

Chapter 6 Policy, Legal and Administrative Framework



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6 POLICY, LEGAL AND ADMINISTRATIVE FRAMEWORK

6.1 Introduction

This chapter provides a high-level description of the regulatory framework of the WREP-SR Project. The legal regime applying to the Project is complicated, so this chapter seeks to highlight the high-level regulatory context for the proposed Project; it does not provide an exhaustive analysis of all requirements that may be applicable to the WREP-SR Project and is not a definitive analysis of those provisions that are considered below.

The WREP-SR Project will be designed, built and operated in accordance with the provisions of the WREP host government agreement (HGA) and pipeline construction and operating agreement (PCOA), appropriate international industry standards and practices, applicable Georgian law and BP policy.

The chapter considers the following:

- National legislation (Constitution of Georgia, host government agreement (HGA), PCOA and Georgian national law)
- Selected international and regional conventions
- Selected international industry standards, practices and guidance, including International Finance Corporation (IFC) policies
- BP corporate policies.

Please note that the descriptions of the HGA, PCOA and other laws and documents included below are high-level summaries only and are qualified by reference to the full text of the actual laws or documents.

6.2 National Legislation

6.2.1 *The Constitution of Georgia*

The '*Constitution of Georgia*' (1995, last amended on 29th June 2012) prevails over other national legislation and international agreements. It states the basic rights of people to live in a healthy environment (Article 37 Part 3). It assures that the state shall protect the environment and foster sustainable development (Article 37 Part 4). It establishes a legal framework that guarantees public access to information about the condition of the environment (Article 37 Part 5, Article 41 Part 1).

6.2.2 *Legal Framework Applicable to WREP-SR Project*

The WREP-SR Project is being implemented within the framework of the following agreements:

The Inter-governmental Agreement

The governments of Georgia and Azerbaijan signed an inter-governmental agreement (IGA), in March 1996, about co-operation to develop the WREP to transport oil from Baku to the Black Sea coast.

The Host Government Agreement

A HGA between the Government of Georgia and a group of 12 oil companies (the WREP participants) governs development and use of the WREP and is therefore applicable to the SR Project. The HGA was made on 8 March 1996 and sets a framework for the development of the WREP through a combination of refurbishment and upgrading of existing facilities and the construction of new facilities. It defines obligations for the participants and the government during the development and operational life of the pipeline. The HGA requires the appointment of an operating company – which is the Georgia Pipeline Company (GPC Co (Georgia)).

Detailed terms and conditions for the construction and operation of the pipeline are set out in an appendix to the HGA, the PCOA. The HGA and PCOA constitute parliamentary law of Georgia, passed on 2 April 1996 and take precedence over other national law and international agreements in force in Georgia which are inconsistent with, or conflict with, the HGA/PCOA.

The Pipeline Construction and Operating Agreement

The PCOA requires that pipeline operations (which include construction activities and are therefore applicable to the WREP-SR Project) shall be carried out:

1. In accordance with good international oil industry standards and practices
2. The environmental and technical standards detailed in the PCOA
3. Subject to the other provisions of the agreement and in accordance with Georgian law including all Regulatory Laws
4. As a reasonably prudent operator would conduct its own affairs.

6.3 Pipeline Construction and Operating Agreement

The sections below detail the Project's interpretation of the PCOA requirements.

6.3.1 *International Oil Industry Standards and Practices*

The WREP-SR Project has undertaken a review of a range of potentially useful international standards and practices relating to the international oil pipeline industry.

This ESIA has reviewed the following documents as references of international practice for the construction and operation of oil pipelines comparable to the WREP-SR Project:

- IFC Performance Standards (2012)
- International Finance Corporation/World Bank: 'General EHS Guidelines' (2007) and 'EHS Guidelines for Onshore Oil and Gas Development' (2007)
- World Health Organisation guidelines
- Guidance issued by oil and gas industry associations
- Standards and practices in the EU and UK (where this is consistent with or representative of international industry standards)
- General industry practice.

The above standards, practices and guidelines specify various design and other mitigation measures for minimising impacts and these have been considered during the drafting of this ESIA and adopted as relevant; see Chapters 10 and 13.

6.3.2 *International Agreements and Conventions*

Georgia is signatory to a wide range of international agreements and conventions, of which those shown in Table 6-1 are of particular relevance to the WREP-SR Project.

International conventions come into effect through national legislation, which WREP-SR Project is obliged to comply with under the PCOA. Where Georgia has acceded or agreed to an international convention, but not ratified it and introduced it into Georgian law, it shows Georgia's intention to comply with measures, although they are not yet legally binding.

Where Georgia has signed (i.e. acceded to) an international convention, but not ratified and introduced it into national legislation WREP-SR have considered the provisions of selected conventions, not specific to the oil and gas sector, on major environmental issues during development of the Project and preparation of the ESIA.

The Project has taken into account whether these conventions may contain useful guidance, including regarding potential mitigation measures and international practice. Some of the key conventions on air quality and climate change, biodiversity and protection of species and habitats, cultural heritage, public consultation and waste management are listed in Table 6-1 below, together with a note, for information, on whether the Georgian government has signed, acceded or ratified¹ them.

Table 6-1: International Agreements and Conventions

Title	Status in Georgia
UN Framework Convention on Climate Change (UNFCCC)	Ratified 1994
Kyoto Protocol to UNFCCC	Ratified 1999
Montreal Protocol on Substances that Deplete the Ozone Layer (and its London, Copenhagen, Montreal and Beijing Amendments)	Acceded 1996 (Amendments 2000 and 2011)
Vienna Convention for the Protection of the Ozone Layer	Acceded 1996
Geneva Convention on Long-Range Transboundary Air Pollution	Acceded 1999
Stockholm Convention on Persistent Organic Pollutants	Ratified 2006
Ramsar Convention on Wetlands of International Importance especially as Wildfowl Habitat	Acceded 1997
Rio Convention on Biological Diversity	Acceded 1994
Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)	Ratified 1994
Convention on Migratory Species	Ratified 2000
Paris Convention Concerning the Protection of the World Cultural and Natural Heritage	Acceded 1992
International Convention to Combat Desertification	Ratified 1999
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal	Acceded 1999
Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters	Ratified 2000

¹ Signing expresses an intention in principle to become a party to a convention; ratification or accession legally obliges the ratifying state to apply the convention.

Title	Status in Georgia
Stockholm Convention on Persistent Organic Pollutants	Ratified 2006
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	Acceded 2006
Berne Convention on the Conservation of European Wildlife and Natural Habitats	Ratified 2008
Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management	Acceded 2009
The European Landscape Convention	Acceded 2010
Geneva Convention concerning Minimum Age for Admission to Employment	Ratified 1996
ILO Social Policy (Basic Aims and Standards) Convention	Ratified 1997
European Convention for the Protection of Human Rights and Fundamental Freedoms	Ratified 1999
Universal Declaration of Human Rights	Ratified 1933
Geneva Convention concerning Employment Policy	Ratified 1993
Forced Labour Convention	Ratified 1997
Holidays with Pay Convention	Ratified 1997
Freedom of Association and Protection of the Right to Organise Convention	Ratified 1997
Employment Service Convention	Ratified 1999
Right to Organise and Collective Bargaining Convention	Ratified 1993
Equal Remuneration Convention	Ratified 1996
Abolition of Forced Labour Convention	Ratified 1996
Discrimination (Employment and Occupation) Convention	Ratified 1993
Social Policy (Basic Aims and Standards) Convention	Ratified 1997
Employment Policy Convention	Ratified 1993
Minimum Age Convention	Ratified 1996
Human Resources Development Convention	Ratified 1993
Labour Relations (Public Service) Convention	Ratified 2003
Private Employment Agencies Convention	Ratified 2002
Worst Forms of Child Labour Convention	Ratified 2002

On 27 June 2014 the European Union (EU) and Georgia signed an Association Agreement and have applied it provisionally since 1 September 2014. The Agreement introduces a preferential trade regime through establishment of a Deep and Comprehensive Free Trade Area (DCFTA). The Association Agreement requires implementation of a number of environmental commitments aimed at maintenance, protection, improvement and rehabilitation of the environment, the protection of human health and the sustainable use of natural resources. It also involves facilitation of concerted international efforts to resolve regional or global issues relating to environmental protection, including:

- (a) Environmental governance including strategic planning, environmental impact assessment and strategic environmental assessment, education and training,

monitoring and environmental information systems, inspection and enforcement, environmental liability, combating environmental crime, transboundary cooperation, public access to environmental information, decision-making processes and effective administrative and judicial review procedures

- (b) Air quality
- (c) Water quality and resource management, including flood risk management, water scarcity and droughts as well as the marine environment
- (d) Waste management
- (e) Nature protection, including forestry and conservation of biological diversity
- (f) Industrial pollution and industrial hazards
- (g) Chemicals management.

Georgia is also committed to harmonize national legislation with EU and international legislation.

6.3.3 PCOA Environmental and Technical Standards

Environmental standards

The general environmental principles summarised below shall also be followed:

- No discharge of oil
- Management of wastes by the best practicable environmental option
- Preparing an emissions inventory
- All waste streams will be disposed of in an acceptable manner and concentration as determined during the course of the work programme outlined in Part A above
- Developing emission monitoring programmes in accordance with international oil industry standards and practices.

The PCOA additionally requires the following:

- Use best efforts to minimise potential disturbances to the environment, other natural resources and property
- Notify the government promptly of all emergencies and other events, such as leaks and spills, and the actions taken to deal with them
- Implement an environmental strategy comprising a baseline study, EIA, oil spill contingency planning and specifications for on-going monitoring
- The EIA must be conducted by a recognised international consultancy in accordance with the EU EIA Directive
- Mitigation and monitoring proposals detailed in the EIA must be implemented
- An agreed suite of environmental parameters must be monitored and reported annually
- An oil-spill response plan (OSRP) must be developed and implemented.

Technical standards

Pipeline operations shall be conducted in accordance with good international oil industry standards and practices.

6.3.4 Applicable Environmental Laws

The PCOA requires compliance with Georgian Law including all Regulatory Laws, which include the Applicable Environmental Laws (and Applicable Safety Laws).

The Applicable Environmental Laws are defined as “Georgian laws and legislation related to protection and restoration of the environment provided the provisions are not significantly more difficult or expensive to comply with than the common and prevailing international oil industry standards and practices.”

National administrative framework

Georgia is divided into nine regions, which are subdivided into administrative districts. There are also two autonomous republics (Adjara and Abkhazia) that were established during the Former Soviet Union. All central government bodies, except the Constitutional Court and National Commission on Energy Regulation, are located in Tbilisi, Georgia’s capital city. The local executive bodies perform the main administrative functions in each district.

A variety of government bodies share responsibility for environmental and social issues. The following organisations are particularly relevant to the WREP-SR Project:

- Ministry of Economy and Sustainable Development (MoESD), which is in charge of issuing construction permits
- Ministry of Environment and Natural Resources Protection (MENRP), which is in charge of issuing environment impact permits and the conduct of ecological expertise as well as entering into agreements on mineral extraction licenses and forest use
- Ministry of Culture and Monument Protection (MoC), which is in charge of issuing permits for archaeological excavations and provides expert opinion on cultural heritage issues.

Key national legislation

BP maintains a register of key Georgian legislation (laws, ministerial decrees and presidential decrees) that is applicable to its operations in Georgia. Statutes that are particularly relevant to environmental and social aspects of the WREP-SR Project are listed in Table 6-2 together with a brief summary of their scope. (Note this list is not intended to be exhaustive but to present key items of legislation relevant to the Project.)

Table 6-2: Georgian Legislation Relevant to Environmental and Social Aspects of Pipeline Construction

Legislation	Enacted	Last Updated	Scope
Licensing and Rights to Land (Property) Legislation			
Law On Licenses and Permits	24-Jun-05	12-June-15	Regulates licensing and permitting in Georgia, defines an exhaustive list of statutory licence and permit types, and provides rules for issuing, modifying, and revoking licences and permits. No other Law may determine other licences or permits and no administrative agency may request an authorisation not included in this Law. Some of the notable licences and permits include construction permit, environmental impact permit, forest use licence, and mineral extraction licence. Businesses conducting activities on the list of activities subject to authorisation from the Government of Georgia are required to obtain the appropriate licence/permit(s) prior to commencing.

Legislation	Enacted	Last Updated	Scope
WREP HGA	08-Mar-96		The HGA embodies the various grants, rights, exemptions, waivers and standards with respect to technical, legal, land acquisition and payment of compensation, environmental and security issues, dispute resolution and fiscal regime, under which the oil companies undertake the WREP-SR Project, as well as the mutual rights and obligations of the Government of Georgia, the GOGC and oil companies.
WREP PCOA	08-Mar-96	22-Apr-03	The Pipeline Construction and Operating Agreement (PCOA), signed by the then Georgian International Oil Corporation (GIOG) and the oil companies, constituted an appendix to the HGA. The PCOA describes the tariff structure and also specifies procedures and details of pipeline operations, measurement, obligations of contract parties for granting the rights to land, GOGC's rights and obligations, assignment conditions, environmental standards and safety practices for pipeline operations, ownership and use of facilities and petroleum, force majeure, as well as liabilities and indemnities of parties.
Civil Code	26-Jun-97	20-Mar-15	Contractual relations between parties in Georgia are governed by Civil Code. It describes the rights and responsibilities of natural and legal persons and defines the penalties in the case of violations of the requirements set out in the document. The Civil Code differentiates between movable and immovable property and provides rules for acquiring title over property, as well as any proprietary or obligatory rights thereto. Businesses are required to take into account civil code requirements when entering into contracts in Georgia.
Law On "Public Register"	19-Dec-08	25-May-12	The law identifies the rights, subject to registration in the Public Register, the time and amount for their registration. Also, the law sets the requirements for land cadastral documents for purposes of registration of rights. According to law, the fact of registration of rights to land is an official recognition or confirmation of the origin, transfer, restriction or suspension of rights to a land plot and other immovable property.
Order of Minister of Justice No. 4 on "Approval of Instruction on Public Register"	15-Jan-10	30-July-15	The Instruction defines procedures for registration of the rights specified in the Law "On Public Register" in detail.
Law "On Recognition of Ownership Right over Land in Ownership (Use) of Physical Persons and Legal Entities of Private Law"	11-July-07	20-Sept-13	The law outlines a group of persons, who have in their use and possession the lands, eligible for registration of the ownership right, requiring further formalisation and confirmation of the ownership right from the State through the registration in the Public Register.
Presidential Decree No. 525 "On Approval of Procedure and Certificate for Recognition of Ownership Right over Land in Ownership (Use) of Physical Persons and Legal Entities of Private Law"	15-Sept-07	16-Aug-13	The Decree further develops the concepts of the above law, identifying conditions and rules for the de jure recognition of wilfully occupied lands, including the lands, occupied by persons, prior to 1994 year.

Legislation	Enacted	Last Updated	Scope
Law "On State Property"	21-Jul-10	8-July-15	The law regulates relationships on state property management and transfer for use by others and defines special requirements and procedures for transfers. The law also establishes the Ministry of Economy and Sustainable Development as a state authority in charge of the property.
Law "On Compensation for Development Costs of Replacement Land and Damage Resulting from Allocation of Agricultural Land for Non-agricultural Use"	2-Oct- 97	25-Dec-14	This law defines the compensation amounts, required at the time of allocation, use or disposal of an agricultural land plot for non-agricultural purpose. The law identifies the payment procedure and the procedure for changing the agricultural land category, including payment of losses to landowners or land users, as a result of restricting their rights or reducing the quality of their land.
Law "On Oil and Gas"	16-Apr-99	10-July-15	Regulates relations between the state authorities and natural and legal persons, and investors, in the area of oil and gas operations, including exploration, extraction, refining, or transportation, in the territory of Georgia. It defines their rights and obligations, and establishes material terms and other requirements of product sharing agreements and any other agreements executed to that end. Businesses conducting oil and gas activities are required to observe the requirements of product sharing agreements, where appropriate.
Law "On Procedure for Expropriation of Property for Urgent Public Need"	23-July-99	06-Sept-13	The law outlines respective procedures and conditions for the expropriation of private property (Eminent Domain) as well as procedures for compensation payment for expropriated property or the transfer of other property with the same market value.
Law of Georgia On Mineral Resources (earth resources)	17-May-96	26-Dec-14	Determines the status of mineral resources, regulates their exploration, use and extraction by private individuals and entities, and defines the necessary authorisations / permits and related procedures. This Law does not apply to use of oil and gas resources, which is regulated by the Law "On Oil and Gas". The Law "on Mineral Resources" defines obligations of users of mineral resources and requirements for use and protection of mineral resources. Procedure and conditions for issuing a license for mineral resource extraction are specified in Resolution No. 136, dated 11-Aug-2005 (last updated on 23-Dec-14).
Law "On State Fee for Use of Natural Resources"	29-Dec-04	25-May-15	Prescribes the fees that are required to be paid by businesses that have obtained a relevant license under Georgian legislation for the use of specific natural resource such as mineral resources, timber resources of forest fund, non-timber plant resources, surface water resources and wildlife resources
Government Resolution No 57 On Rule and Conditions of Issuing Construction Permit	24-Mar-09	05-Feb-15	The Resolution regulates the procedures related to the issuing of construction permits, including determining construction terms and conditions, approving architectural plans, and issuing the permit. Businesses are required to obtain a construction permit issued by MoESD or local authorities which is the legal basis for conducting construction activities for the established term.
General Environmental Protection			
Law on Environmental Impact Permit	14-Dec-07	05-May-11	Defines the list of activities subject to ecological expertise and, hence, requiring environmental impact assessment. It also provides a legal basis for public participation in the decision-making process. Construction or replacement of existing technology by a new one related to the activities

Legislation	Enacted	Last Updated	Scope
			specified in this law, which will result in a change of operational conditions is also subject to ecological expertise. The sponsor / proponent of the given activity is responsible for implementation of EIA and preparation of an EIA report. The sponsor is also obligated to conduct public disclosure of the EIA report prior to its submission to the regulatory agency that issues a permit. This law specifies public disclosure procedure and requires incorporation of the disclosure results in the final EIA report. The law also defines a procedure for issuance of an environmental impact permit. The latter is issued only in the event of a positive conclusion of an ecological expertise. If an activity defined in the law requires a construction permit, the Ministry of Environment and Natural Resources Protection issues an ecological expertise conclusion based on EIA review; conditions of this conclusion become part of the construction permit conditions. Conditions of an ecological expertise conclusion are obligatory for a sponsor / proponent of the activity.
Order of Minister of Environment and Natural Resources Protection No 31 "On Approval of Regulation on Environmental Impact Assessment"	15-May-13		This order specifies EIA implementation stages and issues which must be addressed in an EIA report. This act also requires preparation of a monitoring plan for construction and operation stages.
Law On Environmental Protection	10-Dec-96	26-Dec-14	Regulates legal relations between government bodies and natural and legal persons in the areas of environmental protection and use of natural resources. It sets out basic principles of environmental protection. This law applies to a wide range of areas including education and scientific research in the field of environmental protection, environmental management, economic mechanisms, environmental monitoring and access to information, licensing, EIA, environmental permits and waste management. The law also regulates different aspects of protection of natural ecosystems and biodiversity; it also deals with protected areas, protection of ozone layer, protection of the Black Sea and issues of international cooperation. This law sets out environmental requirements for decision-making on the proposed activity and its implementation and forms a legal basis for consideration of EIA results / findings in the decision-making process; it also specifies environmental requirements applicable to facility commissioning and decommissioning.
Law On Protection of Soil	16-Sept-94	16-July-15	Provides the policy requirements and principles of the protection and retention of fertility of the country's soil resources against negative impacts. Businesses are required to comply with the specifications in order to ensure protection of soils. The law defines soil protection measures and methods and prohibits certain activities, e.g. use of fertile soil for non-agricultural purposes; implementation of non-agricultural activity without topsoil removal and conservation; any activity, which results in deterioration of soil properties, etc.
Law On Ecological (Environmental) Expertise	14-Dec-07	25-Mar-13	Ecological (environmental) expertise (review) is a necessary environmental measure conducted by the Ministry of Environment and Natural Resources Protection, for those activities requiring environmental impact permits as a result of their potentially negative impact on the environment. Ecological expertise is required for activities listed in The Law of Georgia on Environmental Impact Permits. An environmental impact permit is issued only in the event of a positive conclusion by

Legislation	Enacted	Last Updated	Scope
			ecological expertise. An Expert commission is established to complete an ecological expertise in 10 to 15 days. Ecological expertise conclusion is an integral part of an environmental impact or construction permit while its conditions are part of permit conditions, which are mandatory for permit holders.
Law on Soil Conservation and Improvement	08-May-03	19-Apr-13	Designed to ensure conservation and improvement of soil in the territory of Georgia, and define the legal principles, measures, limitations and prohibitions to that end. The Law defines soil conservation and fertility restoration improvement measures. It prohibits unregulated grazing, logging of windbreaks, application of non-registered fertilizers or other substances, soil contamination and any activity, which results in deterioration of soil properties and facilitates desertification, swamping, salinization, etc. Businesses that use soil or conduct activities upon soil that have the potential to negatively impact soil conservation are required to follow the Law and the referenced normative documents.
Law On Regulation and Engineering Protection of Seacoasts and Riverbanks of Georgia	27-Oct-00	05-May-11	Includes general principles and requirements for the protection of marine coastal areas and riverbanks from the different types of negative environmental impacts. Although this Regulation does not have specific requirements for business, it is informative for businesses with operations located on coastal areas or riverbanks.
Cultural Heritage			
Law on Cultural Heritage Protection	08-May-07	26-Dec-14	Sets out procedures for protection of cultural heritage and permitting arrangements for archaeological investigations.
Air Quality			
Law On Atmospheric Air Protection	22-Jun-99	05-May-14	Regulates air contamination resulting from air emissions caused by hazardous, anthropogenically-caused impacts. The Law establishes requirements for all businesses that have stationary sources of atmospheric air pollution. Limit emission volumes of pollutants must be determined for all activities, which are subject to ecological expertise and have stationary emission sources. These limits are established for each source and pollutant for five years. The calculated limit emission volumes are prepared in the form of a project, which is submitted to the Ministry of Environment and Natural Resources Protection for review and approval. Businesses are required to conduct monitoring of emissions of pollutants from stationary sources.
Hazardous Substances			
Code of Product Safety and Free Circulation	08-Apr-10	26-Dec-14	Key objectives are to protect human life, health and environment; allow safe products on the market and ensure free trade; ensure and facilitate competition when a product enters the market; introduce an analysis and evaluation system; ensure compliance of plants with high technical risk with operational manuals via state supervision and control.
Law On Compensation for Damage Caused By the Hazardous Substances	23-July-99	06-Jun-03	Includes principles and procedures for compensating the negative impacts caused by the discharge of hazardous substances into the environment. Businesses are required to compensate damage in accordance with the assessed value of loss inflicted on another party or area due to discharge of hazardous substances in the process of production, processing, storage, transportation, use, etc. The law also imposes an obligation to pay compensation to the State for damage caused by contamination of the natural and cultural environment.

Legislation	Enacted	Last Updated	Scope
			According to this law, oil and oil products are classified as hazardous substances.
Protected Areas and Wildlife			
Law On System of Protected Territories	07-Mar-96	30-Apr-14	Forms a legal basis for planning, establishment and maintenance of protected areas and assignment of categories. The law covers establishment, development, elimination and funding issues for each category of protected areas. It specifies permitted and prohibited activities, ownership forms of land and other natural resources in protected areas. According to the law, economic activities in the support zones should not affect negatively protected areas.
Law on the Status of Protected Territories	22-Nov-07	24-Jun-15	Defines the boundaries and status of several protected areas of Georgia. The list of protected areas is presented and the area and boundaries for each area are defined. The list also gives the status (type) of each particular protected area. The Law defines that the management and protection of protected areas is conducted by the State. This Law cancels all previous documents that defined the status and borders of protected areas in Georgia.
Law On Wildlife Protection	26-Dec-96	26-Dec-14	Regulates wildlife protection and use including hunting and fishing. According to the law, potential impacts on wildlife and habitats should be assessed and relevant mitigation measures should be developed in the EIA and ecological expertise process. Protection of habitats important for wildlife should be considered at the design, construction and other stages of an activity.
Law On The Red List and the Red Book of Georgia	06-Jun-03	26-Sept-13	Prohibits any activity, which may lead to decrease in populations of threatened species or degradation of their habitats. Potential negative impacts of planned activities on threatened species should be considered in the EIA and ecological expertise process. The Red List of Georgia was approved by Order of President of Georgia No. 303 (2006). The same list was approved by the Resolution of the Georgian Government No. 190, dated 20-Feb-14. The law defines special cases when removal of individuals (or their parts) of the Georgian Red List species from their habitats is permitted for implementation of projects of special state or public importance. Such decisions are made by the Government of Georgia.
Forestry Code	22-Jun-99	06-Sept-13	The Code regulates relations and state policy in the area of forestry management, use and protection. Businesses are required to comply with the code if their operations have the potential to impact forests. The code specifies all activities, which may be carried out in Forestry Fund. It allows only those activities, which are related to forest resource protection or use such as timber logging, collection of non-timber resources, use of area for agriculture or recreation, establishment of hunting farms, etc. State forestry fund may be used for a special purpose in urgent cases or to procure significant economic benefit. Such decisions are made by the Government of Georgia.

Legislation	Enacted	Last Updated	Scope
Resolution of Georgian Government No. 240 "On Procedure for Establishment of State Forestry Fund Borders"	13-Aug-10	22-July-15	This resolution defines a procedure for correcting the State Forestry Fund borders when an area is removed from the fund; it also specifies when it is allowed to remove an area from the fund and compensatory measures when area removal takes place due to implementation of an investment project.
Resolution of Georgian Government No. 242 "On Approval of Forest Use Rule"	20-Aug-10	04-Sept-15	<p>This resolution sets out rules and procedures for different types of forestry use including special use. The latter includes operation, construction, rehabilitation or decommissioning of pipelines (and other infrastructure) or implementation of design and / or engineering-geological surveys, which are required for the above and implementation of oil and gas operations.</p> <p>Special use of forestry fund on slopes of 35° or steeper is allowed only for construction of facilities of special state importance. Such decisions are made by the Government of Georgia.</p> <p>It also covers compensation for forest removed under special forestry use.</p>
Employment			
Law On Health Protection	10-Dec-97	08-July-15	Regulates the general principles of public health protection in Georgia. Businesses are required to provide all the employees with regular medical treatment at the expense of the employer organisation.
Labour Code	17-Dec-10	12-Jun-13	Regulates employment relations (between employee and employer) in the territory of Georgia, unless such relations are otherwise regulated by international treaties that have been implemented in Georgia. Businesses are required to comply with the Labour Code for the purpose of ensuring that the rights of employees are protected.
Rule "On Payment for Vacation for Pregnancy, Childbirth, Childcare and Adoption" of August 25, 2006	25-Aug-06	11-Dec-13	This Rule defines the issues, related to calculation and issuing of compensation and payment for vacation, related to pregnancy, childbirth, childcare and adoption.
Safety			
Law on Public Safety	29-May-14	30-Jul-14	The key objective of this law is regulation of public safety. It provides the legal basis for emergency response management; defines management agencies and responsibilities of organizations in protecting population and environment from emergencies. It also covers issues related to emergency prevention, protection of population from emergencies, provision of fire safety, etc.
Law On Public Health	27-Jun-07	08-Jul-15	Regulates legal relations for ensuring a safe environment for human health. Section 6 is dedicated to the quality norms of the surrounding environment. Businesses are required to observe the maximum permissible norms for air, soil and water pollution, and to comply with the special restrictions placed upon sectors of ionising radiation, noise, and vibration. Section 7 is dedicated to the safety of technological processes.
Law On Nuclear and Radiation Safety	20-Mar-12	08-Jul-15	Protects the population from the harmful impacts of ionising radiation, in accordance with the obligations stipulated in the Constitution of Georgia, international treaties, agreements, and the legislative framework of Georgia. Sets rules for the use and handling of radioactive materials and establishes the safety requirements in connection with radioactive

Legislation	Enacted	Last Updated	Scope
			materials and nuclear safety. State agencies are responsible for documenting and assessing the situation regarding nuclear safety and the use of radioactive materials. The specific chapter describes a safety requirement established for activities related to radioactive materials, covering production, usage and recycling processes. It establishes requirements for monitoring and control. Businesses are required to comply with Law for organisation of activities dealing with sources of radiation.
Wastes			
Law On Transit and Import of Wastes Through Georgia	08-Feb-95	06-Sept-13	Regulates relations between government authorities and natural and legal persons in the area of hazardous waste transportation through, or importation into, Georgia. The law specifies waste types which are prohibited to be transported or imported to Georgia. It also defines the documentation which must accompany waste during its transit or import.
Waste Management Code	26-Dec-14	19-Feb-15	<p>The code sets out waste management principles, competences of state authorities in waste management and requirements for waste management. Businesses which generate non-hazardous waste over 200 ton/year or inert waste over 1000 tons annually or any volume of hazardous waste, must prepare a waste management plan, which should be submitted to the Ministry of Environment and Natural Resources Protection for consent. This plan should be updated once every three years or in case of change in generated waste type, volume or waste generation process. Companies must nominate environmental managers and inform the ministry. The code also defines responsibilities of environmental managers.</p> <p>The code specifies requirements for hazardous waste management. Companies, which generate more than 2 tons of hazardous waste annually, must develop and implement a hazardous waste segregation and collection system, appoint an environmental manager and provide relevant personnel with adequate waste management training. This code sets out special requirements for hazardous waste collection, processing and final disposal; it introduces a requirement for waste recording and reporting.</p>
Water			
Water Law	16-Oct-97	08-May-12	<p>Provides for the policy requirements and principles of protection of the country's water resources from adverse impacts. This law forms the legal basis for establishment of protection zones along rivers, around lakes and other water bodies to ensure their protection against contamination and depletion.</p> <p>According to this law, in order to implement an activity subject to ecological expertise and requiring an EIA, limit concentrations of harmful substances in effluent to be discharged into surface water must be defined as prescribed by the Technical Regulation "on Calculation of Limit Concentrations of Harmful Substances to Be Discharged with Effluent into Surface Water" approved by Resolution of the Georgian Government No. 414 (2013).</p> <p>Facilities, which are not subject to ecological expertise and discharge effluent into surface water, must comply with discharge standards prescribed by Resolution of the Georgian Government No. 17, dated 03/01/2014.</p> <p>Businesses are required to obtain licenses and permits for the use of</p>

Legislation	Enacted	Last Updated	Scope
			water resources in cases envisaged by the Law, and conduct activities in a manner that does not impact the country's water resources.
Laws on Roads			
Law on Road Traffic	24-Dec-13	29-Apr-15	Provides legal basis for traffic safety on public roads; provides information on state policy, supervision and control in this area and relevant requirements such as driver responsibilities, speed limits, documents which drivers must carry on public roads, etc.

Harmonization with EU Legislation

As defined in the Association Agreement requirements, the national legislation is being aligned with that of the EU in the areas of forest resource management, environmental impact assessment and regulation, strategic environmental assessment, water resource management, atmospheric air protection and biodiversity conservation areas.

One of the outcomes of this process will be improvement of the national legislation on environmental permitting and related procedures. At present the Ministry of Environment and Natural Resources Protection is preparing a draft law, which will align the national EIA procedures with the EU directives and incorporate issues such as screening and scoping; introduction of strategic environmental impact assessment is being discussed. This draft law is planned to be completed during 2016.

Another law being drafted on water resource management to align the national legislation with EU 2000/60/EC; this law is expected to replace the Law on Water. The key novelty is the introduction of basin management and decentralization of water management. After enactment of this law, effluent discharge will require a permit and payment of a fee. In addition, a new methodology for calculation of limit concentrations of pollutants is being developed, which will be adopted after the new law on water resource management is enacted.

A draft law on biodiversity is being developed in order to incorporate the responsibilities defined in EU directives on species and habitats such as 92/43/EC and 2009/147/EC. This new law will also provide for establishment and protection of "emerald" sites and important bird areas.

Technical Regulations

Table 6-3 below summarizes environmental technical regulations that are applicable to the WREP-SR project.

Table 6-3: Environmental Technical Regulations

Technical Regulation	Enacted	Scope
Resolution of Georgian Government No. 17 "On Approval of Environmental Technical Regulations"	03-Jan-14	<p>The following is approved:</p> <ol style="list-style-type: none"> 1. Technical regulation on effluent discharge into surface water 2. Technical regulation on surface water abstraction 3. Technical regulation on activities polluting

Technical Regulation	Enacted	Scope
		<p>atmospheric air with harmful substances</p> <ol style="list-style-type: none"> 4. Template for technical regulation on surface water abstraction 5. Technical regulation on ballast water management
Resolution of Georgian Government No. 425 "On Approval of Technical Regulations on Protection of Surface Water from Contamination"	31-Dec-13	<p>Regulates the following:</p> <ol style="list-style-type: none"> 1. Types of operations / activities which may have adverse effects on surface water condition 2. Contamination of surface water from point and diffuse sources
Resolution of Georgian Government No. 440 "On Approval of Technical Regulations on Water Protection Zones"	31-Dec-13	Sets out width of protection zones for surface water and prohibits certain activities.
Resolution of Georgian Government No. 445 "On Approval of Technical Regulations on Water Protection Zones for Minor Rivers"	31-Dec-13	Sets out width of protection zones for minor rivers (length does not exceed 75km) and prohibits certain activities.
Resolution of Georgian Government No. 414 "on Approval of Technical Regulation on Calculation of Limit Concentrations of Contaminants to Be Discharged with Effluent into Surface Water"	31-Dec-13	The requirement to calculate limit concentrations of contaminants to be released with effluent discharge applies to all activities, which are subject to ecological expertise and discharge operational, household, storm and drainage water. The regulation provides the calculation methodology. Limit concentrations are to be reviewed and approved by the Ministry of Environment and Natural Resources Protection
Resolution of Georgian Government No. 408 "on Approval of Technical Regulation on Calculation of Limit Emissions of Pollutants into Atmospheric Air"	31-Dec-13	Provides a calculation method for limit pollutant emissions to prevent harmful effects on human health and environment
Resolution of Georgian Government No. 42 "on Approval of Technical Regulation on Inventorying Stationary Sources of Emissions into Atmospheric Air"	06-Jan-14	It sets out types and volumes of pollutants from stationary sources of emissions into atmospheric air
Resolution of Georgian Government No. 413 "on Approval of Technical Regulation on Self-Monitoring and Reporting of Pollutant Emissions from Stationary Sources"	31-Dec-13	Provides a procedure for self-monitoring and reporting of pollutant emissions from stationary sources

Technical Regulation	Enacted	Scope
Resolution of Georgian Government No. 8 "on Approval of Technical Regulation on Protection of Atmospheric Air under Unfavourable Meteorological Conditions"	03-Jan-14	Key objective is to ensure protection of atmospheric air under unfavourable meteorological conditions.
Resolution of Georgian Government No. 424 "on Approval of Technical Regulation on Topsoil Removal, Storage, Use and Restoration"	31-Dec-13	Key objectives are as follows: <ol style="list-style-type: none"> 1. Protection and rational use of land resources 2. Establishment of a procedure for removal and disposal of fertile, productive layers in special sites 3. Determination of methods (technical, biological) for restoration of fertility and remediation of soils contaminated by radionuclides and hazardous substances, toxic (hazardous) waste, effluent
Resolution of Georgian Government No. 421 "on Approval of Technical Regulation on Rules and Standards for Arrangement and Operation of Solid Domestic Waste Landfills"	11-Aug-15	The following is specified: <ol style="list-style-type: none"> 1. Technical rules and instructions for arrangement, operation, decommissioning and reinstatement of landfills 2. Requirements to align existing landfills (which do not have permits issued in accordance with the Law "On Environmental Impact Permit") with this technical regulation 3. Procedure for waste receipt at landfills and safety requirements to waste disposal below ground
Resolution of the Georgian Government No. 426, "on Definition and Classification of Waste Register by Types and Characteristics".	17-Aug-15	Requires classification of wastes generated in the course of pipeline construction and operation in accordance with specified waste codes.
Resolution of Georgian Government No. 54 "on Approval of Technical Regulations on Environmental Damage Calculation Methodology"	14-Jan-14	Sets out a calculation method for damage to environment due to violation of legal standards, which takes into account environmental damage incurred in the process of natural resource use and / or economic activity and benefit which the state did not receive but would have acquired if legal standards were complied with.
Resolution of Georgian Government No. 450 "on Approval of Technical Regulations on Radiation Safety Standards and Key Requirements to Handling Ionizing Radiation Sources"	27-Aug-15	Sets out the following: <ol style="list-style-type: none"> 1. Requirements to control and security of ionizing radiation sources 2. Key safety standards to protect employees, residents, patients and others affected by medical radiation from radiation risk 3. Requirements to control, security of ionizing radiation sources in emergencies and emergency notification

Technical Regulation	Enacted	Scope
		<ol style="list-style-type: none"> 4. Requirements to prevent negative effects of ionizing radiation from uncontrolled or inadequately controlled highly active closed sources on employees and residents 5. Limit concentrations of radionuclides in potable and mineral water 6. Limit concentrations of radionuclides in construction materials
Order of Minister of Labour, Health Care and Social Welfare No. 297/N "On Approval of Environmental Qualitative Standards"	16-Aug-2001	<p>The following standards are set forth:</p> <ol style="list-style-type: none"> 1. Sanitary standards and rules for prevention of surface water contamination 2. Hygiene requirements for quality of decentralized water supply, sanitary protection of sources 3. Protection of coastal water from contamination in areas of water use 4. Sanitary standards and rules for prevention of surface water contamination 5. Sanitary protection zones of water supply sources and pipelines 6. Hygiene requirements to atmospheric air protection in residential areas 7. Limit concentrations of pollutants in atmospheric air of residential areas 8. Hygiene requirements to use of effluent and its sediments for irrigation and as fertilizers 9. Sanitary rules and standards for electromagnetic radiation of radio frequency 10. Sanitary standards for physical factors when using appliances 11. Determination of sanitary-protection zone for facilities with electromagnetic radiation of radio frequency 12. Noise at work places, public buildings and in residential areas – sanitary rules and standards 13. Operational vibration, vibration in residential and public buildings - sanitary rules and standards 14. Hygiene evaluation of soil condition in residential areas – methodological guidelines 15. Hazard level assessment of soil contamination with chemicals - methodological guidelines

Environmental impact assessment

As detailed in Table 6-2, the Georgian Law requirements and procedures for EIA are set out in the Law of Georgia on Environmental Impact Permits (EIP) 2007 (as amended) and the Environmental Impact Regulation.

The 2007 EIP Law defines the list of activities subject to ecological expertise, which includes oil and gas pipelines (Chapter II, Article 4, Paragraph 1e) and establishes that the law applies to the replacement of existing facilities (Chapter II, Article 4 Paragraph 2). The Law requires developers to develop and submit an EIA document along with other documentation, which is then subject to state 'ecological expertise' (examination). Assuming the state review is favourable, a permit is issued by the Ministry of Environment and Natural Resources Protection. This is an essential pre-requisite for issue of a construction permit (described below).

The 2007 EIP Law also specifies a number of requirements for the conduct of EIA, including the need for public consultation and participation. These include a 45-day statutory consultation period and the requirement for a public meeting to be held in the locality of the proposed works between 50 and 60 days after advertisement of the application. Comments raised in writing or at the meeting must be addressed in the final EIA report; a robust justification must be provided if any concerns cannot be allayed. Conclusion of a state ecological examination is issued within 20 days of receipt of the final report and is valid for construction beginning within one year.

These requirements are in addition to the EIA requirements specified in the PCOA and described above.

Permit requirements

The WREP-SR Project will also be required to obtain a number of permits and consents, of which the main permits and the relevant national legislation are described in Table 6-4. The Law on Licences and Permits governs the issue of all permits and consents. Subject to satisfaction of application requirements, all the permits are issued within 30 days from application submission.

Construction permit

The Law on Licences and Permits defines protocols for the issue, amendment and withdrawal of permits. For projects such as the WREP-SR Project, a construction permit is needed. The responsible authority (the Ministry for Economy and Sustainable Development) must obtain the following approvals before it will grant a construction permit:

- Geological opinion to be issued by National Environment Agency
- Cultural heritage clearance to be issued by Cultural Heritage National Agency
- ESIA approval (ecological expertise) to be issued by MENRP
- Project design approval to be issued by MoESD
- Project's registered rights to land.

The conclusion of the ecological assessment (i.e. MENRP expert examination of the ESIA) is a part of the construction permit and its recommendations are compulsory for the developer.

6.4 Project Environmental Standards

As defined by the PCOA, the Project has considered good international oil industry standards and practices, the specific PCOA environmental standards and Georgian national environmental standards when developing the Project environmental standards.

Appendix F Project Environmental Standards defines the applicable quantitative standards for the WREP-SR Project.

Table 6-4: Licence and Permit Requirements

Permit required activity	Permit title	Issuing authority	Application requirements	Project phase
Construction activities	Construction permit	Ministry of Economy and Sustainable Development	Geological Conclusions; Cultural heritage clearance; Conclusion of local independent expertise on final design; ESIA approval; Final design; Rights to Land.	Pre-construction
Construction activities	ESIA approval	Ministry of Environment and Natural Resources Protection (MENRP)	Baseline study approval; Public disclosure; Finalization of ESIA by addressing public comments.	Pre-construction
Construction activities	Cultural heritage clearance	National Agency of Cultural Heritage	Desktop study; Archaeological survey; Monuments survey; archaeological excavations if required; Cultural heritage impact report.	Pre-construction
Construction activities	Information on mineral deposits	National Environmental Agency	Shape files of the Project footprint	Pre-construction
Construction activities	Conclusion of local independent expertise on final design;	TBA	Final design and payment for expertise service.	Pre-construction
Tree felling (non GRL) in state forest lands	Forest Use Agreement	MENRP, National Agency of Forestry	Pre-entry survey by applicant and local forestry, detailed forest inventory report by applicant.	Construction
Tree felling (non GRL) on non-forestry lands	Tree felling permission	National Agency of State Property (state lands) Municipal Government (municipal land) Private landowner (private land)	Pre-entry survey by applicant and landowner.	Construction
GRL tree felling on state forestry lands	Government Decree on Removal of GRL trees	Government of Georgia, MENRP, National Agency of Forestry	Detailed forest inventory	Construction
GRL tree felling on non-forestry lands	GRL tree felling consent	National Agency of State Property and Government of Georgia (state land) Municipal Government and Government of Georgia (municipal land) Private landowner, MENRP and Government of Georgia (private land)		Construction

Permit required activity	Permit title	Issuing authority	Application requirements	Project phase
Construction material extraction from borrow pits	Mineral Extraction License	MENRP	Extraction Project and payment for minerals without auction per fair market price.	Construction
Water abstraction from river, lake	Surface water abstraction approval	MENRP	Surface water abstraction Project.	Construction
Treated sewerage, hydro-test water etc. discharge into river, lake	Approval of liquid discharge into surface water body	MENRP	Technical inventory report and Project of discharge limits.	Construction
Exhaust from stationary sources	Air emission limit approval	MENRP	Technical inventory report and Project of emission limits.	Construction
Use of two-way radios, radio stations etc.	Allocation of radio frequencies	Georgian National Commission of Communications	Equipment specifications and coverage locations.	Pre-construction / Construction
Construction or upgrade of access roads	Approval of construction or upgrade activities	Ministry of Infrastructure and local municipalities	Construction or upgrade Project.	Pre-construction / Construction
Transportation of oversized and overweight cargo	Transportation permit	Ministry of Internal Affairs (MoIA)	Contract with Security Police for escort service, consent from Georgia Railway Ltd. for railway crossings, potential routes and list of transport and equipments.	Pre-construction / Construction
Spoil disposal	Spoil disposal approval	MENRP	Site and spoil descriptions.	Construction
Import of goods	Customs clearance	Ministry of Finance	Certificate of origin and specifications	All
Import of explosives	Permit to import explosives	MoIA	Certificate of origin and specifications, purpose, duration	Construction
Use of explosives	Permit to use explosives	MoESD	Specifications, storage and transportation details, scope of work	Construction
Import of radioactive materials	Permit to import radioactive materials	Emergency Department of MoIA/MoE	Certificate of origin and specifications, purpose, duration	Construction
Use of radioactive materials	Permit to use radioactive materials	MoE	Specifications, storage and transportation details, scope of work	Construction