30 April 2018

**Dear BP representative:**

On behalf of Crude Accountability, I would like to thank you for your timely reply to our concerns regarding communities directly impacted by the Shah Deniz II project. BP’s interests in Corporate Social Responsibility, environmental impact mitigation, and human rights, as documented in the Azerbaijan Sustainability Reports, are most welcome, and we hope will continue to grow in the future. BP is a leader in developing Azerbaijan’s hydrocarbon sector, and has both the authority and responsibility to manage social and environmental impacts at the policy and project level. Further, BP’s long standing and extensive establishment in Azerbaijan has vast and far reaching ramifications at the national governance level.

Crude Accountability has reached out to community members in four settlements affected by Shah Deniz II- Umid, Sangachal, Massive III and Ezimkend—and not one person mentioned meaningful consultations since 2011. According to our data, BP representatives who came to the communities in 2011 promised jobs, gave presents to the residents, and then were never heard from again. We invite BP to hold meaningful community consultations in all four settlements, where problems and opportunities for moving forward can be discussed. These consultations should be held on a weekend when residents are more available, open to everyone, and be widely publicized well in advance. Crude Accountability can assist BP in this process to ensure that all voices are represented.

Community concerns regarding the environment near Shah Deniz II are alarming. The four settlements are located roughly 2-4 km away from the terminal. Their proximity to the terminal makes them particularly vulnerable to the effects of hazardous waste and pollution. Residents complain that a couple of times a month, in the morning, the air is filled with yellow, sulfur smelling smoke. Sometimes when it rains white linens hanging outside to dry turn yellow. People report physiological symptoms when these are the conditions. Does BP conduct regular ambient air quality monitoring in these settlements or the surrounding areas? If so, we request that BP make public the monitoring data from the past 2 years. This would demonstrate BP’s commitment to transparency and to maintaining high social and environmental standards in Azerbaijan.

These four communities are severely economically depressed, and although the expansion of Shah Deniz may have provided short term jobs for a minority of the residents, the project has not improved the communities’ overall welfare. In many cases, it has negatively impacted livelihoods and wellbeing. Currently, there are no paved roads, no public transportation, no medical dispensaries, no closed sewage systems, and the schools are in dangerous conditions with most lacking even heating. Further, BP’s operations have had negative impacts on traditional livelihoods and subsistence agriculture, further limiting the economic opportunities for the people. Crude Accountability acknowledges BP’s Fisherman Livelihoods Management Plan, produced for managing impacts of its operations. From our research, however, fishing as a livelihood activity is limited to the village of Sangachal, while traditional cattle and sheep breeding is a common economic activity in all four villages. Our research indicates that traditional, collective animal herding has been impacted by the Shah Deniz expansion. Not only are traditional land use areas no longer available, but abnormally high numbers of animals are born with deformities and must be slaughtered at birth. Does BP have an Animal Husbandry Livelihood Management Plan? If not, we strongly recommend that BP hold meaningful consultations with affected community members to discuss impacts, mitigation, and potential compensation. Crude Accountability can assist in the design of such consultations.

Another documented widespread impact is the inability of residents to grow subsistence fruit and vegetable gardens. The fruit do not grow, or rot before they are ripened. Fruit trees die two years after being planted, once the roots begin to grow deep into the soil. With the villages only 2-4 kilometers away from the Sangachal terminal, we are concerned about soil or water contamination, and impacts on subsistence agriculture in these villages. Has BP been monitoring soil or water quality near the Sangachal terminal to ensure that its activities do not lead to contamination? If so, we would welcome those records from the past 2 years being made public.

We welcome BP’s annual Sustainability Reports on Azerbaijan, which demonstrate the company’s commitment to transparency and engagement on social and environmental issues. In both the 2016 and 2015 Sustainability Reports, the only specific mention of work with and in the communities affected by the Shah Deniz expansion features an IT Essentials course for 200 members of the Umid and Sangachal settlements. While this is an important and positive activity, we believe that much more can be done to demonstrate corporate social responsibility with regard to these four villages.

In addition to local community impacts from BP’s operations at Shah Deniz, we are concerned about the downward trends in transparency, accountability, and good governance in Azerbaijan. We applaud BP for its commitment to the Extractive Industries Transparency Initiative, as an initial, and long-term, Board Member of EITI. EITI quotes BP: “ [W]e believe that the comprehensive, multi-stakeholder approach of EITI offers a constructive, negotiated approach which is appropriate for the extractive industries.[[1]](#footnote-1)” In March 2017, EITI suspended Azerbaijan due to lack of space for civil society in the country to independently monitor the government. Following the suspension, President Aliyev left EITI altogether, underscoring the government’s blatant disregard for public accountability and open governance. Azerbaijan’s newly formed national Commission on Transparency in the Extractive Industries is not an independent body with accountability mechanisms, but, rather, is under the management of the State Oil Fund and headed by its Executive Director, Shahmar Movsumov.

Despite these unfortunate events, BP continues to do business as usual in Azerbaijan, operating its vast oil and gas reserves without the EITI platform ensuring accountability. Since Azerbaijan left EITI, BP extended its contract with the Azerbaijani state oil firm SOCAR to develop the Azeri-Chirag-Guneshly (ACG) off-shore oil fields until 2050. In June 2017, Crude Accountability and 23 other international civil society organizations sent a letter to BP and other Consortium members requesting that the renegotiation of the contract for the ACG fields be a participatory process with civic input and consultations[[2]](#footnote-2). Unfortunately, we have never received a reply to our letter. Instead, the BP-led Consortium extended the contract in September 2017, without any transparency or input from concerned stakeholders. We request that BP work with the government of Azerbaijan to immediately publish the contract. Further, we urge BP to call upon Azerbaijan to rejoin EITI and make meaningful progress towards the Civil Society Standard.

We agree with BP’s policy statement that a multi-stakeholder approach is appropriate, and further maintain that it is essential for the extractive industries everywhere. We look forward to your response to our questions in this letter, and welcome continued dialogue with BP and cooperation to ensure that oil and gas development in Azerbaijan benefits its people.

Thank you,

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1. <https://eiti.org/supporter/bp-plc> [↑](#footnote-ref-1)
2. <http://crudeaccountability.org/civil-society-organizations-concerned-extension-contract-azeri-chirag-guneshly-offshore-oil-fields-azerbaijan/> [↑](#footnote-ref-2)