



January 17, 2003

Manana Kochladze
Caucasus Regional Coordinator
CEE Bankwatch Network
Chavchavadze 62
Tbilisi, GEORGIA 380062

Dear Ms. Kochladze and signatories:

Baku-Tbilisi-Ceyhan Oil Pipeline Project

Thank you for your recent letter addressed to Mr. Wolfensohn regarding the proposed Baku-Tbilisi-Ceyhan (BTC) pipeline project dated December 19, 2002. Mr. Wolfensohn has asked me to respond on his behalf.

As you know from earlier correspondence, IFC, together under a joint mandate with EBRD, is still conducting its financial, technical, legal, environmental and social due diligence on the BTC project. As part of this due diligence, we work closely with BP, BTC Co. and other potential lenders to ensure that the project will meet stringent environmental and social standards, including those of IFC.

We seriously take note of your concerns related to the December 1, 2002 approval of the BTC project ESIA by the Government of Georgia and note that host government approval of the ESIA documentation is the responsibility of the relevant governments. Nevertheless, as your letter acknowledges, IFC, as a potential lender, continues to do its own thorough due diligence in order to determine that the project also meets our own environmental and social standards.

As part of our environmental and social due diligence, we are continuing to appraise the various action plans and environmental and social documentation (including the ESIA's). Once we determine that these documents meet IFC's standards, we are going to disclose them to the public. As you correctly noted in your letter, following the disclosure period, IFC's decision to recommend the project to its Board will only be made when we are completely satisfied that the project meets our standards, policies and guidelines in all respects.

Thank you once again for your letter.

A handwritten signature in cursive script, appearing to read 'Yasmin Tayyab', with a horizontal line underneath it.

Sincerely,

Yasmin Tayyab
Civil Society Coordinator

Cc: Nino Gujaraidze, Green Alternative Georgia
Karen Decker, BIC USA

Petr Hlobil, CEE Bankwatch Network
Katerina Dobesova, Centrum pro dopravu a energetiku
Carol Welch, Friends of the Earth US
Kerim Yildiz, Kurdish Human Rights
Paul de Clerk, Friends of the Earth US
Sabastian Godinot, Friends of the Earth France
Antonia Tricarico, Campagna per la riforma della Banca mondiale Italy
Regine Richter, Urgewald
Nick Hildyard, The Corner House UK
Ikuko Matsumoto, Friends of the Earth Japan
Doug Norlen, Pacific Environment
Mr. James D. Wolfensohn, President, World Bank Group