

NGO Audit Program: *Employment and Infrastructure* Working Group Report  
**BP General Response**

BP is pleased to take this opportunity to thank the Employment and Infrastructure Group for their participation in the BP/BTC/SCP – OSI NGO Audit Program. We would like to congratulate the group for a high quality report, an outcome with value for BP and (we hope) the NGO participants alike. While we provide more specific, technical and audit-oriented responses in the results table, this general response is intended to provide BP and SCP reaction to the overall conclusions and key issues raised in the report.

In examining how SCP and partners have met commitments regarding employment, training, and infrastructure during the construction of the SCP pipeline, the NGO Auditors have researched a set of topics central to the public interest. Just as BP is committed to leaving a positive legacy wherever we work; the Azerbaijani people have reason to expect that the construction of the SCP pipeline would bring opportunity and employment, *without* long-term damage to local infrastructure. Thus we are pleased that the Audit Group characterizes our overall performance as successful. We acknowledge that the group has also accurately noted several shortcomings and challenges; we welcome the constructive suggestions that the group provides.

We were pleased to note in the Audit Group’s report recognition and commendation for the development and implementation of an (contractor) employment strategy and associated management tracking system, training plans and associated implementation, and project information centers. As the group seems well aware, enormous efforts have been made by BTC/SCP and CCIC to recruit, train and employ a huge workforce in a fair and transparent manner. In doing so, the group acknowledges that we have exceeded national staff recruitment targets.

The Audit Group focuses on the BTC/SCP commitment to “ensure a fair and transparent distribution of jobs between the project-affected communities along the (pipeline) route and to maximize the employment opportunities of skilled, semi-skilled and unskilled workers during the construction and operation of the pipeline.” The group finds that we have failed to *maximize* local employment, a non-conformance.

In fact, the Audit Group has a legitimate and important finding. Recruitment favored the hiring of those individuals living conveniently near work camps and recruitment centers. We did not undertake employment campaign(s) designed to allocate hires in a more geographically even manner. According to this ‘distribution’ criterion, local employment levels were not maximized. The use of a combined BTC – SCP workforce, not a non-conformance in our estimation, was a logical attempt to capitalize on the significant experience, training and expertise gained by these individuals. It should be noted that these workers were, as the Audit Group commented, approximately 74% Azerbaijani nationals from local communities, an important accomplishment. Nonetheless, the group has identified a significant area in which we hope to improve in future projects.

A second major area in which the audit group cites inadequate performance against commitments is related to infrastructure. The group has noted a lack of evidence regarding the *monitoring* of road conditions, a commitment included in the project

management system. In fact, the Audit Group should be commended for its focus on monitoring, as a means of ensuring commitment compliance and performance.

Typically, the monitoring activity and relationship between BTC/SCP and contractor has involved preparation and submission of reports with indicators assessing performance. However, in the case of assessing damage to roads prior to full reinstatement, the relevant management guidelines do not stipulate appropriate performance indicators. This is because road condition assessment, undertaken by safety officers on a regular basis, is a subjective and on-going process aimed at ensuring safety. This has been the preferred approach in advance of a more thorough repair program planned for the post-construction (and heavy use) period. We agree with the group's assessment that this practice should be refined in future projects.

In conclusion, we would again like to thank the Employment and Infrastructure Group for their efforts, insights and recommendations. We congratulate the group on an excellent report, and hope that their participation in the Audit Program has been rewarding and useful.