

To:Mr. Rashad Kaldany  
Director, Oil, Gas, Mining & Chemicals Department  
International Finance Corporation  
Mr. Peter Reiniger  
Energy Business Group Director,  
European Bank for Reconstruction and Development

**From :** NGO Alliance “For Environmental and Civil Rights in Georgia”

**Subject :** Follow up letter BTC Oil Pipeline Meeting in World Bank office in Georgia

24 February, 2003

Dear Sirs,

We would like to thank you for opportunity to meet you and share our concerns regarding the Baku-Tbilisi-Ceyhan pipeline and recent developments around the project.

We would like to underline on behalf of large number of citizens of Georgia who are deeply concerned with the construction of Baku-Tbilisi-Ceyhan pipeline, Georgia is interested to have a sound, economically viable and politically safe pipeline that would contribute to the peace and prosperity in the South Caucasian region. However, unfortunately local oil and gas authorities and subsequently corporate units have not considered safety as a highest priority. We think it is not late to change the course of action and to achieve our common goal - having a good and community based pipeline.

We would like to underline, that the process of the pipeline route selection has created high political and environmental risks for country. Proposed Central Modified Route that goes through Borjomi gorge has high security and safety risks, resulting environmental dangers. At the same time rejection of the two other routes without clear justification and understanding of the on-going political processes in Georgia threatens to isolate Samtskhe-Javakheti Region, that is ethnically diverse and disparately needs socio-economic lift. BTC project sponsors claim that the presence of Russian military base is a political risk factor if the pipeline goes through Akhalkalaki region. Taking into consideration extremely negative role of Russian military after the disintegration of former Soviet Empire. the argument could not be completely contradicted. However, Georgian people fear that there is not hundred percent insurance from terrorist acts or sabotage and/or an ethnic conflict organized by external forces. If the pipeline is put through Borjomi gorge, the all type risks are increasing rather than decreasing.

Dutch Commission on EIA has made clear evaluation of Social and Environmental Assessment submitted by BP as well as identified all possible and potential alternative routes.

The Commission made a alternative ranking of the three corridors based on information in the ESIA report, on expert judgement and field visits. The suggested ranking is:

1. Central corridor (eastern section crossing the Akhalkalaki district) in combination with the western section of the Karakia route (first preference);
2. Karakia route (second preference);
3. Modified Central corridor crossing the Borjomi/Bakuriani area (third preference).

As citizens of Georgia, we do agree with that assessment. If we are to build a strong nation, it should be based on ethnic, religious diversity and no any single ethnic group should be isolated. In this case our Azeri, Kurdish, Greek, Ossetian, Armenian and representatives of other nations living in Georgia should feel that the socio-economic development of Georgia is their own development and it will not contribute to further isolation and alienation of different ethnic groups in Georgia.

Based upon our work with grassroots communities in Samtskhe-Javakheti we could clearly state that the absolute majority of population living in Akhalkalaki region support the pipeline construction through their area. People living in the area think that they will economically benefit from BTC. They already express their disappointment with Georgian government's decision to avoid Akhalkalaki area due to the ethnic diversity. In their perspective, it puts the region in further more economic isolation and it put many more people into socially disenfranchised category.

This factor increases the risk of ethnic strife and conflict, and to prevent this kind of conflict we need to start thinking about socio-economic empowerment of Akhalkalaki region. In case of isolation and ethnic alienation it is very much possible to have another warfare situation that gives a deadly blow to the Georgian Nation as well as BTC project.

Inclusion as opposed to exclusion means that the pipeline will be based on the will of the local communities and they will be included in construction and maintenance of the project. Unfortunately different actions already implemented by BP and Georgian Authorities were not enough successful to minimize the risk of tensions among the local population. There are many studies conducted on this subject, and all of them point out that socio-economic factor is one of the main factors leading to escalation of confrontational attitudes. Today it is still possible to de-escalate those tensions through properly designed social investment program.

Georgian society is deeply divided on the issue of pipeline construction route. For now, public opinion has shifted dramatically, where the voice of opponents of central modified route is heard more and more powerfully. We fair that if the process would continue as it is going now, by September-October there could been created complicated situation with deep dissatisfaction of local population. If the public opinion is taken into account, one of the alternative routes is chosen and the process of socio-economic empowerment of Akhalkalaki will start the potential for future conflicts would decrease. Up until now the majority of Georgian public is supporting the idea of BTC in general, while the majority opposes environmentally and politically unsafe options.

We are appealing to engage in constructive dialogue in project development process, where all the options are explored and all the risks are considered. Georgia can not afford another ethnic war and are categorically against additional lines of division between different nations living in Georgia. We are deeply convinced that the BTC project should serve peace by peaceful means, which means more economic development and more cooperation instead of confrontation.

Georgian NGOs already created an international task force on socio-economic empowerment of Samtskhe -Javakheti region. There is a broad grassroots representation in this task force. The Ambassador John W. McDonald has been appointed as a co-chairman of this task force. The successful construction of Ankara-Karachi railroad in 1950s should serve as an example for BTC pipeline as ethnically

diverse as its Turkish-Pakistani predecessor. The task force operates to ensure socio-economic development and conflict prevention in Samtskhe-Javakheti region. This work has never been done comprehensively before and it is absolutely imperative to start cooperative work. We are hope that the cooperation from the side of IFC and EBRD will be only a positive step towards decreasing tensions in Georgia.

**We are asking you to consider all alternative routes and to make a decision taking into account the long-term interests of peace and social-economical prosperity for the South Caucasus region that is becoming an ally Western Democracies. Choosing an environmentally and socially sound route would contribute to improving the image of Western Corporations and International Financial Institutions in the region.**

**We would appreciate if you could take above-mentioned concerns into the consideration and eagerly interested in follow up discussions with you.**

With all due respect,

NGO Alliance "For Environmental and Civil Rights in Georgia"

Members of the coalition

Nino Gujaraidze, "Green Alternative"

Zviad Bokuchava, "Movement for Dignified Future of Georgia"

Nana Janshia, Caucasus Environmental NGOs Network

Leila Gafrindashvili, "Society for Just Georgia"

Alexander Rusetki, "Helsinki Citizens Assembly of Georgia"