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From: Karen Decker
Sent: Friday, January 10, 2003 12:44 PM
To: 'sMavaddat@ifc.org'
Cc: 'Meg Taylor'; 'gmurray@ifc.org'
Subject: Request for Information

Shahbaz Mavaddat
Project Manager, Baku-Tbilisi-Ceyhan Pipeline Project International
Finance Corporation 2121 Pennsylvania Ave. Washington, DC 20433

January 10, 2003

Dear Mr. Mavaddat

We are writing to request additional information about the IFC's evaluation of the Baku-Tbilisi-Ceyhan pipeline project. The public release of the draft Environmental and Social Impact Assessments and the Host Government Agreements has helped to increase the public understanding of this project. However, most of the substantive discussions of the IFC's potential funding of the project seem to be occurring behind closed doors.

This project has gained considerable attention from NGOs, affected people, investors, the media, and others. Much of the focus has been on the environmental and social aspects of the project. However, NGOs have also expressed serious concerns about the economic viability of the project and the impact of the Host Government agreements on the legal systems and democratic processes in the countries. It is also not clear how this project will benefit the people of Azerbaijan, Georgia and Turkey and how it fits into the IFC's mission "to reduce poverty and improve people's lives."

The IFC has stated that it will recommend the project to its Board only if "completely satisfied that the ESIA's meet the IFC's safeguard policies and standards, and that the project fulfills [the IFC's] developmental, economic, legal, credit, environmental and social criteria." In order to facilitate broad discussion and more thorough review of these issues, we request that all information regarding IFC's due diligence in evaluating this project be shared with the public including:

- * Complete economic due diligence;
- * Full legal analysis including not only whether the project meets all local and international laws, but also how the HGA, since it became law in each country, impacts the democratic process and future legislative decisions;
- * The Options Assessment identifying the need for this project and the assessment of various other options considered;
- * An assessment of the development impact of the project which includes all economic, environmental, social and legal costs to each country and to the people directly impacted by the pipeline construction.

In addition to the above IFC documentation, we ask that the IFC provide or ask the responsible parties to forward the following documents:

- * The transportation agreement between Azerbaijan, Georgia and Turkey, which we understand is separate from and in addition to the HGAs and Intergovernmental agreement.
- * The Memorandum of Understanding which Georgian, Azerbaijani, Turkish, Kazakh, and U.S. officials signed in Astana on 1 March "On the Transport of Oil on the route Aktau-Baku-Tbilisi-Ceyhan."

The release of key economic information is critical for evaluating development impacts of projects, as demonstrated recently by the Bujagali Dam project. To avoid a similar situation, we ask that the IFC's process be more transparent with the public release of all relevant project-related information for review and discussion prior to any decisions being taken by the Board of Directors.

Sincerely,

Karen Decker
Program Coordinator
Europe and Central Asia

cc. Meg Taylor, Compliance Advisor/Ombudsman
Gavin Murray, Director of Environment & Social Development
Department, IFC

Hardcopy to follow in post

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