities of Timpia and Kitapary.
- More than 50 percent (50%) of the 824 files submitted for Land Title from non-native owners in the Camisea Project had been processed under the Special Land Title Program sponsored by TGP.
- TGP's Community Relations Officer of the Selva sector TGP has scheduled Sunday mornings for the reception of claims from the communities that have been directly or indirectly affected by the construction of the ROW.
- At the Acocro camp TGP conducted training for 82 new workers hired for the re-vegetation program. Induction included topics related to health and safety and code of conduct in the project.
- Pluspetrol has implemented the Social Monitoring Plan for the dredging operation for the installation of the sub-sea pipeline. Members of the fishing union will be conducting the monitoring activities.

Communication and Consultation Program

- A meeting was held between the IDB monitors and TGP's and Pluspetrol's Community Relations and Environmental Officers to coordinate the monitoring of the activities during the month of February 2004.
- Pluspetrol conducted meetings at the native communities of Belén, Huao, and Santa Clara to discuss the disbursement plan. The plan included the disbursement to either a bank account or by acquiring goods or services approved by the community.
- Pluspetrol edited and published Volume 2 of the Camisea Project News Letter. The News Letter is intended to inform and communicate the communities within the area of influence of the downstream project, the different activities that Pluspetrol is developing within the communities.
- Pluspetrol, also published Volume 1, Year 1 of the Camisea Fact Book. The Fact Book is intended to inform about the project progress, the community relations program, and, the health and safety and environmental policies. The Fact Book was published in Spanish, Matsiguenga and Yine languages.
- On February 19 and 20, the consortium companies sponsored a workshop to present the status of the Camisea project and the compliance of IDB's conditional loan terms. COMARU was invited to participate in the workshop.
- The Ministry of Energy and Mines sponsored a workshop to present the Dredging Plan and Monitoring Program for the construction activities for the installation of the sub-sea piping at the Loberia beach. Pluspetrol presented the Dredging Plan and the Monitoring Program.
- The Public Defenders Office published the Bulletin: Defense of the Camisea Project, a bridge for understanding. The bulletin includes issues such as objectives and responsibilities of the Public Defenders Office. The bulletin will be published in Quechua and Matsiguenga.

Local Product Acquisition Program

See the February 2004 Pluspetrol Monthly Report for information regarding local product acquisition at the upstream project. TGP under this program does not purchase local products.

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Land Compensation Program

Pluspetrol and representatives of the community of Nuevo Mundo are negotiating a new agreement to continue the rent of the land occupied by the Nuevo Mundo camp.

Members of the Pomoreni community whose houses were affected by the sediment load conveyed by the heavy rainfall and TGP's contractor conducted a meeting for the re-location and construction of their new houses.

On February 24 TGP and a group of landowners from the Chinchá and Cañete areas of the Costa sector, signed ROW and compensation agreements.

Local Development Program

Pluspetrol is sponsoring and providing the resources for the construction of the FECONAVYY facility that will accommodate six common rooms and two bathrooms, and the construction of a mini-hydroelectric power plant at the Sepahua community. In the city of Quillabamba the construction of the COMARU facility is progressing. The facility will incorporate offices, dorms, bathrooms, and a conference room.

As part of the Local Development Program (LDP), TGP continued its support to the communities along the ROW. In the Selva sector is sponsoring the implementation of greenhouses for the production of native species for the re-vegetation of the ROW. At the Sierra sector the TGP has initiated the construction of the new school in Ninabamba, the construction of the Huayrapata Community Hall was finished, and the construction of the perimeter fence for the Pampamarca School was reinitiated.

Temporary Local Hiring Programs

See the February 2004 Pluspetrol Monthly Report for more details. TGP has been hiring local workers for the implementation of the restoration, revegetation and geotechnical programs along the ROW, for more details and information, see the February 2004 Night Piezold Monthly Report.

Other Issues

- Pluspetrol donated tin sheets and wood to replace the roof of a local school at the community of Maldonadillo.
- TGP and Pluspetrol donated 1,000 gallons of fuel to the Quillabamba municipality. The fuel is be used to mobilize heavy equipment for the maintenance of the roads within the Province of La Convención.
- TGP donated three portable bathrooms to the community of Kepashiato. Also donated 55 gallons of fuel for the construction of the Community Hall at the rural settlement of Manatarushato.

4.1.2 Recommendations

Community Relations and Training Program

TGP and Pluspetrol should improve and reinforce its community relations with the communities within the area of influence of the project. During the month of February several observations were made and/or claims received from people, landowners and authorities that have been impacted by the construction activities.

- Activities for the Community Monitoring Program are still on hold in the Upstream and Downstream Projects since November 2003. Due to the highly sensitive matter and in order to maintain transparency with the communities, Pluspetrol and TGP should take a proactive attitude to resolve this situation re-establish the program as soon as possible.

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- TGP should resolve and regularize the pending permits for the crossings of the Matagente, Rio Chico and Rio Seco Rivers in the Costa sector. The Chinchá-Pisco Regional Irrigation Technical Office (RITO) has not issued the permits due to lack of documentation. TGP should provide the information requested by RITO and get the permits to comply with the approved EIA. The crossings have already been executed.

Communication and Consultation Program

As in our previous reports, URS recommends that TGP and Pluspetrol reinforce and increase its communication and consultation program with the communities.

As construction of the ROW is coming to an end, more communities are requesting that certain temporary infrastructure be left in place for the use of the communities. TGP should continue and increase its communication with the communities and inform them that any temporary infrastructure built for the construction of the ROW (access roads, bridges, land grading, camp facilities and others) will be dismantled and the areas restored to its original conditions in accordance with the approved EIA. However, if such a request is received, TGP should transmit it to the Ministry of Energy and Mines for its approval (see also Local Development Program below).

Members of the Kepashiato community had expressed that since August 2003 there has not been any communication with TGP. TGP should resolve this and schedule regular visits to the community to inform them about the development of the project and other issues of interest.

Pluspetrol and TGP should communicate as when the Community Monitoring Program will be reestablish in the Project and explain why the program has been on hold.

Land Compensation Program

TGP should expedite negotiations for to extend the rent of the Chocoriari camp site. The agreement expired on November 2003 and no compensation was paid since to the community.

Representatives from COMARU have expressed their concerns and lack of knowledge regarding Pluspetrol's compensation plan to compensate the Nahua-Kugapakori Reserve. Pluspetrol should resolve this concern as soon as possible.

TGP should expedite the Land Title Program process of the landowners and communities affected by the ROW. Even though construction of the gas pipelines is almost over, only 50 percent (50%) of the documentation has been processed.

TGP should take a proactive role in resolving the involuntary resettlement of 25 families affected due the expansion of the PS3 at the Nueva Esperanza community. A resettlement plan should be developed in accordance with IDB's policies and avoid similar errors arose at the Huayllahura community. URS recommends that the plan be discussed with the community in an openly and transparent manner prior to any final approvals.

Local Development Program

As part of the Land Development Program (LDP) several communities have been discussing with TGP the possibility to leave some of the infrastructure constructed by TGP for the construction of the ROW, especially those located at the campsites (San Antonio, Patibamba, Acocro, Rumichaca, and Asia). As indicated before (see Communication and Consultation Program above) such as request can only be approved by the MEM. If the request is approved, then TGP should evaluate the sustainable use of the infrastructure.

As recommended on previous monthly reports, URS recommends that TGP should concentrate on productive activities of sustainable nature this can be accomplished by establishing institutional agreements with organizations such as FAO and NGO's that have experience in productive regional activities.

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Temporary Local Hiring Program

As the construction activities of the ROW are coming to completion the demand of local work is decreasing, and the demand and anxiety of certain sector is increasing. It is important then that TGP and Pluspetrol continue communicating the level of local hiring that is expected for the remaining of the construction, and focus more in the Local Development Programs.

Others Issues

Members of the Rural Settlement of Tupac Amaru have reported the presence of solid waste off the ROW left during the geotechnical work. TGP should make sure that all sites where activities are conducted be cleaned from any residues.

Workers at the greenhouses in Alto Shimaa and Tupac Amaru communities have indicated that they have been paid two to three weeks late. TGP should resolve this issue and make sure that all their workers are paid on time.

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.