

12. Socio-Economic Impact Assessment, Mitigation and Monitoring

Contents

12.1	Introduction.....	2
12.2	Assessment of Scoped-Out Activities and Events	2
12.2.1	Disruption to Road and Rail Users.....	2
12.2.2	Access Restrictions along the Shoreline.....	3
12.2.3	Community Disturbance from Artificial Lighting used at the Terminal	3
12.2.4	Community Disturbance from Construction Yards.....	4
12.2.5	Community Health and Safety from Onshore Pipeline Installation Works.....	4
12.3	Impact Assessment	4
12.3.1	Enforcement of Marine Exclusion Zones	4
12.3.2	Employment	6
12.3.3	Demanning.....	8
12.3.4	Community Disturbance from the Visual Impact of the Elevated Flare	9
12.4	Indirect Socio-Economic Impacts.....	10
12.4.1	Anti-Social Behaviour.....	10
12.4.2	Increased Economic Flows	11
12.4.3	Social Conflict	11

12.1 Introduction

This Chapter describes the socio-economic impacts, and mitigation and monitoring measures, associated with the Shah Deniz Stage 2 (SD2) Project. The direct and indirect socio-economic impacts that are expected to occur are described and assessed in accordance with the impact methodology presented in Chapter 3 and have been quantified, where possible.

The assessment of socio-economic impacts for the SD2 Project takes into consideration experience gained from the Azeri Chirag Guneshli (ACG) Phases 1-3, SD Stage 1 (SD1), Chirag Oil Project (COP) and SD2 Early Infrastructure Works (EIW) Projects. The type of socio-economic impacts assessed in the Environmental and Socio-Economic Impact Assessment (ESIA) prepared for the SD2 EIW included, amongst others, the creation of local employment, training and skills development of the workforce, the procurement of goods and services to local businesses and a temporary disruption of public access to a small area along the shoreline.

The socio-economic impacts associated with the SD2 Project are similar to those previously assessed for the SD2 EIW, although the SD2 Project involves significantly higher onshore workforce numbers at the Sangachal Terminal (ST), includes use of construction yard contractors and vessel operations that take place in the nearshore and offshore environment. The scale of impacts assessed in this chapter includes changes that are predicted to occur at a local, regional and national level.

12.2 Assessment of Scoped-Out Activities and Events

The scoping process has used judgement based on prior experience of similar Activities and Events and has excluded a number of SD2 Project Activities and associated Events. This is due to their limited potential to result in discernible socio-economic impacts, or if they have been already assessed in other Chapters of the ESIA. Justification for the scoping out of specific Activities and Events is presented below for the following:

- Disruption to road and rail users;
- Access restrictions along the shoreline;
- Community disturbance from artificial lighting used at the ST;
- Community disturbance from construction yards; and
- Community health and safety from onshore pipeline installation works.

12.2.1 Disruption to Road and Rail Users

The Baku-Salyan Highway will be the primary route used for the transport of construction materials and workers who are resident outside the local communities (defined as Sangachal Town, Umid, Azim Kend and Masiv 3). Construction vehicle movements will occur along the Baku-Salyan Highway and access roads into the ST; local roads will not be used. Road users may experience temporary disruption through increased traffic congestion, delays associated with the transport of oversized and heavy loads, and from damage to the physical condition of the Baku-Salyan Highway.

Driver management and vehicle standards will be developed and monitored, to minimise the risk to community safety. There is no planned disruption to users of the Baku-Salyan Highway or railway from the installation of the onshore pipelines, as these will be drilled using auguring and casing equipment at a depth of approximately 1.5m below the surface. Consequently, the onshore pipeline works will not require any temporary road or rail closures.

Increased road traffic during the construction phase has the potential to disrupt communities and businesses along the routes used through increased noise and traffic flows. To minimise the number of vehicle movements associated with the SD2 Project during onshore construction works at the ST, buses will be used to transport the workforce using the Baku-Salyan Highway. Taking into consideration the use of busses to transport the workforce, onshore construction vehicles associated with the ST construction and commissioning

activities are expected to be 500 vehicles per day. This represents a total traffic flow increase of approximately 5%.

If parts of the Baku-Salyan Highway become damaged as a direct result of transport movements associated with the SD2 Project, then the change in road conditions will be reported to the appropriate government authority. However, the Baku-Salyan Highway is currently maintained in a good condition and is designed to withstand physical impacts associated with the frequent passage of heavy vehicles. Consequently, physical damage to the Baku-Salyan Highway is not expected to occur.

In order to ensure that any disruption to road users is minimised from increases in traffic and the transport of oversized and heavy loads, a Transportation and Traffic Management Plan will be developed and implemented. The Plan will require a risk assessment to be undertaken prior to the transportation of oversized and heavy loads which will include an inspection of the transport route for obstructions and hazards, the requirement for traffic diversions and the use of lifting, loading and rigging equipment. The Azerbaijan Ministry of Transport and the State Police will be notified in writing before the scheduled movement, and the exact time and date of the movement will be agreed. Once approved, oversized and heavy loads will be accompanied by front and back escort vehicles equipped with appropriate warning signage and/or lights as required. All received grievances associated with vehicle movements will be logged and appropriate corrective action determined in accordance with the Transportation and Traffic Management Plan.

12.2.2 Access Restrictions Along the Shoreline

Pipeline installation works within Sangachal Bay includes the construction of two temporary finger piers to provide access for construction plant to the nearshore for trenching. The works also include the use of excavators and an onshore pulley rigging arrangement that will pull the pipelines onshore from the pipe-lay vessel situated in the nearshore environment, as well as an access road from the Baku-Salyan Highway to the beach area

The pipeline installation works will temporarily restrict public land access to a relatively small area within Sangachal Bay. Access will be restricted to local people who use the shoreline area for recreational purposes and to fishermen who use the shoreline to launch small vessels into the sea. Currently the beach area is being developed in the form of houses and apartments. An agreement will be reached with the developer and BP in relation to land access restrictions.

The impact to members of the public and fishermen is expected to be negligible, as alternative sites for recreational walking and the launching of small vessels are available along other parts of the shoreline which will not be impacted by the pipeline installation works.

12.2.3 Community Disturbance from Artificial Lighting Used at the Terminal

During onshore construction works at the ST, along the onshore pipeline corridor, at the Pipeline Landfill Area and during operation of SD2 facilities, artificial lighting will be used. Under normal conditions, all areas will not be lit outside of working hours unless for safety/security reasons. The existing topography in the Pipeline Landfill Area will restrict the potential for light spill to occur to the shoreline and Sangachal Bay. A lighting strategy will be implemented at all locations, which will include measures to minimise light spillage and glare to the residents of local communities.

12.2.4 Community Disturbance from Construction Yards

It is not known the extent to upgrade works will be required at the construction yard(s) used to fabricate the SDB jackets and topsides. In either case, it is considered that as all candidate yards are existing industrial sites with very limited residential premises in near proximity to their site boundaries, the potential for significant disturbances to occur from any upgrade or expansion works is limited. In the event that site expansion is required, it is highly unlikely that this will include the need to acquire residential land. It will be the responsibility of the construction contractor to complete any necessary land acquisition processes.

An assessment of potential noise and air quality impacts from SD2 Project activities at the construction yards, which includes the associated existing controls and mitigation, is provided in Chapter 10. The assessment concludes that the potential for disturbance to occur from construction yard activities to residential receptors is negligible. All waste generated during onshore platform and subsea infrastructure construction and commissioning activities will be managed in accordance with the existing AGT management plans and procedures.

12.2.5 Community Health and Safety from Onshore Pipeline Installation Works

The proposed SD2 Pipeline Corridor between the Pipeline Landfall Area and the ST is approximately 4.4km. Along the majority of the route, the pipeline will be installed into trenches excavated to a depth of 2.5m. After installation, the trench will be backfilled and topsoil replaced so that the pipeline right of way can be reinstated to its original condition.

The following controls will be used to maintain community health and safety during onshore pipeline installation works:

- Public access to all areas where construction works are ongoing will be restricted through the use of the security fencing;
- Warning signs will be attached to the security fence to inform members of the public about the hazard associated with the works and the presence of deep excavations; and
- The period of time when the pipeline trench and any other excavated areas are left open will be minimised through the use of careful planning.

Considering the type of existing controls that are listed above, impacts to community health and safety are expected to be negligible.

12.3 Impact Assessment

12.3.1 Enforcement of Marine Exclusion Zones

The following marine exclusion zones will be enforced during the SD2 Project:

- 500m either side of the SD2 Subsea Export Pipeline Corridor during berm construction and nearshore trenching, pipe-laying works associated with the export and MEG pipelines, and backfilling and deconstruction of the berms. These activities are expected to commence from Q3 2014 and be completed by end of Q3 2016 (duration of 27 months);
- A radial distance of 50m surrounding the drilling rigs whilst drilling is in progress at each well site location. Well drilling is expected to continue from Q1 2014 until the end of 2016; and
- A radial distance of 500m during the transport, installation and operation of the two offshore platforms which will start from Q3 2015 when the SDB-PR jacket is transported offshore. The marine exclusion zone will then continue to be enforced during the operational period of the SD2 Project.

The enforcement of marine exclusion zones may impact:

- **Commercial shipping operations** – economic displacement may be experienced by an increase in travel time and the quantity of fuel consumed by vessels who are forced to deviate from their original route due to the enforcement of the marine exclusion zones;
- **Commercial scale fishing operations** – economic displacement may be experienced for the reasons given above and from a reduction in access to sea resources used for fishing operations;
- **Small-scale fishing operations** - economic displacement may be experienced for the reasons given above, in addition to from the relocation of static fishing gear which is located inside future exclusion zones, such as netting; and
- **Scientific research activities** – ongoing scientific research is undertaken within the Azerbaijani Sector of the Caspian Sea.

Magnitude

The magnitude of the expected impacts is evaluated as follows:

- **Commercial shipping operations** – there are three shipping routes that pass through the SD Contract Area which are regularly used by oil and gas supply vessels undertaking scheduled visits to existing offshore platforms. Two of these shipping routes are located inside the marine exclusion zone associated with the proposed SD2 Subsea Export Pipeline Corridor;
- **Commercial fishing operations** – commercial fishing operations occur within Sangachal Bay, the SD Contract Area and along the export pipeline corridor route where marine exclusion zones will be enforced;
- **Small-scale fishing operations** – based on the number and type of vessels which have granted permission by the Department on Protection and Reproduction of Aquatic Bioresources (DPRAB) to undertake fishing operations in 2012 in the Azerbaijan sector of the Caspian Sea, the estimated number of people involved in small-scale fishing operations is 53 persons; and
- **Scientific research activities** – regular samples of sturgeon are collected from seven experimental trawling locations, which include '1D' and '1E' located inside the SD Contract Area.

Receptor Sensitivity

Receptor Sensitivity is evaluated as follows:

- **Commercial shipping operations** – considered to be 'low' as the majority of commercial shipping operations that occur are directly related to the oil and gas industry. Consequently, mariners working in the area of the Southern Caspian Sea are used to avoiding marine exclusion zones;
- **Commercial fishing operations** – considered to be 'low' as the location of the marine exclusion zones will not change the level of access to favoured fishing stations, such as the Makarov bank and Andreev bank, and will restrict access to a small area of sea within the Azerbaijan sector of the South Caspian Sea;
- **Small-scale fishing operations** – considered to be 'high' as there is the potential that fishing gear may be present within the nearshore environment where marine exclusion zones will be enforced. In addition, small-scale fishermen were compensated for economic displacement arising from the ACG and SD projects. Consequently, there is likely to be an expectation amongst fisherman that BP will provide compensation during the SD2 Project; and
- **Scientific research activities** – considered to be 'low' as the location of experimental trawling locations '1D' and '1E' located in the SD Contract Area will have been relocated (effective from 01 January 2015) to outside the SD Contract Area in written agreement with the Ministry of Ecology and Natural Resources (MENR).

Mitigation & Monitoring

A Notice to Mariners will be issued to warn mariners of the presence of nearshore and offshore activities and the position/duration of marine exclusion zones. The location of the SDB Platform Complex will be clearly marked on marine navigation charts provided to the appropriate government authority.

A fishing livelihood baseline survey will be undertaken to gather additional information on small-scale fishing activities within Sangachal Bay and the nearshore environment prior to installation works. The survey will identify the location, status and ownership of any fishing gear that may be directly or indirectly impacted from construction works. The results of the survey will be used to determine if a Small-Scale Fishing Management Plan should be prepared that will describe the process used to identify and agree compensation with fisherman who experience economic displacement as a direct result of the SD2 Project.

12.3.2 Employment

Main construction and installation contractors (including their sub-contractors) used by BP during the SD2 Project are required to develop and implement their own Employee Relations Management Plan (ERMP) which will include, as a minimum, the following:

- Project labour arrangements including the need to recruit new labour and potential sources of new workers;
- How the contractor will comply with the national requirements of Azerbaijan labour law;
- Details of a grievance mechanism that is available for use by the workforce;
- Training and development activities in the form of a Training Plan;
- Demobilisation and demanning (see Section 12.3.3);
- A nationalisation programme;
- Cultural awareness and language familiarisation; and
- Statistical reporting and monitoring.

Site specific Labour Management Forums (LMF) will be established by BP and regular meetings will occur between the BP project site management team and the main construction and installation contractors to discuss workforce welfare and related matters. The role of the LMFs are to undertake:

- A regular review of labour management performance and identify any trends;
- A review of work plans within the site for the next three to six months, discussing labour requirements and potential risks for labour management;
- Review the actions taken to mitigate the identified risks;
- Monitor the implementation of community development programme activities; and
- Discuss the results of statistical monitoring and the content of reports which have been submitted to BP.

Main construction and installation contractors and their sub-contractors will actively design and implement training and skill development programmes for their national staff. Main construction and installation contractors will prepare and submit a Training Management Plan to BP on an annual basis which will include details of the training initiatives being undertaken in the next 12 months, and a summary of training activities completed in the past 12 months. Main construction and installation contractors will conduct regular audits of its sub-contractors EMRP and Training Management Plan, providing the results of these audits to BP.

Existing controls associated with the main construction and installation contractor at the ST which relate to employment are the following (these controls do not apply at construction yards):

- Information will be provided to the local communities by main construction and installation contractors on the nature and levels of employment required;

- At all times the individual recruited will be the person who is most suited to the particular post, based on the applicant's abilities, qualification, experience and merit as measured against the job description and person specification;
- Measures will be implemented by main construction and installation contractors to maximise employment as far as practical from the local communities, to achieve, or improve if practical, the local content percentages achieved for the previous ACG Phases 1-3, SD1 and SD2 EIW Projects;
- Where local employment falls below the local content percentage targets, the reasons for this non-compliance will be investigated by BP and practical measures will be developed to meet the local content percentages targets;
- A grievance procedure for managing all community complaints related to the recruitment process will be established. All employment-related grievances, including those associated with recruitment processes, will be recorded and reported, along with details of measures taken to resolve concerns raised; and
- A formal system of competency assurance will be implemented and records maintained of competency testing and training activities completed, with training certificates provided to workers who are eligible to receive them.

Magnitude

It is anticipated that main construction and installation contractors responsible for onshore construction works at the ST will employ between 81 and 3,600 people over the duration of the works. Peak employment will reach 3,571 with a total duration of 3 months during the 2Q 2015. Additional employment may be required at construction yards, particularly if upgrade and expansion works are required. It is estimated that employment associated with the marine subsea works will peak at approximately 2,000 during 2015 and 2016. During the operational phase, approximately 100 permanent jobs will be created by the SD2 Project.

Receptor Sensitivity

Within job seekers based in the local communities, there are high expectations associated with the provision of training and skills development activities. This is partly a result of the previous training provided by BP during the ACG Phases 1-3 and SD1 projects. Receptor sensitivity is considered to be 'high'.

Mitigation & Monitoring

The benefits of employment to successful job seekers are expected to include, at a household and individual level, an increase in socio-economic and health status, improvement to their quality of life and living conditions, and the benefits from greater household expenditure on education and healthcare resources. Workers from households located in Azim Kend and Masiv 3 may experience the greatest extent of positive change compared to households in Sangachal Town and Umid, due to their high unemployment status and current low level of expenditure on education and healthcare resources. Employment will benefit a greater number of individuals than the total workforce number, as positive changes at a household level will benefit partners (including women), relatives and young people.

It is expected that almost all (temporary or permanent) employed workers will benefit from the provision of training and skill development activities during the SD2 Project. Such activities will commence before the start of construction activities as workers will be required to undergo competency-based training to undertake their role to the standard required. Similar to the previous ACG Phases 1-3 and SD1 projects, the training and skill development activities will include the enhancement of technical skills in parallel with health and safety, information technology and communication/administrative skills. Training and skill development activities will continue throughout the project, and will provide workers with abilities that can be used to obtain future employment positions after their involvement in the SD2 Project is complete.

The following workforce monitoring information will be submitted by the main construction and installation contractors to BP on a monthly basis:

- The number of job applications that have been received, accepted for interview and offered/accepted a position broken down by the following: job category, gender, age, the geographical origin of the applicant (the community name) and whether the applicant has any special needs due to a disability or other reason;
- The total percentage of local and non-local employment, broken down for each job category;
- The number of grievances that have been received, the actions taken to resolve the grievance and whether the grievance was resolved within 30 days;
- The number of hours that has been lost due to sickness or other reasons of absence (the reason of absence should be recorded); and
- The number of hours of training and skill development activities that have been received, broken down into each job category and a percentage of the workforce.

The SSES identified a strong and consistent expectation that BP should provide local residents with jobs preferentially, to address the lack of jobs locally available. Considering the relatively high number of employment positions that will be available to individuals based in the local communities, the preferential employment will be sufficient to meet these local expectations.

12.3.3 Demanning

As the onshore construction works at the ST pass the point of peak employment, the construction contractor's workforce will need to be reduced. The existing controls associated with a reduction in employment numbers (referred to as de-manning) are:

- Development and implementation of the EMRP which specifically includes a requirement to plan for demanning activities;
- Regular communication will occur between BP and the main construction and installation contractors associated with the demanning activities during LMF meetings; and
- Adequate staff communications between the main construction and installation contractors and their workforce which will inform the workforce of project progress and expected completion dates, so they can start to seek alternative employment positions in advance of their position being made redundant.

Magnitude

The process of demanning will occur after peak employment is reached in 2Q 2015, during a period of six months when the SD2 Project is expected to be completed by the end of 2015. Individuals, who are able to obtain alternative employment, or return to their previous role prior to their involvement in the SD2 Project, may experience a temporary change in household income during the transition between employment roles. Workers unable to obtain an alternative source of employment may experience impacts across a longer timescale.

Receptor Sensitivity

Receptor sensitivity is considered to be 'high' in relation to demanning as the individuals made redundant will be forced to find alternative sources of employment after their involvement in the SD2 Project is complete.

Mitigation & Monitoring

Individuals who are made redundant from the SD2 Project may experience increased psychological stress associated with the uncertainty of securing future household income, a reduction in general well-being, quality of life, and reduced household access to private healthcare and educational resources. Changes in the employment status of heads of

households may also disrupt family life, personnel relationships and could potentially affect the welfare of children.

There is a variety of regional industrial developments that are either planned or under construction across the Garadagh region, which is creating numerous professional and non-professional employment opportunities. However, within the local communities, there are unlikely to be sufficient vacancies available that can immediately absorb the large numbers of workers, many of whom will have similar non-professional skills sets to offer the employment market. This situation is reflected by the relatively high numbers of unemployed in the local communities recorded during September 2011 by the SSES, some of whom have been unemployed for a significant period of time.

The workers based in the local community will have been 'targeted' preferentially for employment by the contractor responsible for the onshore construction works at the ST. These individuals may not have the motivation and skill set required to proactively seek-out new employment opportunities across the region, after their employment on the SD2 Project is complete.

However, the training and skills development activities undertaken during implementation of the Training Plan will include providing practical support to individuals to find alternative sources of employment, which aims to minimise the time workers spend between employment positions. Workers who are based across the region, outside of the local communities, are expected to be able to find alternative employment easily, as they may have greater mobility (and are less reliant on public transport) and will be familiar with seeking employment from across a wider geographical area.

It is expected that a large proportion of the construction workforce will be able to seek out alternative job opportunities after their involvement in the SD2 Project is complete. The provision of training and skills development to the workforce, certificates to provide competence for certain types of professional positions and adequate warning in advance of their position being made redundant, will reduce the impact of demanning to the extent possible. No additional mitigation is required.

12.3.4 Community Disturbance from the Visual Impact of the Elevated Flare

The SD2 Project currently includes a single HP/LP Main Flare with a stack height of 107m. During the operational phase of the SD2 Project, the elevated flare will operate across a range of routine and non-routine flaring scenarios. In order to predict the visibility of the SD2 Flare, a viewshed analysis was completed and the results are presented in Appendix 12B.

Magnitude

The results of the viewshed analysis indicate that at Sangachal Town, views towards the SD2 HP/LP Main Flare will be partly obscured by a ridge located behind the town. The percentage of residents who are expected to be able to see the SD2 HP/LP Main Flare is predicted to be 75% when operating under non-routine conditions associated with a recompressor trip. This is expected to result in an increase in flame height to 3m, compared with a routine flaring pilot/purge flame height of 1m. During an emergency shutdown (ESD) event, the height of the flame height is predicted to increase to 138m above the SD2 HP/LP Main Flare stack and the area of visibility at Sangachal Town increases to 98%.

From Umid, Azim Kend and Masiv 3 the viewshed analysis indicated that the SD2 HP/LP Main Flare will be visible to almost all residents during non-routine conditions associated with a recompressor trip and an ESD. During routine pilot/purge conditions, the SD2 HP/LP Main Flare is still expected to be visible to the majority of residents, due to the absence of any topographic features at these locations.

Receptor Sensitivity

Local resident perceptions towards BP's industrial operations within the communities were recorded during the Stakeholder and Socio-Economic Survey (SSES) and SD2 Infrastructure ESIA¹ consultation and disclosure process. The SSES recorded that operation of existing flares at the ST is perceived by local residents to have caused physical damage to their health, through the inhalation of strong odours. The meeting minutes from the SD2 Infrastructure ESIA consultation and disclosure process indicate that after a general welcome and introduction was given by a BP representative, the first question asked by local residents at meetings held at Sangachal Town, Azim Kend and Umid, related to existing flaring activities at the ST and concern about human health impacts, also from strong odours. This suggests that there are negative perceptions associated with existing flaring activities by some local community residents.

The results of the latest air quality monitoring data, which started in 1997 prior to the start of Early Oil Project (EOP) activities commencing at the ST, indicates that there has not been any significant change in air quality. Consequently, there is no evidence to support the perception that operation of flares has caused impacts to human health.

However, strong odours are occasionally generated by the presence of produced water within existing storage ponds located inside the ST. As the produced water ponds are low-lying and not visible to the local residents, they are not aware that this is the source of the odour. Consequently, the occasional presence of strong odours within local communities is seen by many residents to be a direct result of the elevated flares which are, in contrast, clearly visible during day and night time periods.

Operation of the SD2 Project HP/LP elevated flare, even under pilot/purge conditions, will be visible to the majority of local residents, especially during non-routine flaring events when the height of the flame will be greater than 1m. Consequently, receptor sensitivity is considered to be 'high'.

Mitigation & Monitoring

The negative perceptions associated with inhaling local air may result in changes to resident's mental health and general well-being. This change could occur as a consequence of increased psychological stress, anxiety, depression and related symptoms. Consequently, it is likely that visibility of the SD2 Project elevated flare, particularly during non-routine flaring conditions when the flame is high, will result in even stronger negative perceptions.

To reduce the impact associated with changes in community well-being, community engagement activities will be undertaken prior to the operation of the SD2 Project elevated flare, with the aim of providing information about non-routine flaring events to local residents.

12.4 Indirect Socio-Economic Impacts

12.4.1 Anti-Social Behaviour

The increase in local economic capital flows within the nearby communities arising from the increased employment and increased use of businesses may result in a variety of negative impacts. These impacts may include, but not be limited to, a rise in anti-social behaviour, family breakdown, alcohol and substance abuse, prostitution, domestic violence and desertion. These types of impacts will place greater demands on local social welfare resources, such as the State Police, educational and healthcare resources, and social services.

It is expected that these impacts will be mitigated, to some extent, through the implementation of BP's community investments programmes. In addition, employee awareness campaigns comprise an important part of the Employee Relations Management Plan, to encourage

¹ The SD2 Infrastructure ESIA assessed the activities associated with the SD2 EIW Project.

workers to use the income gained from employment in a responsible manner that benefits themselves and their household members, both now and in the future.

12.4.2 Increased Economic Flows

The significant increase in local employment levels within the nearby communities that will occur during the construction phase may result in a rapid, temporary increase in local economic capital flows. While affected individuals and business owners will typically consider this to be a positive change, there is a potential for local inflation to occur through an increase in the demand for the same types of good and services. Business owners may also seek to maximise the local rise in household income by increasing prices to take full advantage of increased capital that becomes locally available.

A variety of contractors based in Azerbaijan will be used during the SD2 Project which will result in an increase to their business revenue. Any increase in business revenue has the potential to benefit business owners through increased profits, the workforce through extended employment contracts, individuals who gain new employment with contractors, and government revenues through the collection of additional tax revenues.

The use of local, regional and national businesses to provide supply chain goods and services to BP's major contractors will be maximised where possible to do so. The use of in-country businesses for the construction of the SDB jackets and topsides will meet the strong expectation amongst local, regional and national business owners that a significant proportion of the total procurement will be allocated to in-country suppliers. In addition, the procurement of additional goods and services through the supply chain used by the construction yards will further contribute towards socio-economic development at a local, regional and national level.

The SD2 Project requirement for professional staff to be preferentially sourced from the local communities may divert individuals from existing professional roles, to the SD2 Project with the aim of securing higher paid employment. For example, if large numbers of professional public workers (such as health care staff and teachers for example) depart their current employment then such changes may have negative consequences to the local community, particularly if the quality of education and social services that is provided to vulnerable groups is reduced.

The negative impacts associated with increased economic flows cannot be mitigated to any reasonable extent, as BP does not have control over the way in which third-parties will use their additional income, or have any control on which individuals will apply for a professional job in the local workforce. However, all job advertisements associated with the SD2 Project will emphasise the temporary nature of the employment offered, to try and reduce existing professionals from leaving their current positions. In addition, the salaries of professional roles will be similar to those offered nationally and benchmarked using recent data available. The use of benchmarked salaries will avoid large discrepancies occurring between public sector roles and the temporary employment offered by BP's major contractors.

12.4.3 Social Conflict

There is the potential for conflict to occur from (perceived or actual) competition between individuals seeking jobs. Such conflicts could occur between members of the same settlement, between individuals from the local communities, or between 'local' and 'non-locals'. Such conflicts may be exacerbated by pre-existing tensions between groups of people and in particular, between non-locals and vulnerable groups (such as IDPs). In-migration may also place significant pressure on existing social infrastructure, such as waste management and sewage networks.

Local targets (for professionals and non-professionals) will be used to maximise employment as far as practical for the existing residents of Sangachal Town, Umid, Azim Kend and Masiv 3, which will be verified by the prospective employee's identification card and supporting information, in accordance with the EMRP. This will act to minimise the potential for in-migration by job seekers located outside of these communities.