

# The Corner House

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Mr. Peter Voicke  
International Finance Corporation  
2121 Pennsylvania Avenue, NW  
Washington, DC 20433  
USA

5<sup>th</sup> May 2003

Dear Mr. Voicke,

## **BTC PIPELINE: TURKEY FACT FINDING MISSION - A CALL FOR A MORATORIUM**

Please find attached the report of the recent Fact Finding Mission (FFM) to Turkey to assess the compliance of the Bakun-Tiblisi-Ceyhan (BTC) project with international standards.

Whilst the FFM found that the project developers have taken steps which partially address a number of the concerns identified previously by NGOs in their previous Mission in July 2002, continuing violations of international standards on consultation, compensation and resettlement still characterise the project.

In particular, the FFM found:

- A number of apparent conflicts between the Resettlement Action Plan (RAP) for the project and the Turkish Expropriation Law (see section 3.1), notably with regard to the negotiation of compensation. Villagers interviewed by the FFM also suggested that they had been consistently misinformed about their opportunities for redress if they disagreed with the compensation figure or process. Some said they had been told they were not entitled to go to court, others that they could go, but it would be expensive and time-consuming. Under Turkish law, the costs of ensuring due process should be born by the expropriating authority.

- Fundamental flaws in both the design and the implementation of crucial project documents like the Environmental Impact Assessment (EIA) and the Resettlement Action Plan (RAP), including widespread inadequacies in consultation of appropriate NGOs and social groups (sections 2.2-2.5 and 3.5);
- A generalised failure of the project to take sufficient account of the differential impacts of the pipeline on vulnerable groups, including ethnic minorities, women and the poor, or to mitigate those problems appropriately;
- Repeated suggestions that BTC Co. is not carrying out the process of compensation in the manner claimed. These included allegations of systematically paying well below market rates for land; imposing rather than negotiating prices; failing to compensate certain groups of landowners and users; not providing affected people with proper information about their rights; and failing to inform them of the many potential negative impacts of the project (see section 3.2);
- A generalised lack of knowledge about the RAP Fund that has been set up to compensate those without land title, in compliance with the requirements of the World Bank Group. As a result, those eligible for compensation through the fund – often the poorest in the community – are not in a position to apply for compensation. The RAP Fund, in practice rather than theory, simply does not exist for people in the region;
- The majority of the protection mechanisms that BTC has claimed will ensure that all project-affected people are not negatively impacted by the project are either unknown to local people, inoperative, ineffective or are not being applied by BTC staff. It is of particular concern that BP has claimed credit from IFIs and other potential project funders for policies which in practice do not exist.

These failures are generating growing anger among affected people. *They are also of particular concern because BTC has recently written to the Government of Turkey insisting that BOTAS complete the land acquisition process as soon as possible - or risk losing the contract.*

The FFM notes that this catalogue of deficiencies puts the BTC project in potential conflict with the Turkish Expropriation Law, and hence also with the Host Government Agreement reached between BTC Co. and the Turkish Government. It also places the project in violation of a number of World Bank group's mandatory standards, including OD 4.30 (Involuntary Resettlement), and guidelines, including the IFC Good Practice Manual on Consultation and Disclosure and IFC Handbook on Preparing a Resettlement Action Plan. The FFM also finds compelling reasons why OD 4.20 (Indigenous Peoples) should be applied in order to prevent disproportionately adverse impacts on ethnic minorities in the region.

Most worrying of all, the FFM found clear-cut evidence of systemic flaws in the project, arising from the political context in which the pipeline has been planned and would operate, that cannot be addressed by piecemeal policy changes. In particular, the atmosphere of repression in the north-eastern region of Turkey – as manifested by arbitrary arrests and detentions, the inhibition of dissent through police intimidation, and the constant surveillance of political groups and ordinary people alike by state security personnel – are such that the FFM believes that implementation of the project to international standards is currently unattainable. Specifically, such repression renders impossible:

- Credible consultation with affected communities, in particular minorities and vulnerable groups, since the pre-condition for credible consultation – freedom of expression and speech – does not exist;
- Free and open compensation negotiations by affected landowners and users as to the payment they receive for the loss of their land;
- Independent monitoring of the project.

In these circumstances, the FFM is particularly concerned by the human rights implications of the arrangements for policing the pipeline, should it be built. Under the legal agreements reached between the Republic of Turkey and the project developers, the security of the pipeline is the sole responsibility of the Turkish state – a responsibility that has been designated to the Gendarmerie, whose record on human rights has been repeatedly criticised by the Council of Europe. In the FFM's view, such arrangements carry high risk of precipitating human rights abuses, particularly in the north-eastern section of the pipeline route.

In such circumstances, the FFM considers that it would be irresponsible for BTC Co. to proceed with the project unless and until there is independent confirmation that concerned parties, in particular those directly affected by the pipeline, are in a position and a socio-cultural environment to express their views on the project without fear of reprisal or intimidation and to negotiate freely over compensation for loss of land and other damages. The FFM also deems it essential that security concerns arising from the poor human rights record of Turkey's security forces be addressed prior to work commencing on the project.

Given the gravity of the situation, the FFM has called for the project developers and the funding agencies that have been approached for financial support to impose a Moratorium on the project.

We know that these are issues in which you have a strong interest and that you and the IFC are committed to ensuring that human rights and other abuses do not flow from this difficult and controversial project and that it conforms to international standards. We would therefore urge you to take immediate action to institute a Moratorium as proposed by the FFM.

Yours Sincerely  
Nicholas Hildyard  
The Corner House