



August 29, 2003

Nino Gujaraidze
Green Alternative
Chavchavadze 62
Tbilisi 380062
GEORGIA

Dear Ms. Gujaraidze and signatories:

Baku-Tbilisi-Ceyhan Public Disclosure Process

This is in response to your recent letter addressed to Executive Directors, regarding the 120-day public comment period and the Multistakeholder Forum (MSF) meetings that are being convened jointly by IFC and EBRD later this month in the three countries.

First, as noted previously in various letters to civil society, we do not share the view that is implied in the recent letter that the consultation process that BTC has carried out – with significant commitment on their part as evidenced by time, staff and resources – is not working. On the contrary, BTC has fully taken on IFC's consultation requirements and, for that matter, has gone beyond our standards in many instances including using IFC's public consultation Good Practice Manual as guidance and as a tool to improve their consultation effectiveness. BTC Co. does not claim that there have been no difficulties or to have consulted every individual in the vicinity of the route – approximately three quarters of a million people spread out in mostly rural communities along the 1760 kilometer corridor. The BTC Co. has spent more than two years gathering substantial information and representative opinions for the Environmental and Social Impact Assessments (ESIA), Resettlement Action Plan (RAP), and Environmental and Social Action Plans which were released in the IFC InfoShop and locally on in June 2003. As with any process, there is room for some improvement, particularly with the benefit of hindsight, but IFC is confident that very serious and meaningful efforts have been made on consultation and community engagement.

We would like to make reference to the Public Consultation and Disclosure Plan (PCDPs) and PCDP updates (released 11 June 2003) which documents numerous consultation meetings with regional and local authorities, academics, village leaders, NGOs and the media at which the project was explained and questions answered. Special attention was given to gathering the views of vulnerable groups, particularly women, and ethnic minorities. Please also see Appendix A to this letter for further detail regarding consultation and BTC.

Second, under IFC's project review procedure, public consultation for Category A projects is the sole responsibility of each project sponsor. IFC staff have validated the consultation undertaken by BTC Co. at various stages (including January 2002 pre-ESIA technical and village-level consultations; summer 2002 ESIA "roadshow" disclosure and consultation; village-level and various individual-level land acquisition and compensation consultation during Fall 2002 and Winter/Spring 2003, etc).

Third, with regard to the 120-day public comment period we would note that for Category A projects, IFC requires a minimum disclosure period of 60 days for Board approval after the documents have been posted on IFC's InfoShop. This is in addition to any public disclosure which has been made after prior publication of ESIA's by BTC in the host countries in summer 2003. For the BTC project, IFC and EBRD, with the agreement of BTC, have provided for a 120-day public comment period which commenced on

June 11, 2003, when the ESIA's were posted in IFC's InfoShop. This was publicized widely in-country via newspaper announcements along with instructions on how interested parties could comment again on the entire set of ESIA documentation that had previously been released in-country and on the project website for comment and also comment on new materials that had not been released previously (e.g., Supplementary Lenders Information Pack – or SLIPs). This information was also made available via the IFC InfoShop at the same time. The MSF is one way, and certainly over and beyond what the IFC and EBRD normally do for other projects, to gather additional public comment and input on the project. It should be noted that holding MSF meetings do not occur on most IFC-financed projects and certainly is not a requirement for IFC to process this or other projects. We therefore do not believe it is appropriate to postpone or delay this public comment period because certain organizations may indicate that they heard of the MSF in July.

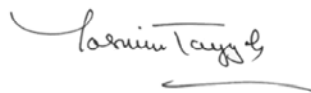
Fourth, IFC, together with EBRD, has undertaken the MSF process as a commitment from our two institutions to hear various in-country stakeholders and their concerns in order to better inform our decision-making process. We would like to emphasize strongly the fact that, from the beginning of the MSF planning process, both IFC and EBRD have not sought to replace or replicate the significant amount of on-the-ground, village-level consultation that has been carried out and validated over the past few years. What IFC does believe is that processes such as the MSF help to facilitate public comments and furthers transparency for a project of this size and complexity. Therefore, we want to reiterate that the MSF process is above-and-beyond our regular consultation and procedural requirements, standards and due diligence.

In answer to other various demands and concerns listed in the letter:

- Our field verifications and validation assure us that IFC's public consultation and disclosure standards are being met by BTC and that, for this project, IFC is going above and beyond our normal public comment process through the MSF.
- We do believe that the MSF will be an additional platform for civil society to express openly their thoughts, concerns and suggestions on the BTC project.
- We ensure feedback to local stakeholders and civil society who participate in the MSF process by committing to a fully open and transparent process. This will include a summarization of key findings and outcomes from each MSF. This report, to be prepared by CDR Associates, will be publicly disclosed in advance of IFC and EBRD Board consideration of the project.
- Our due diligence to date validates BTC's commitment to a fair process and their intention that no affected person is disadvantaged by land acquisition and compensation activities, during construction or operation. The land acquisition and compensation process demonstrate so far that the spirit and letter of World Bank Operational Directive (OD) 4.30 is being met.

We hope that relevant stakeholders can participate in the MSF process.

Sincerely,



Yasmin Tayyab
Civil Society Coordinator

Appendix A: BTC & PUBLIC CONSULTATION

BTC has put in place a comprehensive public consultation and disclosure process to address interested and affected parties in Azerbaijan, Georgia and Turkey. This commenced in mid-2001 with a process of stakeholder identification and preliminary consultation during project scoping. This was followed by the distribution of information briefs, introductory and follow-up meetings with national, provincial and local authorities, national and local NGOs, communities and interest groups along the pipeline route. These included meetings and surveys in early 2002 to assess possible environmental and social impacts and to develop possible mitigation measures.

The draft ESIA was released in May 2002 in Azerbaijan and Georgia and in June 2002 in Turkey. An intensive consultation process in all three countries ('disclosure road show') was put in place during the 60-day period following the release of the draft ESIA's during which public comments were sought (and received, 800+ in Azerbaijan, 3,000+ in Georgia, and 1500+ in Turkey) and communities were visited all along the pipeline route.

BTC has established well-resourced community liaison teams in each country (assisted by national and international consultants) to undertake this consultation. The disclosure and consultation process included ongoing sponsor dialogue with a variety of NGOs and members of civil society. Land Acquisition and Compensation Guides (40,000 copies) were released in October 2002 and comprehensive Resettlement Action Plans were also disclosed locally in December 2002.

Detailed discussions, concerning land acquisition and compensation, commenced in November 2002 with individual directly affected households (a total of 17,700 in all three countries). This process was validated by IFC's social specialists. This direct communication with owners of each affected land right has contributed significantly to the on-going consultation process and has resulted in a much improved understanding of the pipeline project at the local level. Landowner users and all the 500 or so communities within two kilometers of the route have now been contacted several times during the preparation of the ESIA's and RAPs. However, there are a number of absentee family members, with shares in household land rights, who have not been contacted (particularly in Turkey) because they have moved to urban centers or other countries. Considerable efforts are being made to contact them.

There are over 750,000 people living in communities along the entire 1,760 kilometers of the route and BTC does not claim to have consulted all those who have not been directly affected by the pipeline. BTC has however ensured that local communities have all had an opportunity to attend public meetings and voice their concerns. The involvement of local NGOs by BTC in each country to provide advice and monitor the land acquisition process has also contributed to overall communication and consultation. The project's country-specific Public Consultation and Disclosure Plans (PCDPs) provide for comprehensive on-going interaction with interested and affected parties at national and local levels throughout the construction and operational phases of the project. The PCDP includes a listing of consultations carried out-to-date. Implementation of the PCDP will be subject to on-going monitoring and evaluation by IFC.