CEE Bankwatch Network · Green Alternative · Bank Information Center · The Corner House UK
Centrum pro dopravu a energetiku · Friends of the Earth US · Kurdish Human Rights Project
Friends of the Earth Netherlands · Friends of the Earth France · Friends of the Earth Japan
Campagna per la riforma della Banca mondiale · Urgewald · Pacific Environment

Mr. James Wolfensohn
President
World Bank Group
1818 H Street NW
MC 12-750
Washington, DC

December 19, 2002

Dear Mr. Wolfensohn,

We are writing to inform you of disturbing developments relating to Georgia's review of the Environmental and Social Impact Assessment (ESIA) for the Baku-Tbilisi-Ceyhan pipeline project for which IFC has been approached for financing. We believe that recent events suggest the project sponsors are unduly pressuring Georgian officials to relax their environmental standards in order to rush through the approval of the project.

Early in November, British Petroleum (BP) sent a letter, which is attached, to Georgian President Eduard Shevardnadze threatening that the entire project would be stopped if the ESIA was not approved by November 30. A visit to Georgia by the US special envoy to the Caspian region increased the pressure to approve the ESIA. Apparently reflecting this pressure, on 26 November Georgia's Minister of Environment sent a letter to BP regarding the ESIA. In the letter, also attached, she states "BP representatives are requesting the Georgian Government to violate our own environmental legislation."

On 30 November 2002 (just before the BP-imposed deadline), the Minister authorized a version of the ESIA, but attached conditions to it that would require some changes be made to comply with Georgian environmental legislation.

But on Sunday, December 1, the Minister was reportedly called from her home and pressured to authorize the ESIA without any conditions, which she did in the early morning hours on December 2. President Shevardnadze took responsibility for the decision at the news briefing that day saying, "Investors provide Georgia with unprecedented measures of ecological security, thus all the restrictions on construction of the pipeline are lifted."

This process was covered in depth by the Georgian media and has resulted in public outcry. The Georgian Parliament has initiated a public inquiry into the legality of the authorization and the authority of the Minister to endorse the violation of Georgian law.

The IFC policy on environmental assessment as well as its institutional goal of supporting good governance require that national laws be met by project sponsors. We understand that the IFC is still undergoing its due diligence and, given the current situation, we ask how the IFC will ensure that this project meets its legal, environmental and social requirements. And while we have been told by IFC that the "decision to go ahead with the project is not going to be based on the ESIA approval process of the respective Governments," we believe that the actions and attitude the project sponsors have apparently taken should indeed be considered in evaluating their interest in and ability to meet the standards for which IFC claims to strive.

Sincerely,

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