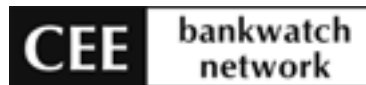


# **BOOM TIME BLUES**

**Big oil's gender impacts  
in Azerbaijan, Georgia and Sakhalin**



September 2006



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# BOOM TIME BLUES

*“[Sakhalin’s] biggest city, Yuzhno-Sakhalinsk, is a boom town, a bustling mix of men in checked shirts and cowboy boots from Shell and Exxon and bewildered locals wondering how to find a new niche in their fast-changing domestic economy.”*

*“Sakhalin boom attracts white goods firm”, EBRD stories (from EBRD website), January 26, 2006*

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# Introduction

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Extractive industries projects are renowned for their negative impacts on a number of different areas, including the environment and local communities. Large-scale extractive projects bring limited and short-term employment opportunities, often fail to provide promised support for local communities and fail to alleviate poverty. The economic ‘booms’ that can accompany such investments are often unsustainable, and their negative side effects disproportionately harm weaker social groups such as women and indigenous people.

At the same time, investors in the extractive industries sector rarely assess adequately the negative gender impacts and the possibilities of compensating and empowering local women through local development programmes. Indeed the associated knock-on effects witnessed repeatedly – increased migration of predominantly male workers, damaged access to subsistence sources and the temporary increase of cash incomes in the investment area, combined often with social inequalities – almost as a rule increase both the burden for local women and gender inequality.

The gender impacts which accrue from extractive industries projects are project-specific. They range from increased poverty and dependence on men, driven or forced prostitution, to the acceleration of sexually transmitted diseases and sexual harassment. Although these harmful trends commonly accompany large extractive industries projects, very often negative gender impacts are concealed within the thousands of pages of documentation produced by project sponsors. This can be due in part to the fact that women in many cases try not to highlight their own troubles on religious or gender stereotype grounds, or due to the simple fact that independent justice still does not exist in very many cases.

The present study takes a closer look at the gender impacts of the BTC pipeline project in Azerbaijan and Georgia, and the Sakhalin II oil and gas project on Sakhalin Island. Such a document was felt to be highly necessary, as in the past the gender impacts involved in

these projects have been overshadowed by other equally grave concerns about their economic and environmental influence.

The findings are based on:

- CEE Bankwatch Network’s Fact Finding Missions to Azerbaijan, Georgia and Sakhalin, carried out in the spring of 2006
- an analysis of existing accounts from local NGOs and initiative groups
- Gender Action’s survey questionnaire and gender assessment of both projects’ extensive documentation.

The findings in the study show that the BTC pipeline and the Sakhalin II oil and gas projects have inflicted considerable social and gender problems on local communities.

One of the major problems connected with both projects is that neither the World Bank nor the EBRD (both lenders to the BTC pipeline project, and the EBRD a potential lender to phase 2 of the Sakhalin II project) have safeguard policies and operational approaches which recognise the rights of women by ensuring that social management, community development, and consultations reach out to women and protect them from gender-based human rights violations.

In its current environmental policy, up for review in the near future, the EBRD has declared that: “*The EBRD believes that progress towards sustainable development can best be achieved by working within a sound regulatory and policy framework that uses market mechanisms to promote environmental protection and provides suitable social safety nets for vulnerable members of the community.*”

This vague declaration is essentially an abdication of responsibility. It does not ensure any mechanisms or tangible procedures that would promote mainstreaming and ensure that EBRD financing does not harm women and their status in society. As the present study illustrates, the ramifications on the ground are acute.

On March 8 2003, on the occasion of International Women's Day, five men - James Wolfensohn, president of the World Bank, Jean Lemierre of the European Bank for Reconstruction and Development, Omar Kabbaj of the African Development Bank, Tadao Chino of the Asian Development Bank, Host Kohler of the International Monetary Fund and Enrique Iglesias of the Inter-American Development Bank - declared:

*"We, the Heads of the Multilateral Development Banks/International Monetary Fund, affirm the importance of promoting gender equality and empowering women for achieving the Millennium Development Goals. Gender equality is not only a goal in its own right, but is important for reducing poverty and hunger, ensuring education for all, reducing child mortality, promoting maternal health, combating HIV/AIDS,*

*malaria and other diseases, and ensuring environmental sustainability. [...] In light of this, we affirm our continued commitment to promoting gender equality in our organizations and in the work of our organizations to assist member countries."*

On the contrary, the present study reveals accounts by local people stating that the BTC pipeline and Sakhalin II projects have brought increased poverty, hindered access to subsistence resources, increased occurrence of still births, prostitution, HIV/AIDS and other diseases in local communities.

There has never been a greater need for positive commitment, through robust policy safeguards in their policies, from the EBRD and the World Bank to promote gender equality through their investment portfolios.

## Background

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The Baku-Tbilisi-Ceyhan Export Oil Pipeline (BTC) is a US\$3 billion project to transport crude oil from the Caspian Sea to the Mediterranean.<sup>1</sup> BTC Corporation—a consortium of private companies led by British Petroleum—is constructing the pipeline across Azerbaijan and Georgia. BTC Co. has partnered with Botaş, the Turkish national oil company, for operations in Turkey.

The Baku-Tbilisi-Ceyhan oil pipeline is being financially backed by the European Bank for Reconstruction and Development, the International Finance Corporation, the US Export-Import Bank, the UK's Export Credit Guarantee Department, and a host of other export credit agencies.

Sakhalin II Phase 2 will transport oil and liquefied natural gas pumped offshore in the Northeast of

Sakhalin Island to the Southern tip.<sup>2</sup> Investment in Sakhalin totals US\$20 billion, and Shell Sakhalin, together with Mitsui and Mitsubishi, established Sakhalin Energy Investment Company LTD at Bermuda Island.

The first phase of the Sakhalin II project received financial support coming from the European Bank for Reconstruction and Development (EBRD) and the Japanese and US Export Credit Agencies. Now the company is expanding its operation by constructing: two new oil and gas platforms in the north of Sakhalin; two 800 km oil and gas pipelines running through the whole island; a Liquid Natural Gas production plant together with an oil and LNG terminal in Aniva Bay. The company is now negotiating with the EBRD, US Ex-Im Bank and the Japanese Bank for International Cooperation (JBIC) to secure the loan for the second phase.

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<sup>1</sup> BTC Co. Website: <http://www.caspiandevlopmentandexport.com/ASP/Home.asp>

<sup>2</sup> Sakhalin Energy Investment Company: [http://www.sakhalinenergy.com/project/prj\\_overview.asp](http://www.sakhalinenergy.com/project/prj_overview.asp)





# Gender assessment of BTC and Sakhalin II Phase 2 project documents





# Gender assessment of BTC and Sakhalin II Phase 2 project documents

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This section evaluates documents produced by the EBRD, IFC, BTC Corporation (BTC Co.), BTC/Botaş and Sakhalin Energy Investment Company Ltd. (SEIC) to assess the extent to which they address the different impacts of the BTC pipeline and the Sakhalin II Phase II projects on women and men. The documents reviewed include Environmental and Social Impact Assessments (ESIAs), Public Consultation and Disclosure Plans (PCDPs), Social Action Plans and Resettlement Action Plans (RAP) for both projects. Our analysis reveals a failure by the EBRD, the IFC and the oil consortiums to acknowledge and address the gender implications of Sakhalin II and BTC.

## Consultations

Since men and women experience different socio-economic impacts from natural resource extraction, it is essential that both women and men participate equally in project consultations and that their inputs be equally valued.

### Sakhalin II

SEIC's project documents fail to take advantage of the high level of participation of women during Phase II consultations. Although SEIC notes that women were the majority of participants in community consultations (SEIC, 2003B:5-13), the PCDP never mentions the genders of consulted individuals (2005B). SEIC made little effort to distinguish between the different contributions and needs of men and women, but questions regarding women's employment opportunities with the project are common in community consultation meeting notes (e.g. SEIC, 2003D). The EBRD review of the Sakhalin II ESIA process makes no mention of the lack of gender analysis of impacts on men and women (EBRD, 2005). This is not surprising as the EBRD has no gender policy.

### BTC

BTC Co. and BTC/Botaş make some effort to demonstrate gender aware consultations. In 2002 they held consultations in Azerbaijan, Georgia and Turkey to assess the concerns of project-affected communities. Our review of BTC Co. and BTC/Botaş PCDPs and ESIAs for each country indicates that they did not adequately consult with women in affected communities and in some cases may not have consulted with women at all. The EBRD and IFC also held joint consultations in each country to determine whether they would fund the project. Women were poorly represented in the six IFC/EBRD multi-stakeholder forums, although local women's organisations did participate.

In Azerbaijan, BTC Co.'s ESIA states that the sample of respondents consulted was gender balanced and "included an appropriate mix of men and women," but does not define the ratio (BTC Co., 2002B: 23). The PCDP indicates that respondents were selected by approaching the representative of the household who was usually a senior male, except in the case of female headed households (FHH) (BTC Co., 2003A: 27). Without data on the gender composition of the respondents, it is uncertain how many sample households were female headed and how many women were consulted. Of the 81 participating stakeholders listed in the ESIA, only four are women's organisations.

In Georgia, the ESIA does not explicitly mention any female participation. It notes that interviewers were "suitably balanced in terms of gender" (BTC Co., 2002A: F-I-23), although the gender ratio is undefined. The ESIA also reports that interviewers consulted the head of household—again, usually a senior male (*ibid*). The ESIA provides no data on the gender breakdown of respondents, although the sample questionnaire requests the respondent's gender (*ibid* F-I-51).

The BTC/Botaş consultation in Turkey was designed to target women, but the implementation was disappointing. In each village at least four of the ten

sets of questions that targeted individuals (separately from other household members) were supposed to be answered by women (BTC/Botaş, 2002A:A4-3). The ESIA even features pictures of consultations with groups of women to emphasise their participation (ibid:3-12), but does not provide any numbers of women participants. An NGO Fact Finding Mission (FFM) in Turkey finds that women were not adequately consulted, and in some communities they were not consulted at all (Baku-Ceyhan Campaign, 2003: 57). The FFM reveals that the consultation process discriminated against Kurdish women who only speak Kurdish in particular, since the forums were held in Turkish with no translators (ibid). It also notes that female political participation in Northeast Turkey is very low, and therefore local representatives cannot adequately reflect women's interests (ibid: 58).

The IFC and EBRD jointly held six forums – two in each country – to assess whether or not to fund the BTC project. Women's participation in the IFC and EBRD consultations was also very limited. The combined report by the IFC and EBRD states that they tried to assemble a “balanced group of participants” (CDR, 2003:9), but never discloses the gender make-up of the participants or discusses women's participation. Representatives from women's organisations only participated in half of the six consultations (Baku, Borjomi and Tbilisi), none of which were in Azerbaijan (CDR, 2003:73-93).

## Socio-economic impacts and mitigation

SEIC's Social and Health Impact Assessments (SIA and HIA, respectively)<sup>1</sup>, and BTC Co. and BTC/Botaş's three country-based ESIA's assess the potential impacts of each project on men and women and the plans to address them. SEIC also outlines commitments to mitigate the negative impacts in its Health, Safety, Environment and Social Action Plan (HSESAP). Likewise, BTC's region-wide Environmental and Social Action Plan (ESAP) is their strategy to enhance the project's positive socio-economic impacts and mitigate the negative impacts.

As the following analysis demonstrates, SEIC, BTC Co. and BTC/Botaş have missed opportunities to identify and mitigate gender-specific impacts. Likewise, the EBRD's and the IFC's (in the case of BTC) continued financing of these projects sanctions the neglect of gender impacts in extractive industry projects. The documents analysed poorly identify gender socio-economic impacts, and mitigating actions fail to properly address gender issues. It is likely that any benefits women experience from the projects will be minimal, and the negative consequences will disproportionately fall on them. The remainder of this section examines how the project documents mentioned above identify and address gender concerns in employment generation, land ownership and land use, infrastructure and resources, and construction worker and community relations.

## Employment generation

Job creation is the greatest potential benefit of the projects for local communities. Sakhalin II is expected to create 5,000 to 6,000 jobs primarily for residents of Sakhalin and mainland Russia (McVeigh, 2003). Each ESIA for the BTC project estimates construction will generate around 100 jobs in each country (BTC Co., 2002B:1-16; BTC Co., 2002A:1-27; BTC/Botaş, 2002A:34).

Given that the demographic of construction workers is young men, they will be the primary beneficiaries of increasing employment opportunities. SEIC estimates that 90 to 95 percent of the construction workforce will be men (SIA, 2003:11-5). They indicate that any women hired will be predominantly local (ibid), and will work as maintenance staff (SEIC, 2003C). Neither the SEIC's HSESAP and BTC/Botaş ESAP require contractors to hire women. Local activists in Sakhalin report that the majority of the workers – approximately 5,000 men under age 35 – are not from Sakhalin (Norlen, personal communication), so even the employment benefits for local men are few. The FFM in Azerbaijan found that BTC project staff fired four Azeri women for being pregnant, which is clearly employment discrimination against women.<sup>2</sup>

<sup>1</sup> SEIC's Health, Social, and Environmental Impact Assessment (HSIA) is divided into three lengthy volumes. We reviewed the HIA and the SIA.

<sup>2</sup> Two of the women were reinstated later.

## Resettlement

### Sakhalin

Sakhalin II will require the physical resettlement of 56 individual land users and six to fourteen households (SEIC, 2003B: 8-2). SEIC's very weak RAP strategy – a small chapter in the ESIA – does not acknowledge the existence of vulnerable groups such as FHH who may be disproportionately disadvantaged by resettlement.

### BTC

The BTC project will result in the temporary or permanent resettlement of approximately 17,716 households (BTC Co., 2003C: 6), and many more will lose land use rights and suffer temporary and permanent damage to crops (BTC Co., 2002B:1-16; BTC Co., 2002A:1-27; BTC/Botaş, 2002B:36). Although BTC Co. identifies women, the elderly and ethnic minorities as vulnerable groups (BTC Co., 2003C:28), it fails to provide adequate measures to protect them.

In Azerbaijan, the RAP specifically states, “There are households that are less well positioned to take advantage of cash compensation (for land) and may well be disadvantaged by it. These include, in particular, households with elderly owners, and in particular women” (BTC Co. 2002D:6-20). The only special protection offered to women helps FHH gain title to their land “as appropriate” (ibid:6-32).

Similarly, the RAP in Georgia identifies women and the elderly as groups requiring special attention (BTC Co., 2002C:6-9) and the protections are highly inadequate. The RAP notes that most women along the pipeline are subsistence agricultural producers (ibid:6-12), and the majority of women who own land are elderly, and may have a particularly difficult time benefiting from the compensation scheme (ibid: 6-11). The RAP also discusses the high concentration of women in certain minority communities such as ethnic Greeks, but does not address ways to mitigate the project's negative impact on their well-being. To mitigate the negative impacts of resettlement on women, the RAP suggests directing funds to enhance women's existing “coping or survival strategies” through temporary employment (ibid: 6-12). Not only is this measure inadequate for

women of working age, it is completely inappropriate for displaced elderly women no longer seeking employment. Such vulnerable people deserve adequate monetary compensation.

The RAP in Turkey notes that female land owners may not have equal power compared to project officials in land valuation and compensation negotiations, but makes no remedy (BTC/Botaş, 2002B:6-8). The RAP suggests targeting funds to women's development efforts in order to alleviate the disproportionate gender impact (ibid). The RAP also claims that project officials recognise women's customary ownership in land compensation, which will help formalise land tenure (ibid:6-9). It is doubtful that these incredibly weak measures will even restore resettled female land owners and land users to their baseline standard of living.

## Infrastructure and resources

In communities affected by Sakhalin II and BTC, loss of infrastructure and resources due to pipeline construction, damage to personal and communal property and environmental degradation place a tremendous burden on women and men. In Sakhalin, for example, pollution from oil extraction has already decreased fish harvesting (Barannikova & Lisitsyn, 2001).

As elsewhere, women bear the brunt of household strategies to cope with declining living standards. In reaction to economic hardship women often increase their labour hours and/or decrease their level of personal consumption. Female headed households are particularly vulnerable since they only have one source of income. In households with men and women, economic hardship can lead men to abuse alcohol and increase violence against their partners. Notably, none of the ESIA's address any of these gender-specific aspects of project-related hardships on local communities.

In Sakhalin and in communities affected by the BTC pipeline, the influx of equipment and workers has placed considerable stress on local infrastructure while increasing demand for public resources. For instance, the influx of workers overwhelmed the water, sewage, housing, medical, police and other services in the city of Korsakov on Sakhalin Island (Norlen, E-mail dated 23 February 2006), thereby reducing the ability of local women and men to utilise local resources. While the SIA discusses the negative impact of the project on indigenous Sakhalin

women's berry picking, mushroom gathering and reindeer herding, the impacts are considered minor (SEIC, 2002A:12-11), and therefore not addressed.

The construction of oil pipelines near communities presents safety hazards for small children, a primary concern for many mothers. Both projects claim to minimise safety hazards yet fail to recognize or compensate women for the increased hardship an unsafe environment places on women, who must increase the time they spend caring for small children.

## **Construction workers and community relations**

### **Sakhalin**

The SIA recognises that "major adverse impacts might occur" as a result of the huge influx of workers (SEIC, 2003A: 12-13), but fails to recognise the disproportionate impacts felt by women. The SIA designates a Community Liaison Officer (CLO) to enhance relations between workers and the community, but there is no mention of gender awareness training or the gender of the CLO.

The health and security implications of the project on Sakhalin women are grave. The HIA recognises the increase in prostitution and sexually transmitted diseases including HIV/AIDS as a result of "contact of workforce with resident populations" – in other words: sexual intercourse between male workers and local women – and provides a plan to increase sex education in Sakhalin (SEIC, 2003C:72). Women's increased vulnerability to human traffickers and sexual exploitation is similarly ignored.

Increasing rates of violence against women (VAW) are not addressed in the SIA or the HIA. Unconfirmed statements indicate that the influx of workers and increased stress on men and women in Sakhalin has resulted in an increase in VAW (Norlen, 2006). While the HIA recognises high rates of alcohol abuse among men (2003C: 35), it does not link alcohol abuse and the large presence of foreign men to VAW.

### **BTC**

BTC Co. and BTC/Botaş recognise that pipeline construction and related facilities will disrupt local commu-

nities. The SIAs anticipate that work camps will bring increased crime, drug and alcohol use to local communities (BTC Co., 2002A:1-28; BTC Co., 2002B:1-17; BTC/Botaş, 2002A: 37). In each country, the consortium plans to mitigate these offences with codes of conduct, camp rules and disciplinary procedures (ibid), but fails to acknowledge the damaging impact of drug use and crime on women's security should these mitigating efforts fail.

BTC Co. and BTC/Botaş also provides for a Community Liaison team to manage community relations during the construction phase (BTC Co., 2002A:1-28; BTC Co., 2002B:1-17; BTC/Botaş, 2002A: 131). However, the ESIA's do not mention the gender composition of the liaison team, or whether the team will undergo any gender-sensitivity training.

The ESIA's recognise that cultural differences between workers and local communities may cause disturbances and recommends cultural sensitivity training for workers in all three countries (BTC Co., 2002A:1-28; BTC Co., 2002B:1-17; BTC/Botaş, 2002A:37).

In Georgia and Azerbaijan, the ESIA's acknowledge the potential spread of HIV and other communicable diseases to local communities as a result of the influx of workers (BTC Co., 2002A: 1-28; BTC Co., 2002B: 11-55), although they do not discuss prostitution. BTC/Botaş in Turkey fails to acknowledge any of these issues, although the same gender impacts are likely.

BTC/Botaş recognises that the presence of outsiders in communities with traditional attitudes towards women in Turkey may "damage family honor," but take no mitigating steps (BTC/Botaş, 2002A:17). In Georgia and Azerbaijan, the ESIA's fail to recognize the impacts of the increase presence of foreign men, for example, in limiting women's movement.

## **Conclusion**

SEIC, BTC Co. and BTC/Botaş project documents neglect to identify the negative gender impacts, fail to protect women from disproportionately bearing the negative impacts, and do not ensure that women and men benefit equally from the limited benefits of the respective projects. Through their support, the IFC and EBRD sanction the failures of SEIC and BTC/Botaş to address gender issues.

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# **Gender impacts of the BTC oil pipeline project: Azerbaijan**





# Gender impacts of the BTC oil pipeline project: Azerbaijan

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## Methodology

The FFM trip in Azerbaijan was undertaken on 10-12 April, 2006 and the FFM group consisted of female representatives of CEE Bankwatch Network and the Committee for the Protection of Oil Workers' Rights, which was accompanied by a male translator.

Five sites along the BTC pipeline route were visited:

- Umid, a camp for Internally Displaced Peoples (IDPs) built a number of years ago just outside the Sangachal terminal
- The village of Randjbar in the Hajigabul region, where the pipeline goes through villagers' land
- The town of Kyurdomir and the village of Xırpaçay, located on the M4 highway that connects Azerbaijan and Georgia, 160 kilometres from Baku. BTC Co. constructed a BTC Pumping Station on the site, and a workers' camp for the AGT project was located there
- The village of Teze Shilian in the Ujar region, where the pipeline crosses very close to the village and some villagers' land has been used for pipeline construction.

In each place the FFM arranged around ten semi-structured interviews (for balance: five interviews with females, five interviews with males) based on a questionnaire proposed by Gender Action (USA). In addition, informal discussions were held with different groups of people (mainly male).

One of the challenges that the FFM had in rural areas arose from the fact that it was very difficult to get separate interviews with women without the attendance and involvement of a man. In a number of cases, we also needed to receive permission from the husband or the head of the local village, in order to carry out an interview with a woman.

## General background to the gender situation

In Azerbaijan, as in many former Soviet countries, transition has been defined by job losses, protracted periods of unemployment, and contracting employment opportunities in both the public and private sector, failing to address gender inequality. Widespread poverty, with 60 percent of the population living below the poverty line, aggravates the situation for women.

Today the situation for Azeri women is quite difficult, with decreased opportunities for employment, limited access to credits and technical support for the development of small and medium-sized enterprises (SMEs), with growing rates of trafficking and disempowerment. It is noticeable that there is growing disempowerment for women at home and in the community, with (re)emerging pervasive gender stereotypes and patriarchal attitudes, "reinforcing the perception of women as mothers and family caretakers, rather than as individuals and independent actors in the public sphere. Such views are at the heart of the significant discrepancies between de jure and de facto equality in Azerbaijan."<sup>1</sup>

The situation is especially notable in rural regions of Azerbaijan, where women are directly pushed back into homemakers' roles, mainly taking care of children and the elderly, as well as being involved in subsistence farming. This enormous and absolutely unpaid job, together with the tangible disempowerment of women within society, represents a significant challenge for contemporary Azerbaijan. This is added to the fact that a significant number of Azerbaijani men are migrating for employment to Russia and Ukraine. In such situations women are forced to lead their family, support it and also take on the men's functions, meaning an increased workload for women's shoulders but still a secondary social status.

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<sup>1</sup> Country Gender Assessment – Azerbaijan, Asian Development Bank, 2005

## Overall attitude towards the BTC project

The BTC pipeline was promoted by the project sponsors and the international financial institutions (IFIs) as a model of development and poverty alleviation. BTC was promoted as an aid to the protection of human rights in the region and as a support towards increasing transparency and overall democratisation through the project's extensive public participation process.

However, in Azerbaijan, the FFM noticed that people are still afraid to speak freely about their own estimation of perceptions about the pipeline, especially with foreigners. This is not surprising given the overall political situation within the country under the present Aliiev dynastic administration.

For extremely poor communities along the route, overall attitudes towards the BTC project have been shaped by a number of factors:

- possibilities for obtaining employment
- possibilities for receiving proper compensation for leased land
- possibilities for the development of local infrastructure.

People's initial positive attitude towards the project was based on these three components during project planning. The fact that employment opportunities for locals have been scarce and at the same time short-term, the reality of improper compensation and the failure to support real development of local infrastructure, have already partially changed people's attitude towards the project. Some of the people who were surveyed admitted that the project has been positive only for those who received jobs and land.

## Gender impacts of the BTC project

The FFM visit to Azerbaijan has clarified that the BTC pipeline's impact vis-a-vis gender can be assessed as a negative one. The project has supported increased prostitution and trafficking along the pipeline, has brought a number of health problems to particular areas, such as the Umid settlement, and has worsened socio-economic conditions. Despite the pledges of the project sponsors and lenders, it has failed to increase women's access to natural resources and improved infrastructure, has not provided employment and permanent income, nor has it empowered women to participate in decision-making.

## Employment opportunities

The FFM has confirmed that there are very scarce opportunities for women in rural regions of Azerbaijan to support themselves and their families. While the employment opportunities on the BTC pipeline were scarcer for women than for men, the insecurity of jobs for women and men has been equally high.

The women employed on the BTC pipeline have short-term contracts, despite the fact that this contravenes national legislation. The recruiting and hiring process have been also non-transparent and firing occurs without clear explanation of the reasons. The few women employed by the project who were met during the FFM stated that they work in the workers' camps as cooks or cleaners, with employment contracts from one to three months. As with men, these women work for 12-14 hours per day, often without any holidays. One of the women underlined that while the job was very difficult, she was very eager to keep it, as she was supporting her family in the absence of a man.

All interviewees underlined that it was very difficult to find jobs for women, except some low paid jobs in schools and continuing subsistence farming. It was also highlighted that the BTC pipeline did not bring the expected number of employment opportunities for either men or women.

The exception is the village of Umid, an IDP settlement, where the majority of the male population and even some women work at the Sangachal terminal. Still there are a lot of people in the village (both women and men) who are not employed by the project and they are struggling with daily subsistence as in other Azeri villages.

## Sexual harassment

Extreme poverty has also pushed the women of Azerbaijan to tolerate sexual harassment during their employment on BTC construction. The FFM was told the story of one woman who wounded one of the senior people in the Working Camp in Evlakh after attempted sexual harassment. According to the Women's Crisis Center group, the incident was closed without investigation. Unfortunately, according to the group, usually women start to complain about sexual harassment only when they have been fired and it is impossible to prove any-

thing. The Women's Crisis Center explains this as being due to the desperate need for women to keep jobs as long as possible.

## Prostitution and trafficking of women

Another important issue revealed by the FFM is the increased prostitution rate in rural areas along the BTC pipeline and Silk Road project (the rehabilitation of the highway from Baku to the Azerbaijani-Georgian border), which run parallel to each other.

During interviews with the FFM, almost all respondents denied the fact that the rate of prostitution has increased due to the BTC pipeline's construction in Azeri regions. This is not unexpected given the existing traditions in Azerbaijan, where prostitution within a village has been identified as not only the woman's but also the whole community's shame, and speaking about this with foreigners is regarded as peculiar<sup>1</sup>.

However, talks with the Women's Crisis Center, media investigations<sup>2</sup> and assessments clarified that the prostitution situation is alarming.

In 2004 the Women's Crisis Center implemented a project financed by the OECD and BP to activate NGOs along the BTC pipeline route. The findings clarify that women's rights, trafficking and the spread of AIDS have been major issues of concerns for the local groups in regions alongside the BTC pipeline.

The Center's staff conducted research regarding the situation in the Kazak, Shamkir and Kurdomir regions affected by the pipeline. They met with prostitutes, pimps and police workers. According to the head of the police of one of the regions, the increased narcotics trade and AIDS spread is directly connected with increased prostitution due to the pipeline's construction. According to the groups, people feel that BTC's construction also undermines local tradi-

tions through increased prostitution and sexual harassment.

The Center obtained high results for trafficking and prostitution in 2003 when it carried out research in the Shamkir and Kyurdomir regions for the John Hopkins Institute, to identify the victims of trafficking.

This situation should not be surprising taking into account that during the construction of the pipeline there were an increased number of foreigners as well as workers from other regions. This was supplemented with the development of related business - restaurants and hotels. As a result, the amount of narcotics, prostitution and alcohol consumption increased.

According to the Center, the fact that the gender factor was not taken into consideration during the construction of the pipeline and related infrastructure development has had quite a negative impact on the prostitution rate. Firstly it was a matter of concern from the beginning that the majority of local people are still unemployed. Due to the increased working emigration of men, most of the families are left to be supported by women. This has not only increased the incidence of women turning to prostitution to support their families, but also the cases of inside trafficking.

According to a journalist's investigations: "Inside Azerbaijan, trafficking is blossoming in places of intensive economic activities. So-called Mama Rozas hire 15-20 girls and take them to various places where intensive construction work or trade is going on. The Centre has cases when girls were taken to cities where the Baku-Tbilisi-Ceyhan pipeline is being laid. ... This is a well-organized criminal business which is well-aware of the situation in the country and in places where their services are in demand."<sup>3</sup>

According to a press statement from the Western Resource Center on NGOs and Human Rights<sup>4</sup>, "some people started their own "business" in the west of the country in the Shamkir, Tovuz and Aghstafa regions. It

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<sup>1</sup> The International Organization for Migration also underlines the problems and difficulties in the identification of the victims of trafficking and gaining access to them. "The interviewees were prevented from meeting with victims by their relatives. This happened more often in rural areas, as the victims' relatives felt stigmatized and could not bear the idea of sharing their daughters' or sisters' shame with outsiders. In other cases, efforts to conduct interviews yielded no results for two main reasons: either the respondents were so strictly controlled that no interviews were possible, or the researchers were denied access to the locations where potential respondents were known to be located" Shattered Dreams, Report On Trafficking In Persons In Azerbaijan, IOM, [www.iom.int](http://www.iom.int)

<sup>2</sup> "Those who are sinless", By Gulnaz Gulieva, Caucasus Media Investigations Center, <http://cmic.aznet.org>

<sup>3</sup> "Those who are sinless", by Gulnaz Guliev, [http://cmic.aznet.org/cmhc/humantrafficking\\_gul.htm](http://cmic.aznet.org/cmhc/humantrafficking_gul.htm)

<sup>4</sup> Press release, February 2005, Western Resource Center on NGOs and Human Rights

is possible to order women at the restaurants, motels and saunas situated close to the main road. Moreover, in the villages where the pipeline passes through, for example in the Girag Kasaman and Poylu villages of the Aghstafa region, this business is developing, several houses are operating in the villages for the “foreign men, offering them local women”. The third party, that is the owners of the houses, find women for the foreign men, and give to these women only some part of money.“ According to the group, the main cause of increased prostitution and related diseases is high-level poverty and social insecurity in the Azeri regions where the BTC pipeline and Silk Road projects are being implemented.

**The Women Crisis Center has presented the findings of their research and related materials to the BTC Co. However, no steps have been taken to improve the situation.**

## Health problems

The general situation with regards to health care in Azerbaijan is alarming. Significant decreases in government health expenditures over the last 10 years have led to serious declines in both access to and quality of services. According to UNICEF, UNFPA and WHO the estimated maternal mortality rate is 94 per 100 000 births<sup>5</sup>. There are high rates of anaemia among children and women, continued widespread use of abortion as a contraceptive method, disturbingly high levels of malnutrition among children and adults, and a high under-5 child mortality rate. Health data for men shows high and growing rates of alcoholism and drug dependency and a significant increase in TB infections (77.2 percent of total active TB cases were in men). HIV cases were 596 for January 2004 (Azeri Statistics department). Eighty percent were men, and 45 percent of the HIV positive cases were infected outside the country, mainly from Russia and Ukraine, as result of working migration. “<sup>6</sup>

The FFM discovered that in BTC-impacted villages the majority of the people feel that there is an increased amount of disease. People predominantly connected in-

creased illness with degradation of environmental conditions such as air pollution and radiation, as well as worsening of living conditions and malnutrition. However, taking into account the fact that villagers lack enough money to visit hospitals, it is very difficult to speak about the statistics.<sup>7</sup> People go to hospital only as a last resort (this is also connected with the fact that in a number of the areas the hospitals are some distance away, e.g. 7-9 kilometres), and given the poor state of the roads, they are sometimes difficult to reach.

The FFM found that for the majority of the rural population in affected regions medical care has not improved. No new hospitals have been built as a result of the project and of the locations visited by the FFM, only Rendjbar village has a renovated clinic under the community investment project. While there is new equipment in hospitals, almost all interviewees stressed the fact that medical services are very expensive and thus unaffordable for them. Thus, the majority of them have never used hospitals or clinics.

**In Umid, the FFM noted the serious concerns of the local population with regard to an increase in stillbirths.**

Umid is the IDP settlement built close to the expanded Sangachal terminal. Most of the men and a few women are employed at the Sangachal Terminal, and some of them in the Cement Factory that is used by BTC Co. Through the UNDP and BTC community investment project, the establishment of a workshop producing gloves for construction works was supported. According to the official records this is one of the most successful workshops that employs up to 40 of the women in the village. Through the BTC community investment project a school and a hall for weddings and funerals has been constructed in the village.

However, Umid is located close to the Sangachal terminal, in one of the most polluted areas of the Absheron peninsula and experiences negative impacts from the surrounding infrastructure<sup>8</sup>. Local groups suspect that BTC is also incinerating drilling waste in the cement

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<sup>5</sup> ADB 2005b

<sup>6</sup> It is widely agreed that the number of active female HIV cases is much higher than official data suggests, due to the lack of access to confidential HIV testing and counseling services (UNAIDS/WHO 2004)

<sup>7</sup> Despite this, the WHO statistical data is alarming, especially with regard to malnutrition, TB, and AIDs.

factory, from which the wind mainly blows towards the city of Primorsk, 9 kilometres from Umid.

The people in Umid connect the increased diseases in the village and the increased rate of stillbirths with air pollution from Sangachal Terminal's gas flaring activities. According to the villagers, there is increased air pollution and a smell of charcoal fumes, especially at night. The people are concerned that after the full development of Azeri-Chirag-Guneshli there will be five torches instead of the present two, making the situation even worse. Those concerns were expressed by everyone that the FFM met: teachers, housewives, members of community organisations and the manager of the public telephone station.

On a number of occasions, the villagers have requested the Sangachal terminal authority to investigate the situation. Air analysis has been done once, but during the day when there is usually no smell of charcoal fumes. People think that during the day all safety instructions are enforced while at night some of those instructions are violated, leading to increased air pollution.

## Women's empowerment

The BTC project has not empowered women's participation either during the project preparation or during the project implementation. The FFM found that BTC failed to pay particular attention to women, as a less powerful and disadvantaged group, and also failed to consult with them<sup>9</sup>. This of course does not enhance local participation in project planning and implementation.

In rural areas of Azerbaijan, the participation of women during consultations with regard to project planning, land compensation, as well as the preparation of community investment funding, has been more than limited. Only a few women met by the FFM participated in those consultations. In some villages, during interviews with men, it was clearly admitted that they do

not see any reason for women's participation at consultations or similar activities. Some of the consultations were held in Chaikhana, which are men's gathering places and where, according to Azeri traditions, women are not really welcomed.

Women in Umid did speak at the public consultations. However, this looks like the exception rather than the rule and could be explained by the fact that the village is very close to Baku. The women identified a number of concerns with regard to environmental pollution and connected health problems, the necessity of repairing roads, the construction of a hospital and kindergarten within the village, as well as enhancing sustainable employment opportunities for women through the establishment of different workshops (e.g. for carpets) in the village.

However, also in Umid, some women expressed their disappointment with the fact that the Community Investment Program supported the construction of a hall for weddings and funerals instead of the hospital and kindergarten requested by villagers. This fact confirms that even when there is public participation and the involvement of the local people (including women) in decision-making, the company and its implementing partners have their own views on what is appropriate for particular communities.

The FFM also found that the BTC project does not support the promotion of women's rights to participate in decision-making. In almost all investigated cases, women's participation during the consultations, as well as the empowerment of women to express their views, identify their problems and plan activities that would increase women's livelihoods and quality of life, was almost zero.

The Rendjbar and Teze Shilian examples illustrate that the project did not identify barriers with regard to women's participation in consultations. As a result the concerns women had regarding the project were hidden. From this point of view the project design did not pro-

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<sup>8</sup> BP claims that drilling waste from the ACG field is not discharged in the sea but shipped onshore for disposal. Waste is being brought to a dump field near the Sangachal terminal. Bankwatch visited the dump during a 2004 FFM and was told that waste products are spread over the field and allowed to dry, then watered again to allow the toxic components to sink into the ground. The area is surrounded only by a barbed wire fence allowing dust from the toxic sludge to spread to nearby grazing areas. It is also unclear how the toxic materials leaching into the soil affect the local environment and water.

<sup>9</sup> As is required by IFC public participation

mote and enhance women's capacity to actively participate in the decision-making process.

It is even more disappointing, as the FFM learned that the interviewed women have a number of interesting suggestions with regard to the project and related developments and are keen to share them. However, the non-existence of open spaces for discussion is again restricting women to their traditional roles.

The FFM discovered that contrary to the claims of the project sponsors, vulnerable groups such as women and the elderly have not in reality received special treatment or support to reveal their abilities and ideas.

## Social impacts of the BTC project

### Local business development

The BTC Co and project sponsors widely promoted the idea that the BTC pipeline and affiliated programmes would support local development, including benefits for vulnerable groups. "However, the Sponsors are cognizant of the fact that there are certain vulnerable groups in the Project affected area (including women's groups and remote villages consisting primarily of the elderly). In this regard, the Sponsors will continue consultation, as appropriate, with all communities in the vicinity of the Project to minimize adverse effects on lifestyles and livelihoods. In addition, a rollout of a micro-finance bank initiative along the pipeline route combined with the linking of the Project to available IFC SME credit lines in Azerbaijan and Georgia should increase access to financing for local populations and enterprises thereby enhancing local participation in the Project.<sup>10</sup>"

The FFM found no concrete evidence to prove the development of local sustainable business along the pipeline route. The development of a number of new shops, restaurants and hotels represents limited opportunities for locals and the owners also understand that these businesses are far from being genuinely sustainable; indeed they expect that their incomes will soon drop towards zero.

In light of this it is interesting to consider two cases of small shop owners in Kyurdomir who developed their businesses after the BTC construction started. However, now that the number of workers has drastically decreased, they have problems replacing their customer base and also to return invested money.

### Opportunities for women

None of the people interviewed know about the BTC programmes (the micro credits program, CIP) that could help women to find jobs or increase their livelihoods. Only two people, one in Kyurdomir, recall translation courses for young people, and another person in Teze Shilian recalls medical training courses.

According to the official statistics, with BTC Co's support around 15 739 micro loans (average amount of USD 364) have been made, of which 49 percent of borrowers have been women. However, almost none of the people met by the FFM have any idea about the possibilities to access to micro-loans.

According to the independent Azeri expert Gubad Ibadoglu, the micro loan program has not been designed in a way to support sustainable local business development. "Loan percentages are two times higher than average Azerbaijan parameters. Today you can get that credit from an ordinary bank at two percent monthly. But the monthly percentage of credit offered by FINCA<sup>11</sup> is 4 percent. Also, FINCA credits are short-term and it's impossible to achieve something in agriculture with 4-month credits. This field demands long term and compromising credits."<sup>12</sup>

The FFM also found out that people in villages generally lack information regarding the CIPs and opportunities for villages and individuals through these programmes.

In each village the women expressed the need for the creation of sustainable jobs for women like carpet workshops and others, with a need for more micro project financing. The fact is that pipeline construction as well as the supplementary CIP projects have not been planned in a way to enhance women's opportunities for training

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<sup>10</sup> IFC response to joint NGO letter, September 12, 2002

<sup>11</sup> Represents BTC Co subcontractor for the implementation of the Community Investment Program

<sup>12</sup> Results of monitoring the Baku-Tbilisi-Ceyhan oil pipeline: impact on social-economic problems in Azerbaijan districts, Committee for Oil Workers' Rights Protection, 2004



and education, nor to enhance women's income opportunities

## Roads

In almost all the places visited by the FFM people complained regarding the state of the roads and the fact that after the construction of BTC the state of the roads had become worse. The FFM also found that the project does not enhance the access of the local population towards roads. The majority of people indicate that while the roads have been repaired in a number of areas<sup>13</sup>, this mainly applies to the areas where the roads have been so badly damaged that BTC trucks have had problems using them. As happened in a number of cases, like in Kyurdomir, some central roads that were used by the BTC Co. to access the pumping station have been repaired, while the streets that have been used by BTC trucks during construction have not been repaired.

In Teze Shilian people are very happy that BTC Co repaired the road by graveling it. However, for the FFM it was very difficult to describe it as "repair". The road has been simply graveled and in the next two years it will again be totally destroyed due to rain.

## Schools

The FFM found out that in Umid the project constructed a new school as part of the CIP and in Rendjbar the existing one was partially repaired (roof, fence, water pipes installed). In Kyurdomir two interviewees said that the school in the town has been improved with the support of the project.

## BTC - community relations

Despite the existing concerns including health impacts in Umid, problems identified with regard to women's participation in project design and implementation, and the disappointment of people with regard to the community projects undertaken by the project, it was pointed out that there is almost no interaction between the local population and the BTC project.

Unfortunately, this fact only serves to increase concerns, as well as meaning that the local people and the project keep themselves to themselves, which excludes the principle of good neighbourhood.

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<sup>13</sup> According to official BTC Co data for 4th quarter 2005, there is 146 km of upgraded road



# **Gender impacts of the BTC oil pipeline project: Georgia**





# Gender impacts of the BTC oil pipeline project: Georgia

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## Methodology

The FFM trips in Georgia took place 2-11 April 2006. There were three visits by the FFM group that consisted of representatives of CEE Bankwatch Network, Green Alternative (2 female and 1 male) and were accompanied by local Green Alternative representatives in each region (Tetritskaro – female, Borjomi – male, Akhaltsikhe – female):

- Gardabani region – Lemsveniera, Jandara villages. A pumping station and workers' camp are located near the village of Jandara (majority of population is Azeri), and BTC Co is using gravel carried from the village of Lemshveniera (populated by ecological refugees from Svanetia)
- Tetritskaro region – The town of Tetritskaro, and villages of Chivchavi, Asureti, Segrasheni. A workers camp was located near the village of Chivchavi, workers have also been settled in Tetritskaro, work was carried out very close to Tetritskaro, and the villages of Assureti and Segrasheni are located on the main roads towards the BTC pipeline.
- Borjomi region – Tsikhisdjvari village in the high mountains of Georgia 2200m above sea level, populated mainly by Greeks, as well as by a Georgian and Armenian population.
- Akhaltsikhe region – The town of Akhaltsikhe is located close to the Turkish border. BTC Co. has constructed a pumping station and workers' camp in this location.

In each place FFM arranged around ten semi-structured interviews (for balance: five interviews with females, five interviews with males) based on the questionnaire proposed by Green Action (USA). Altogether 87 interviews were held. The FFM also held a number of informal discussions with local people, as well as with local NGO representatives.

## General background to the gender situation

The collapse of the Soviet union, civil war and massive economic crisis combined with the transition period has greatly influenced the development of gender equality in Georgia. While during Soviet times 49 percent of those employed were women, as a result of the subsequent implementation of a neo-liberal economic policy, the sectors of the economy in which the majority of women traditionally participated have changed dramatically in recent years. Gender inequality, in terms of the accessibility of resources, has become more acute, and women's security and the protection of their labour rights have become considerably worse.

The socio-economic situation and gender-neutral policies create specific barriers that obstruct women's successful political and professional careers. The economic reforms launched in the country, the restructuring processes and privatisation has caused the polarisation of the population into rich and poor strata. Widespread poverty (60 percent of the Georgian population lives under the poverty line, with 17 percent facing extreme poverty), exacerbates the situation of women.

The economic crisis has negatively impacted on women as well as men. However, it has become evident that women in Georgia make much stronger efforts than men to support their families and to gain material and moral independence for their children. Women are starting to work in the informal sector of economy, often even combining formal work with secondary work in order to earn a sufficient income.

The majority of small retailer outlets and small enterprises are owned by women, although there is quite scarce access to credits and resources. Because of this, in medium and large enterprises, women already play a lower role than men. Meanwhile, problems associated with discriminatory requirements such as appearance, age restrictions and pregnancy create obsta-

cles for women to find well paid jobs. These factors have increased labour migration of women to developed countries, to support families in Georgia. In parallel there are increased cases of trafficking, mainly in Turkey.

The situation is especially bad in the rural and mountainous areas of Georgia, where economic activities, with the exception of farming, are almost zero. On top of this, the existing multi-ethnic composition of Georgia and different traditions in different regions and communities all make women more vulnerable to economic shocks and gender stereotypes.

### **Overall attitude towards the BTC project**

During the FFM it became clear that most people assess the BTC pipeline and its impact on their livelihood negatively. One of the main factors for this is that people feel angry that the promises during the construction planning stage have not been fulfilled. Furthermore they did not expect that the pipeline could have such negative impacts on the lives of lots of people, mainly due to damaged houses and roads, problems with fair compensation, slow community development projects and so on. The redundancy of the idea that the creation of permanent jobs and local business and infrastructure development would follow, as was aggressively promoted by the Georgian government with silent agreement from BTC Co. and the IFIs, also plays its role.

The FFM also learned that more and more people feel that income from the BTC pipeline operation should be directed first to the affected communities rather than going to the central budget.

### **Gender impacts of the BTC project**

The FFM found out that women's assessments of the BTC pipeline are often more critical than men's. The majority of women who feel that the pipeline has some positive impact at the same time underlined that positive impacts for women have been very limited. In fact almost all of the people, irrespective of gender, who spoke about their positive attitude towards the project also underlined a number of problems that the construction of the pipeline has brought to their lives and homes.

The FFM discovered specific gender impacts, including :

- scarce employment opportunities
- sexual harassment
- increased prostitution in town-type settlements
- increased pressure on the elderly to maintain their households.

### **Employment**

The FFM found out that the only opportunities for women to support themselves and their families are in the informal economy sector and that there are also very scarce opportunities for employment in this sector. The main sectors which provide employment for women are agriculture, retail and the state sector (teachers, kindergarten). For men there are the same opportunities, with additional possibilities to be employed as non-qualified workers on different constructions. In villages more men fill the role of family supporter than in the towns of Akhaltsikhe and Tetrtskaro.

The FFM found that BTC has provided very scarce employment opportunities for women, mainly as cooks and cleaners, but also as community relation or Environmental safety officers. However, the total number of jobs provided for women has been very low.

However, a majority of women employed in the state sector (teachers, accountants and so on) applied to the BTC Co. to get positions as cleaners and cooks. Women interviewed by the FFM pointed out that the working conditions were horrible (working 21 days without holidays, 10 hours per day, then 1 week holiday) and job insecurity was very high due to the nature of the one-month contracts. But in the rural areas of Georgia, where economic activities are scarce, even those one month salaries of around 300-400 GEL are valuable. In Jandara, a number of local women were fired after a few months of work as the cleaners and cooks arranged a strike. However, no explanation has been given regarding the reasons for the dismissals.

One woman with physical disabilities in the Tetrtskaro region told her story of why she wants so desperately to be employed on BTC. She feels that employment would at least half solve the livelihood problems she has, as well as provide money for an operation for her two year old son.

Eight of the women and men with whom the FFM met, both those employed by BTC Co. and those not employed by BTC Co., underlined the fact that to get

employment on BTC it is necessary to pay a bribe or to have good relations with local governor. This mainly applies to women's positions due to their scarcity. The men in Jandara tell the story that despite the villagers' efforts to secure employment for a number of women who need to support their family themselves, it has never happened.

### Impact on elderly women

The number of villages in Georgia populated with predominantly elderly people is quite high, especially in mountainous areas. Often retired pensioners continue to work hard, mainly on subsistence farming to support themselves and their families. BTC Co. pledged to identify the elderly as a vulnerable group and to support them accordingly. However, this pledge has never been implemented.

Nino Beridze is a 79 year old single woman living in the village of Sagrasheni. She receives a standard pension for Georgian citizens of 28 GEL<sup>1</sup> (from March 2006 this rose to 35 GEL) per month. In order to support herself, as it is impossible to do so on a state pension, she still works on her fruit and vegetable garden, and is also supported by neighbours with some vegetables that she sometimes sells on the road.

Her house is located directly on the road to Tetrtskaro, where the BTC Co has constructed the pipeline. Despite the fact that according to the project documents the trucks should use a different route, every day during the construction period the BTC trucks not only brought pipes to the construction site on the Sagrasheni road, but they also used the same road to take the concrete blocks from the Tetrtskaro cement factory to other construction sites.

In 2003, when BTC construction started, heavy trucks caused serious damage to the supporting walls of Nino's and her neighbours' houses. Together with her neighbours, she submitted a complaint to the BTC Co, but it the company continues to deny responsibility. Every day she waits for something to be changed while wishing that her house had not been ruined.

### Sexual harassment

Local groups in Akhaltsikhe reported sexual harassment complaints from about 11 women employed at the Akhaltsikhe workers' camp, mainly as cooks. The first message was conveyed to the IFC and EBRD by local groups on November 18, 2004. At the end of 2005 BTC Co. requested a meeting with complainants to investigate the cases. However, the women refused to speak about the issue due to the very late response from BTC Co.. As all of them are now working in other work places they also expressed concern that a BTC Co. investigation could damage their reputation and negatively impact their lives.

### Prostitution

The FFM found out that in towns like Tetrtskaro and Akhaltskhe people directly link the pipeline construction with increased prostitution<sup>2</sup>. In Tetrtskaro, a number of people also mentioned the fact that due to increased prostitution there are increased tensions in families. As a person hired as a BTC guard explained to us, this is nothing extraordinary – the region is very poor and even ordinary pipeline workers look rich. According to him this is the root cause of increased prostitution. He also pointed out increased inequity between men and woman in terms of incomes received during the BTC pipeline's construction.

Despite the fact that prostitution has been growing since the early 90s in Akhaltskhe as well as in other cities of Georgia located close to the Turkish border, the local groups feel that there is increased temporary trafficking of women from Georgia to Erdogan, Turkey as a result of BTC pipeline construction.

In villages where the workers have less interaction with people, villagers say that prostitution in their villages has not increased. However, a number of them did point out increased prostitution in the region. As an old woman explained in one of the villages in the Tetrtskaro region, another reason that prostitution has not increased in the villages themselves is the fact that

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<sup>1</sup> 1 USD =1.80 GE

<sup>2</sup> Akhaltsikhe is located on the main road from Poti, Black Sea Port, to Turkey and there is a lot of international traffic and consequently prostitution already existed in the city prior to BTC, while Tetrtskaro is located far from all types of main roads, and is characterised by very low economic activity; previously there, prostitution was almost non-existent.

the villages have been mainly abandoned by young people, so it is difficult for her to imagine that prostitution would increase in her village populated mainly by people around 50 years and over.

The FFM found out that there is concern regarding the spread of AIDS in the regions of Georgia. People admitted that there is no information about the AIDS rate, either for their village or for the region. Some of them expressed hope that workers from other countries had been tested before recruiting. However, concerns about a possible increase in AIDS remain.

## **Social impacts of the BTC project**

### **Relations between communities and workers**

The FFM found that relations between communities and workers vary from settlement to settlement. It depends on the size of settlements, the multi-ethnic composition and the distance from the workers' camp. Despite the so-called Code of Conduct that BTC Co. advertised as the main tool to prevent acute problems in relations with local peoples, incidents do take place all the same. According to the majority of people with whom the FFM met, BTC workers regularly consume alcohol and even narcotics in some cases.

In Akhaltsikhe, a place where not only BTC construction but also different economic activities were ongoing, local people were prepared for the fact that an "invasion of workers" of different nationalities brings some problems and were prepared for how to respond to it.

However, in villages like Jandara, populated with Azeri people, the workers' camp has brought a significant negative social and psychological impact. Jandara villagers assess as negative the behaviour of workers in their village. The restaurant for workers was in the village and people were disturbed by the noise, drunken men's voices as well as some fights. All the villagers recall a fight in which around 50 workers were involved.

In Tetrtskaro, one of the interviewees also recalled cases of increased hooliganism and thieving during construction by drunken workers.

### **Increased concerns for the safety and security of the pipeline**

The FFM also recognised fear among the people with regard to the safety and security of the BTC pipeline and possible terrorist attacks on the pipeline. People are really concerned on the one hand with the quality of pipeline, and on the other hand with the capabilities of the Georgian government and BTC Co. to protect the pipeline from terrorist attack. As one man in Tetrtskaro put it, he knows that "BP has a very bad track record in Columbia" with regard to oil spills from its pipeline and he fears that this project could also reveal more of BP's standard way of working.

The FFM found out that some villagers close to the border with Azerbaijan are also concerned with the quality of the pipeline, believing that placing the pipelines in the swamp area close to their villages represents quite a big threat for the pipeline. People do not believe that BTC Co. can guarantee the pipeline's safety; they were mindful of the fact that the pipeline has already been dug up and repaired since it was laid.

### **Local business development**

The FFM also addressed the issue of local business development. Some of the people believe that shops, hotels and restaurants amounts have increased due to the pipeline construction. In some areas like the Bakuriani and Borjomi regions this has happened. However, even for locals it is hard to assess why this should be so, as the areas are well-known for their attractiveness to tourists anyway.

Meanwhile in Tetrtskaro, female shop owners themselves refute suggestions that the BTC pipeline construction has had any impact on their turnover.

According to the BTC Co.'s official statistics, of 12 106 micro-loans issued through the CIP programme, with an average amount of USD 545, about 62 percent have been given to women.

However, the people with whom the FFM met had almost no information about the BTC micro-loans program, especially in rural areas. People who the FFM met have a twofold attitude towards the micro-loan programmes (not really distinguishing from which sources they come), considering them mainly for short term retailing trade rather than as a possible longer term in-



vestment. The main problem is the fact that the credit is too short term, that it represents mainly group loans, and that a guarantee (deposit) was required by the loan officer.

A woman in Sagrasheni took a 50 GEL credit from the bank's micro-credit programme. She was highly concerned about what would have happened if the credit she took for the retail of men and children's socks that she bought would not prove itself worthwhile.

In the village of Lemshveniera, the FFM saw the renovation of the building to be used as a factory for the local cattle breeders association, which was set up through the BTC CIP. However, the majority of the people who spoke to the FFM were not sure how it would contribute to local business development in general, apart from those 10-15 people that are members of the Association.

## Health

The FFM found mixed results for improvements in the health care system in affected villages. The provision of health services is quite scarce. The FFM found out that in a number of cases, like the Tetrtskaro hospital, the medical care has been improved and new equipment has been installed. However, due to the high prices for almost the majority of people, the medical care services are unaffordable.

For Tsikisjvari villagers that are forced to use the Borjomi or Bakuriani hospital (45 km and 15 km away respectively) and need to pass the Kodiana Pass (1800m), the situation has not improved. While there is a clinic in the village, most of the interviewees tended to acknowledge its existence than its services.

The FFM found out that the villagers of Chivchavi, located close to the pumping station in the Tetrtskaro region, feel that increased air pollution (and other environmental problems) have and will have a negative impact on the villagers' health. They believe that flu and respiratory and bronchial diseases have increased due to the construction dust and the cement works near the pumping station.

This enterprise provides concrete for BTC construction in the whole of Georgia. The waste water from the factory has been washed out in a small river gorge close to the village. This adversely impacts the river gorge and the surrounding forest. Almost all the gorge and sur-

rounding forest has been covered by thick cement dust, that has resulted in the forest dying.

The FFM found that the situation with the gorge and surrounding forest increases the fears of local people when it comes to possible health impacts from the pumping station operation. Some of them believe that its operation will increase air pollution in the surrounding area. The FFM also found that people feel that the situation with the gorge and forest is not only the result of cement, but also due to the use of toxic materials at the pumping station without notification. People have several times raised concerns with BTC Co., the local government and the Ministry of Environment, but without any results.

The FFM also discovered that the movement of heavy trucks has damaged the water supply system in Tsikisjvari village, resulting in a polluted water supply to households. People are worried about the negative impact of damage to the water system on their health.

## Land issues

The FFM witnessed in Tsikisjvari that despite the fact that construction is almost finished people are still experiencing problems with land compensation issues. This applies to unfair compensation for land parcels, (indicating different size or different, cheaper crops, fewer trees), as well as to the fact that as soon as the construction of the South Caucasus Pipeline started the pipeline corridor was widened to 60-70 metres.

## Roads

All of the people that the FFM met made clear that while the situation with roads before the pipeline construction was bad, in the majority of cases it is now worse.

In Tetrtskaro, Sagrasheni and Assureti the roads have become extremely bad and, according to the majority of the interviewees, only when the BTC Co. could not use these roads anymore did they repair the most damaged parts. In Tetrtskaro a number of people also complained about increased accidents involving BTC drivers. One interviewer shared with us with her own experience when a BTC driver damaged her family car. She also told a story about needing to go to another region, Marneuli, in order to get compensation from BTC Co.

In Lemshveniera, interviewees underlined that in their village, BTC Co. repaired a road that goes to the gravel carrier that BTC Co. uses. The village's local governor, a woman, underlined that BTC Co. uses its lands as a quarry. She feels that the previous governor made a very poor job, not asking BTC Co to repair more roads for the village instead of using the village community lands before there was pasture. according to her and a number of other women it has caused quite significant problems for stock-breeding, and there have already been a number of incidents with cows that broke their legs or even died in the quarry.

Similarly the central road leading to the workers' camp has been repaired in Jandara.

### **Schools**

Of all the places visited by the FFM, the schools have been repaired in Tetrtskaro, Akhaltsikhe and Jandara (ongoing) through BTC Co. CIPs.

### **BTC community relations and consultation**

The FFM found out that BTC Co. held consultations during the project preparation only with those villages within a two kilometre zone of construction. However, villages like Sagrasheni, 15 km from the pipeline, have never been consulted even despite the fact that people started to write complaints regarding the damage that the pipeline caused to their houses.

The fact that the project's preparatory consultations were not held in each affected village has been negatively assessed, along with the arrangement of regional consultations, with quite large numbers of people, with lecture-style presentations and limited possibilities for full participation.

A woman from Tetrtskaro negatively assessed the fact that during the construction period BTC Co. did not really maintain communication and consultation with the public. She lives very close to the pipeline (around 50-60 metres distant), and during the construction BTC started blasting operations without notifying residents. She remembers that at that moment she felt that somebody was blowing up her house and that she thought only about getting out with her children alive.

In addition, she and her neighbours' houses (around 20) have developed cracks. However, despite numerous complaints, it has been almost impossible to bring BTC representatives to assess the condition of the houses. However, Geotech, a BTC subcontractor, proposed USD 200 for each house to plaster the cracks as a gesture of goodwill.

The FFM was also told that in Tetrtskaro BTC Co "forgot" to build so-called access roads, to enable local workers to reach their own land parcels or to bring their cattle to the pastures. As a result some of the people experienced losses in agricultural production. However, in spite of numerous claims, the situation has not been changed.

The FFM met with a woman in Tetrtskaro who complained that the day before a BTC truck had torn her electricity cable to pieces (as a result of a car accident). When she went to the local BTC office to lodge a complaint she was readdressed to another town, Marneuli (30 km away), with the explanation that this was not a BTC truck but one belonging to Spie Petrofac, a construction subcontractor.

While the FFM found out that there is some ongoing interaction between the local population and the BTC project, people waste quite a lot of time finding out how to deal with the problems that arise from the BTC pipeline. It is very alarming that almost two thirds of the people with whom the FFM met have had some kind of problem with the project or are aware that their relatives and neighbours have experienced problems.

The FFM met up to twenty people who have already submitted complaints collectively or alone to BTC Co. in connection with land compensation, damage to houses, blasting operations and car incidents. People indicated that they have sometimes waited a long time before receiving any clear answer from BTC Co. and that there is no transparency attached to the complaint review process.

### **General conclusions**

In spite of the fact that BTC pipeline construction is almost finalised, there is still unfinished business around the pipeline construction, through significant social and environmental damage. Whereas many people living along the route feel themselves to be under high risk or are disappointed with the fact that promises that the

pipeline would bring development, poverty eradication and democracy have been broken.

The high level of poverty in conjunction with speedy infrastructural developments has precipitated a further increase in discrimination against women, and increased prostitution and trafficking within and outside of Azerbaijan and Georgia. Meanwhile, in a number of cases, as was revealed in Georgia, the BTC project has adversely impacted women through improper compensation as well as damage to infrastructure and houses.

During the lead up to project financing the IFIs (IFC and EBRD) underlined that they were “working on a variety of initiatives to translate the increase in economic activity into benefits for the population. These initiatives include SME development, training and co-financing programmes<sup>3</sup>”. In 2002 those initiatives were “at an early stage”. However, in 2006 it is still very difficult to see how those initiatives contribute to the aforementioned plans and what the direct impact of those initiatives has been on vulnerable groups, including women.

For women in Azerbaijan and Georgia the project has not increased their quality of life, nor supported access to basic services such as health care. The fact that a number of schools have been repaired does not satisfy the ambitious level of benefits that were promised to the region, including prospects for poverty eradication through supplementary business development and increased democratisation standards.

## Recommendations

- The international financial institutions should, without further delay, assess the BTC pipeline’s impacts on the gender situation within Azerbaijan and Georgia, in order to find out how to deal with negative outcomes and identify the victims of prostitution and trafficking.
- The IFIs should support the governments of Azerbaijan and Georgia in establishing shelters for the victims of internal and external human trafficking and providing necessary treatment.
- As promised, funding programmes should be developed that will directly impact women through increased employment opportunities via the establishment of an accessible and useful micro-credit line, training and education, and support the establishment of sustainable workshops in the region.
- Community Investment Programs and other different types of support schemes from the BTC pipeline should first of all be consulted with the affected communities rather than with national governments
- BTC Co. should adequately compensate affected people for damage to houses, land and other related property issues.
- In cases where BTC Co. extensively uses and damages community property (roads, water supply systems and so on), it should be obliged to repair it.

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<sup>3</sup> IFC response to joint NGO letter, September 12, 2002



## Gender impacts of the Sakhalin II oil and gas project





# Gender impacts of the Sakhalin II oil and gas project

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## Methodology

The Fact Finding Mission (FFM) on gender impacts of the Sakhalin II project took place in the period April 24-28. Structured surveys were conducted with thirty local people (predominantly female) in three places on the Sakhalin island: the town of Korsakov, the village of Ozersk and the town of Nogliki (see annex 5 for details on conducted interviews).

Non-structured discussions were held with individuals and groups of people (predominantly female), which became a source of wider information on the social impacts of the Sakhalin II project and the attitude of the local community to the project. Additional information about the social impacts of the project on local communities was gained from articles in the local and international media, written accounts, case studies, correspondence and reports by Sakhalinian NGOs and local initiative groups.

## Korsakov

Korsakov is a town with 30,000 inhabitants, situated on the Aniva Bay, in the south of the Sakhalin island. The world's biggest plant for liquefied natural gas (LNG) is being constructed next to the town (14 km away) and has brought around 5-6,000 foreign (predominantly male) workers.

Preliminary reported impacts<sup>1</sup> of the Sakhalin II oil and gas project are:

- negative impact on subsistence fishing and the fishing industry
- damaged subsistence agriculture: dacha communities, small farmers
- damaged recreation: dacha communities and the town's beach
- damaged transport infrastructure

- overwhelmed drinking water supply and waste water treatment infrastructure (resulting in water shortages and environmental pollution, respectively)
- overwhelmed medical services and increased health problems
- overwhelmed other communal infrastructure and services (e.g., crowded passport issuing office in Korsakov).

## Ozersk

Ozersk is a village of 3,000 people with an average age of 50 years. It is situated 32 kilometres from Korsakov, with the Prigorodnoe workers camp and the LNG plant construction site in between. In the past the village had one of the richest cooperatives in the former Soviet Union, holding second place for its fish catches. According to preliminary information, the village has become isolated and disconnected from Korsakov as result of the destruction of the communal road by the heavy vehicles used in the construction of the LNG plant. As a consequence the village is, presently, supplied with bread two to three times a week.

## Nogliki

Nogliki is a town of 11,000 inhabitants, situated in the north of the island. Nogliki was selected for a visit because of the concentration of the Nivkh indigenous people there and preliminary information about protests by the indigenous community related to the negative impacts of the Sakhalin II oil and gas project on local rivers and fishing.

The FFM team consisted of a Bankwatch representative (female) and three local assistants: two sociology students (female) and a historian (male). It was partially assisted by Olga Kniazeva, a local journalist in Korsakov and Oleg Cherneshev, the head of the Ozersk administration..

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<sup>1</sup> Sakhalin Environment Watch and the International Sakhalin II Campaign, *Sakhalin II Oil and Gas Project: an Overview of the Problems*, draft March 2006

## General findings: Social impacts

The FFM confirmed that the Sakhalin II project, as the major infrastructure project, which is implemented along the whole island from the very north to the very south, has significantly impacted on the life and economy of local communities. The FFM discovered that the impacts of the project are diverse and differ from place to place, in line with the varying proximity and exposure of local communities to the project activities, e.g. pipeline construction (Nogliki), LNG plant construction (Korsakov and Ozersk).

In general, structured surveys as well as informal discussions showed that local communities see little benefit from the Sakhalin II project and judge the project impacts on their lives as predominantly negative. Only one interviewee (female) gave a fully positive assessment of the project's social and gender impacts, and three other (one female and two male) thought the impacts to be mixed; all four were from Nogliki. One of them, a member of the Nivkh indigenous peoples community, concluded that the loss of his people's traditional ways is an inevitable trade-off for the advance of civilisation on the island, e.g. the access to mobile technologies and the internet.

During surveys and informal discussions it became apparent that the major concerns of local people with the Sakhalin II project are related to: 1) environmental degradation in the past and present; and 2) the threat to Sakhalin's "bio-resources" and the risks of pollution in the future.

In many respects the social and economic impacts of the project are perceived as inextricably linked to or following from the impacts on the environment and the natural resources. For example, as is well known, the island economy is highly dependent on the fate of the fisheries industry, which is the biggest employer in the region with up to 40,000 people employed<sup>2</sup>, and which has already noted considerable losses as a direct result of the Sakhalin II project.

Examples of social problems related to environmental degradation resulting from the Sakhalin II project, as perceived by interviewed people, are:

- Damaged and threatened subsistence fishing, hunting and gathering: especially impacting the indigenous peoples of Sakhalin<sup>3</sup>, who count on wild sources of food and also attribute cultural significance to this traditional way of providing for the family table.
- Decreased possibilities for recreation in nature: negative impact on dacha communities and the destruction of the Korsakov beach, where the LNG plant is being built at the moment.
- Damage to the local fishing industry: both for small- and medium- sized enterprises across the whole island and for large-scale industry, such as the Korsakov Fish Canning Plant.
- Decreased security and quantity of drinking water supply<sup>4</sup>: besides the increased demand arising from the increased population in Korsakov (especially before the Prigorodnoe workers camp was completed), the construction of the Sakhalin II oil pipeline "put two of the reservoirs out of commission"<sup>5</sup> thus causing water shortages and daily rationing of water supply.

Finally, interviewed people attributed the responsibility for the negative social impacts to the different subcontractors of Sakhalin Energy Investment Company Ltd. (SEIC), to the lack of strong local governance and to the wider political background in Russia. However, the interviewed people ultimately recognised and held SEIC responsible for the negative impacts of the Sakhalin II project. In the words of Lina Lazebnik, a teacher at the Korsakov Middle School No. 2, and a member of the local grass-roots group "Knowledge is Strength":

*"In many ways, the problems we are seeing here derive from the fact that Sakhalin Energy Company did not do the baseline work that it needed to ahead of time. It did not create the appropriate conditions for the Sakhalin II project to really take hold. For this reason, all the stress and strain*

<sup>2</sup> Sakhalin Energy Investment Company, *Social Impact Assessment*, 2003

<sup>3</sup> Ia Ngv, «Нефтегазовая вертикаль», 14:40 06.04.04

<sup>4</sup> Popova N., *Сашааун: сmpoуka beka kaaeyum aлогей: Тажеао гаемса оспoльвоzобегенue забoга СИИ*, Medical gazzette, autumn 2005

<sup>5</sup> Lina Lazebnik, *Negative impacts from the construction of the Liquid Natural Gas plant (that is a part of the Sakhalin 2 Project) upon the local infrastructure and the inhabitants of the town of Korsakov*, December 4, 2004



*that was felt at the very beginning of construction was to fall on the shoulders of the local people, and upon the local officials and the [Korsakov] town itself. [...] But the main issue for the management teams here is to minimise expenses at each stage of fulfilling their contracts.”*

Lina Lazebnik, “Knowledge is Strength” initiative group,  
Korsakov, December 2004

## General findings – Gender impacts

The FFM and analysis of available documents revealed that the Sakhalin II project has significantly affected the lives of women, as the majority of interviewed people assessed that the negative gender impacts of the project outweigh the benefits to Sakhalinian women.

### Employment

The FFM revealed that the contribution of the Sakhalin II project to female employment is insignificant. All the interviewees accepted as normal the fact that the large construction activities required predominantly male labour and thus led to more work opportunities for local men. The project brought considerably less job opportunities to local women; catering and cleaning were pointed out as the major fields of employment. The surveys also revealed that the working conditions for women employed in cleaning and catering are often viewed as unacceptable, e.g. excessively long hours, which decrease the time for their family responsibilities and personal consumption.”

### Korsakov

As well as analysing available documents, the FFM found that the most severe social impacts are felt in the town of Korsakov, at the southernmost part of the island near the Aniva bay, where the LNG plant is being constructed. The construction of the world’s biggest plant of this type, right next to the small seaside town of 30,000 people, has inflicted a heavy burden on the town’s infrastructure and considerable distress to its inhabitants.

Korsakov is also the town where accounts of the most severe gender impacts were encountered. The gravest gender impacts, as perceived by Korsakov citizens,

can be separated into three categories (in addition to the employment issue mentioned above).

### First and foremost, fear for the safety of children

The traffic of heavy construction vehicles in Korsakov has increased dramatically and has become a source of major concern for Korsakov’s parents, teachers and institutions. Materials needed for the construction of the LNG plant (e.g. sand and crushed rock) are transported via the town streets in immediate proximity to schools and kindergartens, and through residential areas. Several streets were widened to accommodate the large vehicles, at the price of pavements for local pedestrians.

*“What is more distressing for a mother than the fear for her child’s safety?”*

Svetlana Makarova, director of the Korsakov museum.

### Second, concern about threats to health, in terms of both family and social health

The construction of the LNG plant has brought several thousand workers to Korsakov, predominantly male and mostly from outside Sakhalin island. As many of them have come from “exotic” countries, they have brought “exotic” diseases with them, such as tuberculosis, which were not found in Korsakov in the past.

Additionally, the increase in transit traffic of heavy construction vehicles through town has caused increased pollution and dust, especially during the summer months, which has led to increased and uncommon sicknesses in children. Finally, interviewed people referred to alarming reports in the local media of increased rates of venereal diseases and AIDS.

### Third, concern about the moral health of children and society

Many of the interviewed people considered an important role for women to be the good up-bringing of children and the preserving of a healthy social environment; Korsakov’s women also perceive this as their duty. This gender stereotype, however, did not prevent women to express themselves as individuals and independent actors in the public sphere. On the contrary, local wom-

en and female teachers have been very active in raising up social issues, especially gender-related ones and ones concerning children and youth.

Therefore local women were both embarrassed and alarmed about the indications of increased prostitution, sexual harassment and crime in town. Again, mothers shared fears for their children, both in terms of exposure to degrading social values and regarding their physical safety (especially in the cases of female children).

*“[...]We are extremely worried about a very delicate, natural, and however, very serious problem: Korsakov has become a dangerous place for its female citizens. [...]Those people [workers] are brought in from various places, they have neither kin nor kith, and their psychological state, sexual activity, as well as (in many cases) their criminal past lead to provocations to the female part of our citizens. The cases of sexual harassment in the town are on the rise ...”* wrote an initiative group of Korsakovians to the EBRD and the SEIC in May 2004.<sup>6</sup>

Finally, the FFM revealed that the above-mentioned concerns were widely discussed in the local media and brought to the attention of SEIC (and to the EBRD, as a potential investor in the Sakhalin II project) during numerous meetings, council meetings and public hearings. However, the local community does not consider that the company has taken serious enough note of the need to turn promises into deeds, to compensate the local community and to re-invest in adequate solutions to the social and gender specific problems that the Sakhalin II project is causing.

Instead, the local community feels that the measures that SEIC has taken are cosmetic and its commitment to supporting sustainable development has resulted in “little more than booklets and ‘Fasten your seatbelt’ billboards”. Ordinary citizens as well as representatives of the local authorities consider the compensations offered for the environmental and social losses (and risks) as inadequate, to the point of being insulting.

In conclusion, the FFM found that apart from the grave environmental problems that the Sakhalin II project has inflicted on the island, the social and gender impacts of the project have been equally serious, and require much deeper attention from SEIC and the EBRD.

The solution of these problems would require much more openness on the side of the company to change its attitude and work methods.

Independent experts have proposed numerous alternatives and better technologies; local people have requested adequate compensations and suggested ideas for sustainable development project. Solutions will follow if SEIC stops “economising” on nature protection and addresses social grievances; if it does not do so it cannot prove its role as a responsible corporate investor.

## Detailed findings of the gender FFM

This part of the study focuses on the gender issues brought up during the April 2006 Bankwatch Fact Finding Mission on Sakhalin. It elaborates also the FFM findings on the more general social impacts of the project, since in the past these impacts have been under-represented and overshadowed by the gravity of the environmental concerns connected with the implementation of Sakhalin II.

### Employment “We are left with the crumbs”

The conducted surveys revealed that the Korsakov community has the most pertinent experience with employment issues related to the Sakhalin II oil and gas project, since the LNG plant construction is taking place next to their town. In the village of Ozersk, surveys and informal conversations suggested that around 50 locals (out of a population of 3,000) are employed at the LNG plant construction, but no first-hand experience was reported. In Nogliki, one interviewed person replied that she knew local people employed by the project and another one has just left her job as a cleaner in Prigorodnoe (near Korsakov).

During surveys and discussions local people highlighted that, according to the initial promises of SEIC, 70 percent of workers for the project would be recruited from local communities. However, interviewees (without having reliable statistical data) doubted that this pledge is being fulfilled. Moreover, respondents argued that local workers are generally not preferred by SEIC, as they are members of local unions and thus cannot be exploited in the way foreign workers are.

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<sup>6</sup> Initiative group of citizens of Korsakov town and municipality, Letter to the EBRD and the SEIC, May 2004

The Sakhalin II project has brought considerably fewer job opportunities to local women than to local men, as catering and cleaning were identified to be the major fields of female employment. Interviewed people knew of very few SEIC female employees from abroad (mostly on administrative positions) and noted that the majority of imported workers were male. Turkey, Uzbekistan, Kazakhstan and Philippines were identified as some of the countries of origin of the imported work force.

A third of all interviewed people said that they or their relatives looked for employment or applied for qualified positions, but had been unsuccessful. Many mentioned that a major barrier to successful job application is the requirement of knowing English for most of the vacancies. One female respondent reported that her husband applied for work: and in spite of his three diplomas, he was not successful due to bad knowledge of English.

Only one female interviewee had first-hand experience as an employee of an SEIC subcontractor, and six more had knowledge of the experience of their relatives and acquaintances.

One female respondent, a member of the Nivkh indigenous community, worked as a cleaner in the Prigorodnoe workers' camp near Korsakov, where the LNG plant is being built. In spite of the high unemployment rate among indigenous people in Nogliki and the lack of "any benefits for indigenous people" resulting from the Sakhalin II project, she said she left her job in Prigorodnoe and returned up north. She considered the salary she received from SEIC's subcontractor as insufficient to cover the "heavy conditions of work and the inhuman attitude" to workers.

Another female respondent described the similar experience of her mother, who also worked in the Prigorodnoe workers' camp as a cook, but chose to leave her job. She confirmed the information suggested by other participants in the survey that working conditions for women employed in cleaning and catering are "unacceptable".

According to interviewees, one major inconvenience to female employees are the excessively long working hours (including during weekends), which do not allow women employed for the Sakhalin II project to take care of their family responsibilities. Regarding daily targets,

they estimate that while six houses may be hard to clean, a requirement to clean nine houses a day is "unreasonable" and "unrealistic".

A female respondent told the story of her friend, who was forced to leave her cleaning job in Prigorodnoe after her child was sick and she had to be absent from work. Her absences provoked several reproaching remarks from the employer, an SEIC subcontractor, and after an accusation of stealing (which was not proven) she resigned from her job.

One female respondent, whose husband is employed by SEIC's subcontractor at the LNG plant construction, denounced the lack of respect for national and religious holidays by SEIC contractors, and said he was called to work on Easter day. She relayed his complaints about the terrible food workers are given in the canteen and mentioned cases of food poisoning among workers (also reported in the local press<sup>7</sup>).

The surveys reported (second-hand knowledge about):

- two cases of local women (one from Ozersk and one from Yuzhno Sakhalinsk), who are employed in administrative positions and are very satisfied with the conditions, namely their salaries;
- one local expert, who chose to leave, as the good salary could not compensate for the inconveniences (working alone among male workers, for excessively long hours, often outside in harsh weather conditions) and the inability to simultaneously take care of her home and family.

Most respondents acknowledged the fact that the working conditions on the Sakhalin II project depend very much on the SEIC subcontractor. Several of them mentioned that subcontractors share "black lists" of workers who have left or were fired, which prevents a worker from getting another job in the Sakhalin II project.

Reports from Korsakov initiative committees and articles in local newspapers suggest that the working conditions for the "imported" workers are even worse, but the FFM did not have the opportunity to look more closely into this issue, so it is not a subject of this report. (see references for additional information on employment issues with the Sakhalin II project)

<sup>7</sup> Bezbah T., «Наши острова». № 15(134), «Советский Сахаалин», № 6022867), «Губернские ведомости», № 77-78(2013-2014), «Южно-Сахаалинск», № 25(785), 08.04.04.

Finally, people shared their concern about the short-term nature of the employment benefits from the Sakhalin II oil and gas project. Many of them replied with rhetorical questions about the cessation of employment possibilities once the project is over. They expressed their fear about a future without fish, pointing to the fact that the fishing industry is already suffering significant losses due to the Sakhalin II project.

### **Harming Local Business and Livelihoods: “Whatever harms the fish, harms us.”**

The fate of Sakhalinian communities is inexorably linked to fish. Since the Sakhalin II project has had immense negative impacts on natural resources, the basis on which the local economy is built, it is not surprising that the FFM revealed that local people consider the impact of the Sakhalin II project on local business development up to now as predominantly negative. Even greater is their fear for the risks of the future.

Fishing and fish processing presently employs around 30 percent of the island’s population. The island’s fisheries of wild salmon, for example, sustain one third of Sakhalin’s economy. The discharging of drilling wastes into the sea of Ohotsk, pipeline construction down the whole length of the island, and the dumping of dredged waste soil into the Aniva bay are the major activities that have harmed the local fishing industry and have already caused serious losses to the local economy.<sup>8</sup> Oil spill threats due to high seismic activity in the region and the fact that “SEIC continues to hire accident-prone companies” gives no assurance to local fishing companies for the future.<sup>9</sup>

Interviewed people in Korsakov and Ozersk referred to the losses of the local canning plant and the refusal of its Japanese clients to buy preserved seaweed following initial indications of pollution in the area. They recalled that in the past this plant won numerous prizes for the quality of its production. Furthermore, small fishing and fish treatment factories closed down, too, according to respondents accounts. A presentation of Dmitry Lisitsyn, at the University of Leicester, noted:

*“Unfortunately, the prospects look grim for sustainable development in the context of the Sakhalin II project. An important, though not the main, reason for this is the reluctance of Sakhalin Energy to use the best technology and make the safest project decisions, and the determination of their managers to economise on nature protection measures. Other key factors are the extremely weak and inadequate government control and the absence of independent scientific monitoring of the impact on the natural environment. All this leaves fishing – the sector most closely associated with sustainable development – with very few chances to develop.”<sup>10</sup>*

The FFM did not discover information about gender-specific impacts (positive or negative) of the Sakhalin II oil and gas project on local businesses, or about new opportunities it brought for local women to start SMEs.

### **Recreation: “We live on the sea, but we have no access to it.”**

The problem of decreased opportunity for recreation once again appeared to be most serious in Korsakov. The LNG plant is presently being constructed on what used to be the best southern beach in the Aniva bay area: a long stretch of sand and quiet sea. Near the beach there were two dacha communities, seasonal villages, where town folk used to rest and grow fruit and vegetables. People from Ozersk also regretted the loss of the beach, as they used to swim and sunbathe there in the past, too.

Mothers and teachers in Korsakov have many times reiterated the fact that the children of poorer families have no alternative for recreation, as their parents cannot afford to send them to summer camps and excursions. Furthermore, they have related the loss of recreation outlet as a reason for rising juvenile delinquency:

*“Now the children are deprived of access to the sea and are forced to stay in the town. The crime rate in Korsakov is*

<sup>8</sup> Bankwatch Mail 27, *Sakhalin fishermen’s struggle for justice*, March 2006, URL: <http://www.bankwatch.org/publications/mail.shtml?x=1563936>

<sup>9</sup> Sakhalin Environment Watch and the International *Sakhalin II Campaign*, *Sakhalin II Oil and Gas Project: an Overview of the Problems*, draft March 2006

<sup>10</sup> Lisitsyn D., *Oil extraction and sustainable development on Sakhalin: a local NGO perspective (Sakhalin II project case study)*, Sakhalin Environment Watch, University of Leicester, England, 9th March 2005

*high and the rate of juvenile delinquency is not far behind. It does not take a prophet to see what is left for the majority of youth to do, when stuck in town without any type of recreation.”<sup>11</sup>*

The SEIC paid compensation of 800,000 dollars for 800 m of the beach, which is 2,400 m long and averages about 15 meters in width. The amount was decided by SEIC without consultation with the local authorities and citizens and did not allow for the construction of new sport and recreational facilities in Korsakov. The community and the local Council for Sustainable Development proposed the creation of a park or a swimming complex as a compensation to the lost beach, but these ideas have been shelved and there is no sign of them being realised.

The compensation to the dacha communities is considered inadequate by the owners of the summer estates near the beach, where the LNG plant is being constructed and where the Prigorodnoe workers' camp is situated at the moment. The community appealed for reconsideration of this amount, but their request remained unheard.<sup>12</sup>

*“We lived there as if in paradise, right next to the sea and the forest. As spring is coming now, I am even more restless. I go to sleep thinking about it and wake up regretting the fact that I cannot be at the dacha.”*

Ludmila Mihailovna, a retired dacha owner

A retired couple told the story that has caused them immense pain and endless headaches. Their family invested thirty years of their life in the place and enjoyed spending time together with their children and grandchildren. They used to grow tomatoes in greenhouses, and even a small vineyard, that was their pride and joy. They can neither reach the estate now, due to destroyed roads, nor can they sell the property.

*“When we complained about the constant noise, they said it is the noise of the sea. How can such a serious company be so irresponsible?”*

Viacheslav Georgievich, a retired dacha owner

### **Health impacts: “Rivers are sick. Fish is sick. So we are either hungry or sick.”**

The surveys and discussions during the FFM identified that the most serious and diverse health-related problems resulting from the Sakhalin II oil and gas project are found in Korsakov. In the village of Ozersk people did not identify clearly any health problems related to the project, and they were proud of the large hospital in the village. However, they shared their concerns about the future, as their primary source of food and occupation – the rivers and the sea – are at risk.

It must be noted that on Sakhalin (like in the whole of Russia) survival or subsistence economy is still crucial for native tribes and as well as for all other islanders. The growth of fruit and vegetable at dacha gardens surrounding towns and the popularity of mushroom and berry collecting are phenomenal. Subsistence production usually comes as an alternative to commercial production at places of low investment in industries and agriculture. The growth of subsistence economy is a pragmatic risk-avoiding response to Russia's depressed and unpredictable market economy.

In Nogliki, members of the Nivkh community explained the importance of fish for their diet and health. Fish is the basic source of nutrition; it is preserved in different ways (salted, smoked) and is regularly consumed raw. Therefore any pollution or other type of environmental degradation that influences the quantity and quality of fish is ultimately harmful for the Nivkh's subsistence and health. Nivkh representatives, who participated in the survey, considered the health impacts of the Sakhalin II project to be equal for all representatives of their community, male and female.

Gender-specific concerns about the negative health impacts of the Sakhalin II project were most pronounced in the town of Korsakov. This town also appeared to provide the worst facilities for health care, as interviewed people pointed to the fact that the local clinic is housed on the first floor of a dormitory. Representatives (predominantly female) of the local initiative group “Knowledge is Strength” noted that there have been no epidemiological studies done, and

<sup>11</sup> Appeal of teachers from School # 3, Korsakov, June 2004

<sup>12</sup> Initiative group of citizens of Korsakov town and municipality, Letter to the EBRD and the SEIC, May 2004

no comprehensive and reliable health statistics have been made public.

Gender-specific health impacts related to the Sakhalin II project, as perceived by the participants in the surveys and informal discussions during the FFM, can be summarised in the following five categories:

- increased illness among Korsakov children
- introduction and spread of “exotic” diseases by the workers “imported” for the LNG plant construction
- spread/increase of sexually-transmitted diseases (STDs)
- appearance/increase of AIDS
- overwhelming of the local medical services.

As perceived by interviewed mothers and teachers in Korsakov, illnesses among children are on the rise. Female respondents did not report personal health problems, but related recent visits to the hospital on account of the health of their children. Their communication with pediatricians confirms the observation that more frequent child illnesses are a community-wide problem, and not separate and unrelated cases.

Pediatricians also shared mothers' concerns about unusual types of flu and respiratory problems during the summer season. Respondents ascribed this phenomenon to the increased dust pollution, which is caused by the heavy vehicles traffic to the LNG plant construction site. Two teachers and the director of a local school informed that the heavy traffic and car repair workshops in immediate proximity to the schools are extremely disruptive to the educational process. Traffic noise and pollution force teachers to shut windows, and to keep their pupils in stuffy classrooms.

Participants in the Sustainable Development Council initiated by SEIC said that there was a proposal for the SD Programme to assist the purchase of equipment for dental units in Korsakov schools. Apparently the idea did not appear attractive enough to SEIC.

Additional health problems which the Sakhalin II project has inflicted on the Korsakov community are related to the influx of 5,000 foreign workers. All participants in the survey conducted in Korsakov were aware

of the “imported” health problems, as apparently the issue has been widely discussed in the local media and at a number of public meetings regarding the Sakhalin II project. Most respondents pointed to tuberculosis as one example of an “exotic” disease, and half of them mentioned the increase of venereal diseases and AIDS. Already in 2004, when the number of foreign workers was considerably smaller, Lina Lazebnik wrote the following in her report on the negative social impacts of the Sakhalin II project:

*“There are a number of rather exotic illnesses that have appeared here. The local Korsakov physicians have no experience and are not sure how to treat them. Already there are cases of AIDS. There are also a number of new cases of tuberculosis and pediculosis. Official statistics show that, in the time immediately after construction of the LNG plant began, the number of people in the town suffering from pneumonia rose precipitously. And this is not the run-of-the-mill type of pneumonia. What is really unusual is that local people are coming down with pneumonia year round now, and not just during the short season that once was the rule.”<sup>13</sup>*

Recent media coverage on HIV exponential growth in the Russian Federation suggest that the system of HIV epidemiological monitoring and prevention in Russia is extremely inefficient. According to the latest UNAIDS estimates<sup>14</sup>, 860 000 people in the Russian Federation are living with HIV, as women constitute 290 000 of the HIV-positive population. Due to lack of proper monitoring the statistics usually underestimate the real numbers.

Alarming news about a significant increase in AIDS cases on Sakhalin appeared first in 2000.<sup>15</sup> In 2004 Sakhalin Energy launched a programme “to intensify HIV/AIDS awareness among the youth and risk groups of the Sakhalin Region.”<sup>16</sup> The company reports that it has made several monetary and condom donations to the Sakhalin Regional HIV/AIDS Center for the implementation of a HIV/AIDS awareness programmes on the island.

The problem of rising venereal diseases and AIDS in Korsakov was mentioned by half of the respondents (all female). They attributed the problem to the presence

<sup>13</sup> Lina Lazebnik, *Negative impacts from the construction of the Liquid Natural Gas plant (that is a part of the Sakhalin 2 Project) upon the local infrastructure and the inhabitants of the town of Korsakov*, December 4, 2004

<sup>14</sup> UNAIDS Russia, April 2006 (URL: <http://www.unaids.ru/index.php?id=about3&nm=1>)

of the 5,000 predominantly male workers who are employed at the construction of the LNG plant. According to them, little information on the issue is made public on Sakhalin and the only prevention measure visible to them was the wider availability of condoms.

Regarding access to medical services, women complained about the fact that the workers' camp in Prigorodnoe does not have a separate hospital. As a result the necessity to deal with the health problems of the Sakhalin II project workers overwhelms the already swamped medical services for the Korsakov citizens. They point to the fact that, under Russian legislation, every settlement of more than 5,000 citizens requires a separate health centre. Additionally, the local media<sup>17</sup> has reported several cases<sup>18</sup> of the treatment of workers without medical insurance and made the point that local taxpayers are covering the health care of the builders of the biggest LNG plant of this type in the world.

### Road infrastructure and road safety

The FFM revealed that the deterioration of the communal road infrastructure was the foremost issue, which interviewees associated with social problems related to the Sakhalin II project. According to local people, SEIC takes advantage of the communal road infrastructure, but in return provides miserly investments only for sections of roads that are necessary for the project's purposes. The amounts of compensation for destroyed roads that SEIC has provided are not adequate, according to the accounts of interviewees and in the local media.<sup>19</sup>

In Ozersk the issue of diminished access to neighbouring settlements (mostly to Korsakov) was of greatest concern. For example, the decreased regularity of the supply of bread and other goods to the village was the primary complaint of all of the Ozersk participants in the survey. Car owners complained that the terrible roads cause faster amortisation of their personal vehicles, which results in increased expenditure on car repair.

Indigenous people in Nogliki also noted the worsened condition of communal roads, which are used by SEIC's heavy vehicle fleet. Additional remarks from a female interviewee pointed to increased off-road traffic, which has damaged the forest and pastures where indigenous people hunt and gather mushrooms, medicinal plants and berries.

The issue of diminished road safety as a direct result of the Sakhalin II project appeared most prominently in the town of Korsakov. Interviewees reported that the heavy vehicles traffic has increased immensely during the last three years and has caused grave concerns about the health and safety of both local drivers and pedestrians. They recalled the loss of pavements on several streets, which were widened to accommodate the heavy machines' transit through town.

During the FFM, mothers and teachers expressed their foremost concern as the safety of children next to the road. The problem is that some of the schools and kindergartens are situated on the transit routes of the big trucks carrying construction materials to the LNG plant construction site. A monitoring exercise that children of one school in Korsakov organised showed (in 2004) that "each school day some 150 trucks passed by en route to the LNG plant site".<sup>20</sup>

Korsakov citizens have discussed the road safety issue with SEIC on numerous occasions. According to participants in the local Council on Sustainable Development, there were proposals to the company to compensate the city through investments in new pavements, zebra crossings and traffic lights (there is currently only one set of traffic lights on the main road). Instead, SEIC chose to invest in booklets, 'Fasten your seatbelt' billboards and a theatre performance on the topic of road safety.

### Migration: "Our town is dying"

In Ozersk and Nogliki respondents did not consider migration to be particularly significant. The issue of mi-

<sup>15</sup> Tserendorzhiev Pyotr, *Number of AIDS Cases Sharply Goes Up in Sakhalin*, Itar Wire Service, 5 April 2000 (URL: <http://www.aegis.com/news/ads/2000/AD000807.html>)

<sup>16</sup> Sakhalin Energy, *Sakhalin Energy supports HIV/AIDS awareness on Sakhalin Island*, Decemver 2005, (URL: [http://www.sakhalinenergy.com/en/media.asp?p=media\\_2005\\_12\\_01](http://www.sakhalinenergy.com/en/media.asp?p=media_2005_12_01))

<sup>17</sup> Bezbah T., «Наши острова». № 15(134), «Советский Сахалин», № 6022867), «Губернские ведомости», № 77-78(2013-2014), «Южно-Сахалинск», № 25(785), 08.04.04.

<sup>18</sup> Порова N., Сахалин: стройка века калечит людей: Тяжело гается острову возведение завода СПГ, Medical gazzette, autumn 2005

<sup>19</sup> Egorova, «Губернские ведомости», 10.04.2004

gration caused by the Sakhalin II project was most pronounced in the town of Korsakov. There the influx of 5,000 foreign (male) workers for the construction of the LNG plant has caused considerable social and gender impacts. The FFM revealed that Korsakovians are concerned about the fate of their town, as a result of the deteriorating natural and social environment.

More than half of the survey respondents disclosed that because of the Sakhalin II project Korsakov is no longer a safe and pleasant place to reside in. Surveys in this town and previous accounts<sup>21</sup> have revealed that women are feeling less safe and fear for the safety of their children as a result of the increased crime rates. However, there is no official information about increased sexual harassment and violence against women.

Therefore, Korsakov citizens shared the perception that local people have already started leaving and the trend is bound to continue. Additionally, they pointed to pollution, deteriorating infrastructure and services, increased crime and violence as some of the negative factors behind migration. While none of the respondents in the survey said that they had yet considered personally moving out of Korsakov, female interviewees feared that their town will have little to offer to their children in the future.

*"I do not want my boy to live and work here. I would like him to move to the continent."*

A mother from the town of Korsakov.

### **Prostitution: "Silence will not solve the problem."**

The FFM revealed that the problem of increased prostitution is most acute in the town of Korsakov, due to the influx of 5,000 workers for the construction of the LNG plant. In Ozersk and Nogliki, surveys did not discover similar concerns about the problem.

The problem of increased prostitution in Korsakov has several dimensions, as perceived by the interviewees (all participants in the survey were aware of the problem). On the one hand, they were most worried about the decreasing moral values in their society and the impact this phenomenon has on the up-bringing of children. Mothers were worried that "children see and un-

derstand everything" and expressed deep compassion and concern for those children growing up with mothers involved in prostitution.

On the other hand, the interviewees had mixed feelings about the embarrassment and compassion about the choice of local women involved in prostitution. Respondents spoke shyly of the "demoralisation of female society" and of the "compromises" that local women are tempted to make in the context of poverty and increased demand by the 5000 "imported" male workers involved in the Sakhalin II project.

A local journalist, who assisted the FFM in Korsakov, told of a case when the inspectorate of youth crime had arrested two girls under 18 for prostitution, but has hidden all the related information. Representatives (mostly female) of the local initiative group "Knowledge is Strength" commented that no information about the problem is made public by the concerned institutions. Although the issue is sensitive, they considered that silence will not solve the problem.

### **Consultations: "What has changed after them?"**

The FFM revealed that around half of the interviewed people knew about the consultation process and the public hearings and have either participated in them or heard about them from relatives, acquaintances or through the media. Their accounts confirmed that the participation was gender balanced.

While the consultations did not include a special focus on gender issues, female participants found ways to bring up their gender-specific concerns with the Sakhalin II project. However, interviewees did acknowledge the reserved attitude of the responsible institutions and the public to discuss certain issues openly (e.g. increased prostitution or STDs in Korsakov).

Unfortunately, during the FFM surveys and informal discussions the majority of local people expressed their deep disappointment at the lack of any improvements resulting from the wide public discourse about the Sakhalin II project. People noted that as the years have passed, with no obvious results coming from these consultations, public interest for participation in the discussions has de-

<sup>20</sup> Lina Lazebnik, *Negative impacts from the construction of the Liquid Natural Gas plant (that is a part of the Sakhalin 2 Project) upon the local infrastructure and the inhabitants of the town of Korsakov*, December 4, 2004

<sup>21</sup> Initiative group of citizens of Korsakov town and municipality, Letter to the EBRD and the SEIC, May 2004



creased. Only one (female) interviewee considered that the consultations on the Sakhalin II project were constructive and resulted in positive follow-up.

### **Communal infrastructure: “Lots of oil, little water”**

In Nogliki at least half of the interviewed people knew that the oil companies have made contributions towards for the purchase of new equipment for the local hospital, computers for the library and for the work of the indigenous peoples museum. Around half of them, though, considered that the investment in local roads by SEIC was not sufficient and concerned only some parts of the road that were used frequently by the company. In Korsakov and Ozersk, interviewees also acknowledged the fact that SEIC has made some investments in the local roads infrastructure, but again regretted the fact that these are the road segments most necessary for the Sakhalin II project.

The surveys conducted in Korsakov revealed that the town is constantly under a water regime. According to interviewees, the pipeline construction has damaged two of the three water reserves of the town. Surveyed women have adjusted their daily schedule to the water regime, but once again regretted the fact that the Sakhalin II project has caused such additional burden to the local infrastructure but at the same time has failed to bring the promised benefits to the local community.

### **Conclusion**

Analysis of project documentation and the independent reports of local NGOs and media, together with the FFM surveys and discussion in three locations on Sakhalin island, revealed that the Sakhalin II oil and gas project has severely impacted both Sakhalin’s environment and local men and women.

First, with the undermining of the environmental basis of local subsistence and the economy, the project has caused grave social concerns about the island’s “renewable” and “biological” resources, which provide basic food, considerable employment and recreation. These impacts have contributed to economic losses, concerns

about nutrition and health, and the loss of traditional heritage. Thus the Sakhalin II project has provoked numerous complaints, appeals and protests in the past, and has undermined the prospects for the sustainable development of the island in the future.

*“Ignoring social and environmental interactions is decimating fisheries, the heart of Sakhalin’s economy.”*

WWF-UK, November 2005<sup>22</sup>

Second, the Sakhalin II oil and gas project has inflicted a lot of purely social problems on local communities and, to a great extent, on local women. The social and gender problems caused by the Sakhalin II project are most serious in the southern town of Korsakov, according to the findings of the FFM. While the project has impacted negatively on all parts of society there (workers, farmers and fishermen, children, retired people), the project has had a pronounced detrimental impact on the life and status of women in the local community.

Therefore it can be concluded that the contribution of the extractive industry development by the Sakhalin II project and of SEIC to Sakhalin island’s sustainable development is highly questionable. The compensation SEIC has paid for some of the damage caused by Sakhalin II project are negligible, as in most cases the amount was determined by the company with no consideration of the estimations presented by the community and independent experts. No special regard has so far been given by SEIC to the gender impacts of the project or to the possibilities of compensating or empowering local women.

The Sustainable Development Programme initiated by SEIC has brought some benefits to Sakhalin’s communities, but interviewed people considered these to be small and short-term, in comparison to the serious environmental and social impacts of the world’s biggest combined oil and gas project. Disappointed participants in the local Sustainable Development Council in Korsakov commented that, while economising from better technological solutions, SEIC has not been very generous and open to the proposals of the council. For example, local people proposed changing the windows of all local schools and kindergartens, according to Oleg

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<sup>22</sup> WWF-UK, Risky Business – the new Shell. Shell’s failure to apply its Environmental Impact Assessment Guidelines to Sakhalin II, November 2005

Cherneshev, the head of the Ozersk administration, but the idea was not accepted by SEIC.

The BBC related the opinion of local people on the Sustainable Development Programme this:

*“The consortium is paying just fifty thousand dollars every year to lease the land for the plant. But they ARE spending four and a half million dollars on a sustainable development programme for Korsakov. Gennady Zlivkov thinks the money is more to do with PR than meaningful change, and cites one of the more ludicrous examples.”<sup>23</sup>*

No evidence was related about a project financed by the programme which specifically benefited or empowered women in the local community. A female member of the indigenous peoples community from Nogliki commented that: *“nothing gets down to the ‘little’ people,”* although she was aware of the existence of a plan for supporting her community (the Sakhalin Indigenous Minorities Development Plan). Analysis of SEIC’s project documentation confirms that gender mainstreaming, preventing gender impacts on women and securing benefits to Sakhalin women are not of specific concern to the company.

In conclusion, local communities have proposed various ideas and visions for improvement of the Sakhalin II oil and gas projects, but so far to a great extent these ideas and vision have not been accepted by SEIC. For example, the public is aware of the Alaskan example, which guarantees better safety in cases of earthquakes, a major risk factor on Sakhalin. One interviewed female also brought up the Norwegian example of development of the oil and gas industry with regard to the country’s fisheries.

Although SEIC has declared that it is open for “constructive dialogue,”<sup>24</sup> it still has a long way to go in order to persuade the local communities and the concerned parties globally that it is an environmentally, socially and gender responsible company.

## Recommendations

- Sakhalin Energy Investment Company, in collaboration with Russian authorities and interested NGOs,

should carry out a comprehensive gender impact assessment of the Sakhalin II project that identifies the affected persons and groups and proposes concrete actions for preventing any further damage, and addresses grave problems, such as prostitution, STDs, restricted access to recreation and food sources.

- SEIC should develop specific programs that will directly target women and will seek to improve the gender impact of the Sakhalin project, e.g. increasing labour opportunities and providing better employment conditions for women, building health centres for project workers and for affected communities, supporting the establishments of workshops, training and education.
- The Sustainable Development Programme initiated by SEIC should reflect the concerns of local stakeholders and the company should promote the implementation of measures which prevent further damage and seek adequate compensation for negative gender and social impacts deriving from the Sakhalin II project.
- SEIC should, without further delay, resolve the threat to citizens posed by the increased traffic of heavy vehicles in settlements via practical measures, such as investment in traffic lights and zebra crossings (especially near schools and kindergartens), as well as investment in by-passes for use by the project’s traffic.
- The company and its sub-contractors should also immediately provide adequate investment for the repair of destroyed communal roads and infrastructure (eg. waterworks), and should take measures to prevent damage by off-road traffic to communal lands used for recreation and forest food gathering.
- As throughout the last few years the project sponsor, SEIC, has not respected national legislation, international standards and has also failed to meet the EBRD’s own Environmental Policy, the EBRD should not fund the Sakhalin II project.
- The EBRD should develop specific provisions for better social and gender assessment of its projects, as well as an effective grievance mechanism that will address the situation where a project sponsor fails to address social and gender issues during a project’s construction and operation period.

<sup>23</sup> Narrative of BBC broadcast on environmental and social problems of Sakhalin II oil and gas project, September 14, 2005

<sup>24</sup> *Financial Times*, January 18 2006

## Annex 1. Methodology/ Terms of Reference CEE Bankwatch Fact Finding Mission

### Task Overview

Bankwatch planned a Fact Finding Mission (FFM) to document the gender impacts of the BTC pipeline and Sakhalin II, which it intends to present at the EBRD Spring 2006 Board Meetings. Bankwatch contracted Gender Action to develop the present Terms of Reference (TOR), recommended reading list, questionnaire, and desk review<sup>25</sup> of BTC and Sakhalin II project documents to inform and guide the FFM.

### Preparation

The FFM: Composition of the FFM should be gender-balanced, and include representatives familiar with the languages cultural norms in the proposed communities of the region, such as Kurdish, Chechen, Georgian and Azerbaijani.<sup>26</sup>

- **Selecting Sites:** The FFM should visit at least two communities affected by BTC and Sakhalin II in each country. The communities should reflect a diversity of geographical locations, livelihoods, religious affiliations, linguistic and ethnic groups. The FFM should choose communities situated near different elements of the project to view a wide range of impacts. For example, in Sakhalin the FFM should visit at least one community affected by offshore drilling, worker camps, pipeline construction, a booster compression station or a processing plant.
- **Suggested Literature:** Please see Appendix 1 for a list of suggested reading.

### Data Collection

- **Observation:** the FFM should observe selected communities and the affected regions to assess gender impacts.
- **Administered Questionnaire:** A member of the FFM should verbally administer the questionnaire during interviews with at least ten individual members of each community. The interviewer should record respondents' answers to questions.
- **Unstructured Interviews:** An unstructured interview is flexible. The interviewer should use the questions to guide interviews, and is encouraged to generate follow-up questions.
- **Target Respondents:** The FFM should administer the questionnaire to the following classes of respondents to determine their experience with the projects. The number of male and female respondents should be equal. Female respondents should be interviewed individually, if possible, or as a group. The presence of men may influence women's responses.
  1. **Typical Cases:** These respondents will yield information about the 'average' man or woman's experience with the project.
  2. **Extreme Cases:** Men and women who have been strongly impacted by the project can yield rich information regarding the acute impacts of the projects. Women and men from vulnerable groups such as ethnic minorities or landless people should be represented.
  3. **Case studies:** The FFM may decide to focus on a few extreme cases more closely. Case studies can bring great depth to a report, but limit the range of respondent experiences.
- **Monitoring:** Wherever possible, the FFM should observe communities over time and follow-up with previously interviewed women and men.

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<sup>25</sup> Titled *Gender Assessment of BTC and Sakhalin II Phase 2*.

<sup>26</sup> Ethnologue (<http://www.ethnologue.com/>) is a good source for locating languages and ethnic groups by region.

## **Annex 2.** **Questionnaire Suzanna Dennis/Gender** **Action February 2006**

Name  
Male/Female  
Age  
Address  
Occupation

### **I. Household:**

1. How many people live in your house?
2. How many of these are people under 15 years old?
3. Over 65 years old?
4. Who cares for these family members?
5. Who is in charge of your household?

### **II. Livelihood:**

1. How do the women in your community support themselves and their families?
2. How about the men?
3. How many days a week do you work?
4. Do you receive a salary?
5. Has your workload increased or decreased since the project began? Why?
6. Has women's and/or men's work changed recently? How?
7. Do you or anyone you know work for BTC/SEIC?
8. Do you know any local business owners that have benefited from project-related contracts?
9. Do you grow your own food?
10. Who owns the land you cultivate?
11. Did you lose land as a result of the project?
12. Did you lose the use of your land as a result of the project?
13. Did you feel intimidated or threatened by project officials?
14. Were you adequately compensated for your loss?

### **III. Infrastructure**

1. Where is the nearest hospital?
2. When did you last go to the hospital? Why?
3. Has the quality of medical care changed since the project began?

4. Have people gotten sick more often since the project started? Why?
5. Have project officials built new hospitals or improved existing schools in this area?
6. Where is the nearest school?
7. What is the highest grade level you reached?
8. Have project officials built new schools or improved existing schools in this community?
9. How would you evaluate the roads in this community?
10. Do construction workers use existing roads to transport materials, or have they built new roads?
11. Has the quality of the roads changed since the project began?
12. Has traffic increased or decreased?
13. What about traffic accidents?
14. What have project officials done to ease traffic problems?
15. Do you feel safe in construction areas? If not, why?
16. Do you feel small children are safe in construction areas?
17. Do you know of any injuries in construction areas?
18. What precautions have project officials taken to ensure that construction areas are safe?

### **IV. Construction Worker-Community Relations**

1. Do men or women working on the pipeline come into the community?
2. How many?
3. Where are the workers from?
4. Are they mostly men or women?
5. Where do they live?
6. Has the presence of construction workers changed the community? How?
7. How have the construction workers changed women's lives?
8. Men's lives?
9. Do you know what workers do during their free time?
10. Do they drink alcohol or use drugs?
11. Do you feel safe when construction workers are nearby?
12. Has prostitution increased since they came?
13. What about HIV/AIDs?
14. Migration?

15. Did you know that the project has rules governing the conduct of construction workers?
16. Do you think these rules are enforced?
17. Have you ever met a community liaison officer (CLO)?
18. What does the CLO do?
19. Do how to file a complaint against the project?

## V. Consultation

1. Did you participate in any project consultations? If so, what was your experience?
2. Do you feel the consultation included all stakeholders?
3. Was there any group that was largely excluded?
4. Did women participate?
5. If so, were there mixed consultations with men and women or separate consultations with women?
6. If the consultations were mixed, did women speak?
7. What do you feel were women's main concerns with the project?
8. Men's main concerns?
9. Have these concerns been addressed?

## VI. General

1. Overall, do you feel that the project has had a positive or negative impact on the lives of men and women?
2. How has the project impacted women's lives in particular?
3. Men's lives?
4. Is there anything else you would like to mention?

## Annex 3. Status of education of respondents in Azerbaijan

All the people interviewed finished secondary school, except for one woman in Kyurdomir who had never attended school.

### Umid

- 6 – Higher education (3 women)
- 3 – Secondary school (women)
- 1 – Technical school (women)

### Randjbar

- 5 – Higher education (2 women, 3 men)
- 2 – Special education (technical school) 2 women
- 3 – Secondary school (1 woman, 2 men)

### Kyordomir

- 3 – Technical school (1 woman, 2 men)
- 6 – Secondary school (3 men, 3 women)
- 1 – Never attended school (woman)

### Xyrdopai

- 2 - Not completed secondary (two men)
- 3 - Technical school (1 woman, two men)
- 5 – Secondary school (4 women, 1 men)

### Teze Shilian

- 4 - Not completed secondary (3 women, 1 man)
- 8 – Higher education (4 women , 4 men)

#### **Annex 4.** **Status of education of respondents in Georgia**

All interviewed people completed secondary school.

##### **Gardabani region**

###### **Lemshveniera**

- 4 – Higher education (1 woman)
- 3 – Secondary school (women)
- 2 – Technical school (women)

###### **Jandara**

- 2 – Special education (technical school, 2 men)
- 8 – Secondary school (5 women, 3 men)

##### **Borjomi region**

###### **Tsikisjvari**

- 1– Technical school (1 man)
- 13 - Higher education (6 man, 7 woman)
- 2 – Secondary school (1 woman, 1 man)

###### **Akhalsikhe**

- 6 - Secondary school (3 women, 3 men)
- 1 - Technical school (1 man)
- 4 - Higher education (3 women, 1 man)

##### **Tetritksaro region**

###### **Tetritksaro**

- 2 - Secondary school (1 woman, 1 man)
- 3 - Technical school (2 women, 1 man)
- 5 - Higher education, 2 women, 3 men

###### **Chivchavi**

- 3 - Higher education (2 women, 1 man)
- 7 - Technical school (3 women, 4 men)

###### **Asureti**

- 4 – Secondary school (2 women, 2 men)
- 6 – Higher education (3 women, 3 men)

###### **Sagrasheni**

- 4 - Technical school (2 men, 2 women)
- 5 - Secondary school (1 man, 4 women)
- 1 - Uncompleted higher education (1 woman)

#### **Annex 5.** **Gender distribution, employment and educational status of participants in the surveys in Sakhalin**

##### **Korsakov:**

Eight female and two male participants in the survey. Two retired (male and female), one freelance (male) and seven working (female). All of them have finished secondary school:

- 6 – high education (female)
- 3 – secondary (2 female and 1 male)
- 1 – technical (male)

##### **Ozersk:**

Seven female and three male participants in the survey. One unemployed (female), one housewife (female), one self-employed (female, selling flowers on the street), one retired (female), six employed (four female and two male)

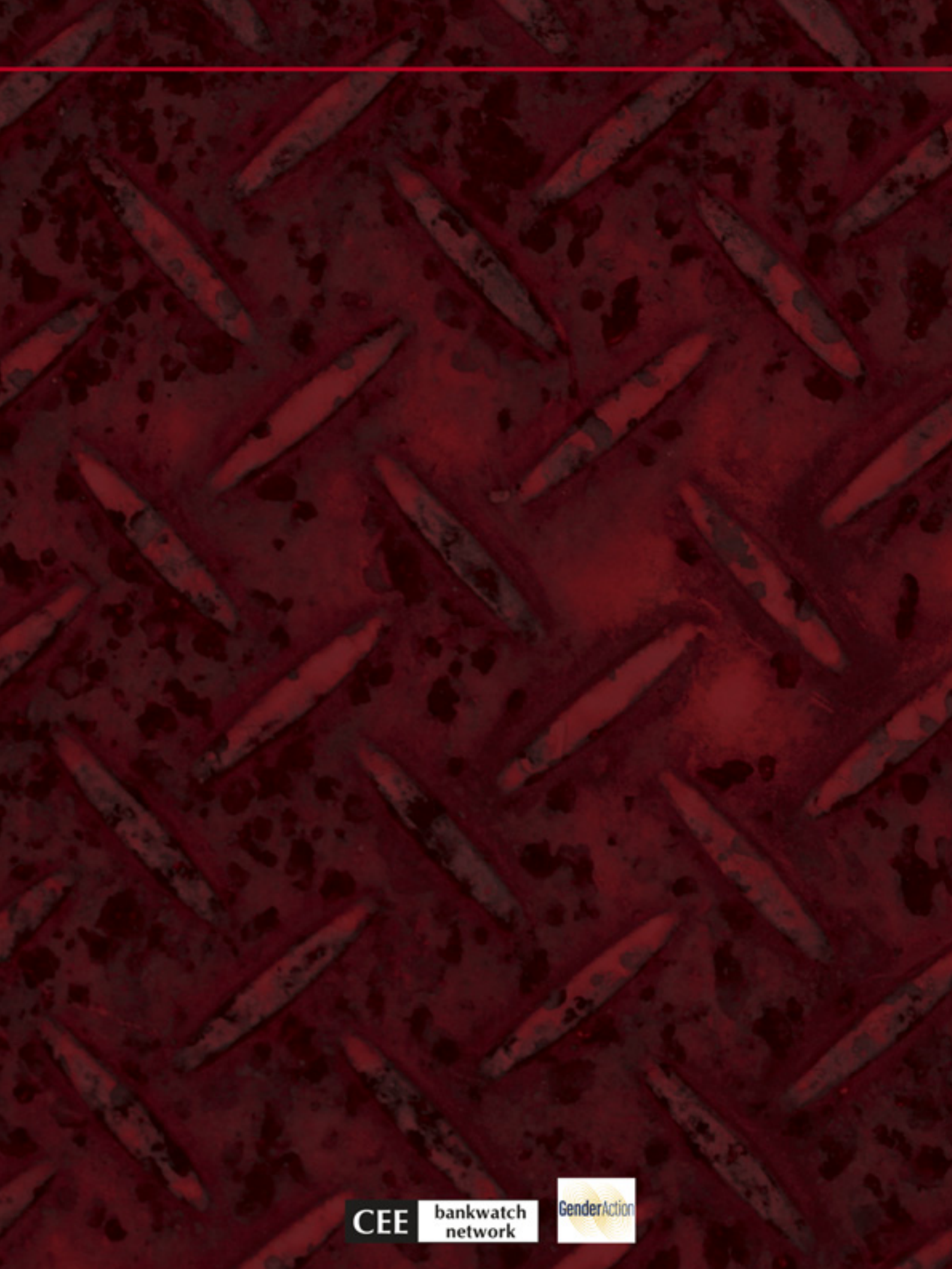
- 2 – high education (1 female and 1 male)
- 6 – secondary education (5 female and 1 male)
- 2 – not completed secondary (1 male and 1 female)

##### **Nogliki:**

Eight female and two male participants in the survey. One female interviewee on maternity leave, retired (female, selling seeds on the street), unemployed (female), employed (5 female and 1 male), self employed (male, van taxi driver)

- 3 - high education (2 female and 1 male)
- 4 - secondary (4 female, 1 of them a part-time university student)
- 1 - technical (male)
- 2 – not completed secondary (female)





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