

## ***THE BAKU TBILISI CEYHAN PIPELINE PROJECT***

### ***Background***

The Caspian region has the potential to become one of the major oil and gas producing areas in the world. Estimated proven oil and gas reserves rank the Caspian region alongside the North Sea and the Gulf of Mexico. The development of the Azeri, Chirag and deepwater Gunashli fields and the construction of the Baku-Tbilisi-Ceyhan (“**BTC**”) Pipeline are two of the most significant investment projects currently underway in the Bank’s region of operation as well as in the World. With investments totalling approximately USD 20 billion, these projects represent the largest single foreign direct investment in Azerbaijan and Georgia.

The projects have the potential to bring substantial economic, environmental and developmental benefits to Azerbaijan and Georgia. These benefits will derive not only from the revenues generated for the host countries but also through additional development activities undertaken by the Sponsors and the Bank, as well as through the high level of transparency and consultation undertaken for this Project.

The BTC Project will provide the additional crude oil transportation capacity required for oil export development of hydrocarbons in the Caspian Sea. BTC consists of a 1,768 km underground pipeline with a design capacity of one million barrels per day. It will run from the Sangachal terminal (near Baku, Azerbaijan) and across Georgia to a terminal on the Mediterranean coast at Ceyhan in Turkey, avoiding the crowded Turkish Straits. At full capacity BTC will be delivering volumes equivalent to 10% of European oil imports (at today’s rate).

The BTC Project has attracted a significant amount of scrutiny from international and local NGOs. The Bank has spent a lot of time to review these NGO concerns to ensure that the issues raised are addressed and concerns identified are adequately mitigated.

As part of the Bank’s commitment to transparency and dialogue the Bank has over the past 18 months actively engaged with all stakeholders. This engagement included the witnessing and validation the company’s consultation efforts in the region, various discussions and meetings with international and local NGOs in the region and in London and intensive consultation with local government officials, local scientists and stakeholders in Azerbaijan and Georgia.

Based on these discussions and the information provided during this process including the reports on ‘ Fact Finding Missions’ carried out by international NGOs, EBRD reviewed and analysed the issues and highlighted areas of concern to the Sponsors with a view to improve the project. As a result some significant improvements have been made in particular in the context of sustainable development and through the improvement of the ESIA. During the Bank’s 120 day public disclosure period, Multi-Stakeholder Forums were held in all three countries together with the World Bank’s private sector arm IFC. These Multi-Stakeholder-Forums provided the opportunity to hear directly the opinions and concerns of more than 800 participants

in all three countries. The report presenting the discussions during these public meetings has been published on the Bank's website and will shortly be made publicly available in local languages.

The construction of the BTC pipeline has commenced in April 2003, while EBRD's involvement in due diligence of the Project started even before being mandated by the Sponsors in December 2001. Since this time the Bank has been working with the Sponsors to ensure that the project design as well as the planning phases and the routing alternatives are being evaluated to the highest international standards and in line with the Bank's Environmental Policy. In addition the projects 11,000 pages of Environmental and Social Impact Assessments were closely examined by Bank staff with the assistance of outside independent advice.

The Bank believes that the projects are sound and that all environmental and social issues have been taken very seriously into consideration. The project sponsors have been responsive and open minded to address the additional issues raised by the Bank. The Bank will remain engaged in this project and will continue the monitoring and supervision work. The Bank will continue its dialogue with representatives of various local stakeholders, international non-governmental organisations and the host governments involved to ensure that the project will be implemented to the highest international standards.

### ***Policies applied***

The EBRD has applied World Bank and IFC environmental and social safeguard policies and guidelines, as the Project is jointly financed by a variety of international institutions. In addition, the Bank's 1996 Environmental Policy and Procedures and Public Information Policy have been applied to this project, requiring the application of pertinent EU environmental standards.

Various environmental policies and procedures of other lenders (e.g., OPIC, US-Exim) are also being utilized as well as applying pertinent European Union (EU) environmental standards. The project also needs to comply with relevant national standards and permitting requirements. The EBRD has received submissions from some NGOs citing breaches of various guidelines and policies. Having reviewed the allegations in considerable detail and with the assistance of outside advisors, EBRD is confident that the project and its preparation and due diligence complied in all instances with the relevant Policies and Guidelines.

### ***Comments received during the 120 day public disclosure period***

The Environmental and Social Impact Assessments for the BTC pipeline project and the ACG Phase 1 financing were published by the Bank on 16 June 2003 for a period of 120 days. The documentation contained 46 volumes and 11,000 pages of information covering a wide range of issues. The Bank commenced the 120 day disclosure period only when it was comfortable that the information contained in the documents was meeting the provisions of EBRD's Environmental Policy.

During and prior to the disclosure period a number of comments were received. Please see below a table detailing the submissions as well as a list detailing the submissions received by local and international NGOs.

| <b>Type (campaigning organisations)</b>                                      | <b>Number</b> |
|--|---------------|
| Generic fax (from UK residents & International)                              | 275           |
| Individuals faxes & letters (UK residents)                                   | 13            |
| Generic email to NGO mailbox   | 527           |
|  | <b>815</b>    |
|  |               |
| <b>Type (individuals)</b>  | <b>Number</b> |
| Protest outside the Bank   | 104           |
| Generic text sent to President's office                                      | 164           |
| Non-generic text sent to President's office (primarily hand written letters) | 35            |
|  | <b>303</b>    |
|  |               |
| <b>TOTAL</b>   | <b>1,118</b>  |

#### **NGO submissions:**

- CEE Bankwatch comments on Regional Review for BTC pipeline, Second International Fact-Finding Mission to BTC Pipeline. Initial Summary Report - Azerbaijan + Georgian Section by BIC, FoE US, FoE Netherlands, CEE Bankwatch Network, Green Alternative, National Ecological Centre of Ukraine, PLATFORM
- CIEL (Centre for International Environmental Law)
- WWF
- Baku Ceyhan Campaign
- Tamila Liparteliani – various letters from Georgian people
- Comments from participants at the MSFs collected and sent by Galina Kozlova (Ecograph – Azerbaijan) – electronic submission
- Comments from East West Corridor NGO coalition – hard copy handed in Tbilisi on September 11 and electronic submission

The attached document will address the issues raised in the submissions to the Bank. As the written comments received are often similar in nature they have been grouped into topics and themes. In addition numerous comments were received during the Multi-Stakeholder-Forums which are addressed in a separate report referred above and available at <http://www.ebrd.com/oppo/ngo/new/archive/btcmsf.htm>.

As the Bank's involvement is limited to financing the operations in Azerbaijan and Georgia the answers provided in this document are related to concerns raised in relation to the project in Azerbaijan and Georgia. However, the Bank is aware of the issues which have been raised in relation to Turkey. The Bank, with the assistance of IFC who takes the lead-responsibility for issues arising in Turkey, has ensured to understand all the environmental and social issues for the entire length of pipeline.

## EBRD RESPONSES TO SUBMISSIONS RECEIVED DURING THE 120 DAY PUBLIC DISCLOSURE AND CONSULTATION PERIOD

### SECTION 1 SCOPING AND CONSULTATION PROCESS

Some comments related to an allegation that the *consultation process was started too late and was carried out insufficiently*

#### **EBRD Response:**

The consultation process did not commence with the involvement of the Bank in detailed due diligence process of the project but started earlier. The Bank has reviewed the information provided by the company concerning the early stages of the consultation process and has verified some of this information on the ground.

BTC Co has started the consultation process at the very outset of the project to identify all stakeholders. Comprehensive in-country consultation began at the beginning of the detailed design phase of the project following the scoping reports. Different categories of stakeholders were identified including governmental departments, national and international NGOs, local communities and other members of the public. During this consultation process the results of the scoping exercise were presented. Approximately 9 months later (June 2002), the submission of the draft ESIA to the regulators was accompanied by an extensive disclosure programme including meetings with media, NGO and community representatives.

Initial consultation was followed by the distribution of information briefs, introductory and follow-up meetings with national, provincial and local authorities, national and local NGOs, various 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 consultations with the potentially affected population started as early as April 2001. These included extensive household interviews in all villages along the pipeline route (814 in Azerbaijan and more than 700 in Georgia), in-depth interviews with village leaders (73 in Azerbaijan and 40 in Georgia), and qualitative interviews to assess perceptions on the pipelines, interviews about construction camps, pipe yards and aboveground installations. All interviews were carried out by teams of experienced interviewers in local languages. The teams included male and female interviewers / interviewees.

A number of NGOs claimed that not enough emphasis was placed on the effective consultation *with minorities and vulnerable* groups (women elderly indigenous population)

**EBRD Response:**

There was an extensive socio-economic survey at the early stages of the ESIA process which covered all population groups. A particular focus of the Resettlement Action Plan preparation has been the identification of project affected vulnerable groups in each country and the design of targeted measures to mitigate any potential project impacts and to enhance the opportunities and benefits. Possible causes of vulnerability (i.e. gender, age, ethnicity, religion and economic-based vulnerabilities) were examined in all three countries using socio-economic surveys and targeted group discussions and consultations. The ESIA's and the Resettlement Action Plans contain detailed information and comprehensive analysis on socio-economic groups that are likely to be affected by the project.

Some groups felt that there was *insufficient access provided to information/ lack of comprehensive information* on the project

**EBRD Response:**

EBRD does not agree that there was insufficient access provided or that there was a lack of comprehensive information for the project. In fact the disclosure documents provided for the BTC and AGC Phase 1 projects constitute the largest public disclosure made available at EBRD's offices in London and in the field.

The information on the project including ESIA was made available to all stakeholders including affected communities in different formats.

In Azerbaijan BTC held 3 workshops with NGOs, academia and governmental departments, 3 formal public meetings in Evlakh, Ganja and Akstafa, open house format public meetings along the pipeline route with use of exhibition panes and question and answer sessions; the information was also made available in libraries, universities, institutes, NGO centres and BP offices in Baku. Moreover, the Bank aware of the lack of infrastructure in some areas, encouraged local NGOs to use their in-country networks to disseminate information and facilitate access to information.

In Georgia BTC held 2 NGO workshops on environmental and social issues, 3 formal public meetings in Rustavi, Tbilisi and Borjomi, 10 road shows – more informal public meetings in villages along the pipeline route, open house format meetings with use of exhibition panes and Questions and Answers Sessions. Community pamphlets

providing information on the project in a simplified language were distributed along the pipeline route.

The community pamphlets contained feedback forms, and the deposit boxes for collecting feedback forms were located in every village along the route, district centres, ports and railway junctions, regional departments of the Ministry of Environment, etc.

Following the release of the draft ESIA in May 2002 in Azerbaijan and Georgia and in June 2002 in Turkey 800+ comments were received in Azerbaijan, 3,000+ in Georgia and 1500+ in Turkey. BTC responded to all questions raised. The project sponsor has also appointed Community Liaison Officers who regularly visit the affected communities along the pipeline route for any questions and clarifications.

In addition to the above, EBRD and IFC held six in-country multi-stakeholder forums (MSFs), two per country, in between 26 August – 11 September to enable affected communities and other interested parties to express their views and discuss issues of concern and suggestions with regard to the financing of the BTC oil pipeline, ACG Phase 1, Shah Deniz and South Caucasus Pipeline projects. These public meetings have represented an opportunity for the lenders to communicate their position on issues of concerns to stakeholders. The MSFs complemented the substantial amount of consultation work already carried out to date by BTC and BP. The MSF report will be available to the public in English and local languages.

Comments related to the misconception that *lenders input to the scoping process* was not sought

**EBRD Response:**

The Lenders were consulted on the scope and requirements of the ESIA at the very early stage. This interaction took place prior to BTC's decision to seek financing from EBRD/IFC. The Bank participated in some of the scoping/public consultation meetings on ACG Phase 1 and BTC.

One NGO questioned whether the sponsor had been *staggering the approval applications* thereby presenting the Bank with a *fait accompli* for project design and consequent environmental effects

**EBRD Response:**

The Bank was not presented with a project that could not be influenced. The Bank worked with the project sponsor for over 16 months developing project standards, environmental mitigation measures, environmental monitoring methods and approach for environmental management and auditing implementation of the project

commitments covering the aforementioned items. The Bank's requirements on this project have been considerable, and that BTC has been extremely cooperative in addressing concerns raised during the due diligence process.

For example, as pointed out in the Supplementary Lenders Information Pack (SLIP) information was prepared based on specific questions raised by the Lenders following the review of the ESIA's which clearly shows that the Bank was not presented a project as *fait accompli*.

## SECTION 2

### ENVIRONMENTAL POLICY AND METHODOLOGY

A number of comments related to allegations that an *inadequate EIA methodology* was applied to the project. In particular compliance with the EU EIA directive on Environmental Impact Assessment was questioned.

#### **EBRD Response:**

The Bank is confident that the project, its preparation and the due diligence process complied in all instances with EBRD and IFC Policies and Guidelines as described for projects of this nature. The EBRD has made considerable effort in carrying out environmental due diligence and reviewing the ESIA's to ensure compliance with the Bank's policies and procedures and propose amendments as well as requiring further data and independent analysis. The Bank's review confirmed that the ESIA has been prepared in line with international good practice and in compliance with the relevant principles of EU EIA Directive (85/337/EEC, as amended by EU Directive 97/11/EC). The full ESIA documentation (including ESIA's, RAPs/GLACs, SLIPs, Non-Technical EIA Summaries, etc) covers 46 volumes and 11,000 pages. It represents the largest and most comprehensive set of EIA documentation ever released by an EBRD client. However, BTC Co. has ensured that findings of this comprehensive set of documentation are summarized and available in a meaningful form to a wide range of interested and affected parties. EBRD has also required that the ESIA documentation be available in the following local languages: Azerbaijan: Azeri, Russian, English; Georgia: Georgian, Russian; English; Turkey: Turkish, English.

A variety of NGOs commented that the project does not comply with relevant policies due to the failure to undertake *Strategic Environmental Assessment ("SEA")* including the inadequate assessment of project alternatives, in particular the so called 'no project' alternative.

**EBRD Response:**

A Strategic Environmental Assessment is applied to the evaluation of the environmental consequences of governmental plans, governmental programmes and policies as per the definition applied in the EU Directive. As per the Bank's Environmental Policy, Strategic Environmental Impact Assessments are not required for projects such as BTC or ACG Phase 1.

However, recognising that it would be beneficial to review some of the broader environmental and socio-economic issues related to the hydro-carbon developments in the Caspian region, a Regional Review was prepared by the Sponsors upon the request of the lenders. The Regional Review and its macro routing studies aim to address a number of the concerns raised such as issues related to 'overall' routing (including the 'no-project option'), regional biodiversity implications, management of revenues, human rights, the potential for regional conflicts, security, and access to energy and interaction of the project with other national and regional-level developmental initiatives.

The Regional Review is specifically aimed at the '*higher*' level implications of large-scale' issues relating to the project. This is the first document of its kind prepared in the context of a large scale financing like the BTC and ACG Phase 1 project. Some of the topics reviewed are complex in nature and the broader socio-economic development issues are often outside the direct control of lenders and sponsors. However, it is a significant step in itself that the sponsors have addressed such a broad range of issues in an open and transparent manner. The Regional Review with a more detailed discussion for alternatives for oil transportation as provided in its Section I is available at [www.caspiandevlopmentandexport.com](http://www.caspiandevlopmentandexport.com).

The Regional Review provides a complimentary document for the more detailed country ESIA's, which are further clarified by an Environmental and Social Overview document that has been prepared by BTC and is publicly available.

A number of comments related to the fact that the ***construction of the pipeline had commenced prior to the approval of ESIA's*** by the lenders.

**EBRD Response:**

The approval of the ESIA's by the lenders is not a lender policy requirement for construction to commence. In case the Bank would not have been comfortable with the information provided, and the process as it is detailed in the ESIA's, the Bank would not have proceeded further with the appraisal of project and financing would have been declined.

The project has received construction permits from all three countries based on the ESIA produced by BTC. While construction has started, the EBRD's and IFC's substantial engagement has contributed significantly to ensure a high standard of environmental, social and consultation measures. In order to ensure that the ESIA's and the project meet the Bank's standards, the EBRD has been working closely with

the Sponsors led by BP for the past 2 ½ years providing significant environmental and social development input to ensure that BTC pipeline is designed and operated in a manner that meets or exceeds the applied environmental and social standards.

We refer to the Supplementary Lenders Information Package (SLIP), Environmental and Social Action Plan (ESAP) and Contractor Control Plans (CCPs), which set forth some of the additional information prepared by the Sponsor due to requirements of EBRD. Approval of the ESIA in country was received in 2002 well ahead of any construction activities. EBRD's policies do not require an ESIA to be approved by the Bank prior to commencement of construction. Given the exceptional nature of the BTC project, the Sponsors have agreed to a program of pre-financial close construction monitoring to enable the Bank to closely monitor compliance during the early stages of construction. The Bank and IFC, supported by its independent advisors have already carried out two of these pre-financing monitoring visits.

Comments related to the suggestion that the project *does not promote sustainable development* in the region

**EBRD Response:**

The ACG Phase 1 project and the BTC pipeline project have the potential to bring substantial economic, social and developmental benefits to Azerbaijan and Georgia, not only through the revenues generated for the host countries but also through the unprecedented level of transparency and consultation which has been undertaken and is ongoing. Furthermore, EBRD and BP have agreed to establish a programme of sustainable socio-economic development activities that will be undertaken once economic activity declines following the completion of the BTC construction phase in 2005. This initiative is intended to be focused primarily on stimulating long-term sustainable development in the non-oil sector in the region through provision of financing and grants. BP is ready to commit some US\$ 25 million to the programme with EBRD having agreed to match BP's commitment. This is in addition to the USD 40 million Community Investment and Environmental Investment Programmes which are implemented during construction. EBRD and BP hope to be able to attract further commitments to this facility raising a total amount of up to USD 100 million to be invested over the first 10 years of operations, commencing in 2005.

Concerns were raised because of the failure to address indirect *impacts on climate* (global warming) in the environmental and social impact assessment

**EBRD Response:**

There is a vigorous debate about the role of public financial institutions in promoting fossil fuel extractive projects in developing countries. Oil is an internationally traded

commodity and the markets have access to many different diverse sources of crude. The level of emissions is more a function of world-wide consumption patterns of oil and is independent of development of particular oil fields. Moreover, as production from other oil-fields declines, new fields are being developed to meet the current demand world-wide. The exploitation of the Caspian Sea reserves and their subsequent transport through BTC and use by other nations should be viewed in this context.

Comments suggested that the assessment of **routing alternatives both at macro and micro levels** was insufficient and not detailed in the ESIA's.

**EBRD Response:**

EBRD is comfortable that all routing options were assessed comprehensively. The pipeline route selection process results in an optimized connection between two or more points to be linked with each other via a pipeline transportation system. The route optimization process is an iterative process that weights different constraints against each other. This can result in adjustments to the initial line or in the need to implement specific construction methods, design principles or management systems.

The starting point for every pipeline route selection process is a straight line connection between two points. Once the start and end points have been determined, areas in between are identified that pose a potential problem to pipeline route selection. These areas are known as constraints and can be classified as severe, high, medium, and low. Constraints may be caused by topographic features, such as mountains and lakes, environmentally sensitive or protected areas, main settlement or development areas, archaeological sites, areas of social or political instability or any other area that may be a potential cause for concern.

The selection of a pipeline route requires the implementation of a rigorous and robust process that takes account of all relevant factors, including:

- Constructability and long-term integrity
- Route optimization
- Environmental and Social Issues
- Terrain evaluation and geohazard assessment
- Security

A number of alternative oil transportation methods were assessed during preliminary work relating to Caspian crude oil export solutions. These included road, rail, shipping, and new-build pipeline options as well as expansion of the NREP and/or WREP and combinations of all of these. This assessment took over five years, starting with consideration of the best transportation method, followed by a comprehensive assessment of the best pipeline corridor and culminating in the final route selection. Even prior to this work by the BTC consortium, many parties (World Bank/PLE/BOTAS, Shell, etc.) have studied various Caspian Sea to Mediterranean Sea routes which fed in to BTC's work.

The BTC pipeline route delivers a major environmental benefit enabling Caspian crude to be exported from the land-locked Caspian, to open market, without an incremental increase in volumes shipped through the Bosphorus Straits. Turkey was selected as the most suitable export destination, as it is the nearest country to Azerbaijan with access to the Mediterranean Sea, which provides the nearest open market point of delivery. Alternative routing options included Iran or Armenia.

Due to political constraints, building the pipeline across Armenia or through Iran was not possible. Therefore, the route through Georgia and Turkey was selected based upon the willingness and support offered by Georgia and Turkey to be transit countries. The detailed routing process began with selecting a Corridor (10 kilometer corridor of interest), then Route Refinement (500 meter preferred route corridor), then Route Definition (100 meter specified corridor), and finally ROW Alignment (32 meter construction corridor).

BTC studied three main 10 kilometer corridors in Georgia – the Western, Central and Eastern corridors. The *eastern route* was rejected because of security risks (the Georgian Government listed the Akhalkalaki and Ninotsminda districts as “no go areas” because security of the pipeline can not be guaranteed by the Georgian Government), presence of military facilities, very little transportation or infrastructure facilities, seismic areas and Lake Childer. The *western route* was discarded based upon landform instability (landslides and debris flows), the requirement to cross the Borjomi-Kharagauli National Park (IUCN Cat II) and the State Nature Reserve (IUCN Cat I), a high number of archaeology sites, populated areas, and extremely difficult terrain including large river and gorge crossings. The *central corridor* was also discarded because it crosses the Akhalkalaki district, encroaches sensitive landscapes, and crosses severe geohazard areas.

BTC began seeking a corridor that did not cross the Akhalkalaki district to the south and did not cross the Borjomi-Kharagauli National Park to the north yet minimized impact to the Borjomi-Kharagauli Support Zone. After a long search, the Modified Central Corridor was identified as the only option that met these criteria. This corridor has been controversial because it crosses the water catchment area for the Borjomula River for 18 kilometers.

As part of the Environmental and Social Assessment (ESIA) process, numerous routing alternatives were evaluated, including various routes for the pipeline in all three countries. Results of the routing analysis are presented in the ESIA, and are further elaborated in the Addenda to the ESIA. As a requirement for ESIA disclosure and also as required by the ESIA Project Permit provided by the Georgian Ministry of Environment, BTC has developed a robust routing analysis report for Georgia in particular. This includes an evaluation of the Karakaia route and other routes. This report has been reviewed by the lenders’ independent environmental and technical consultants to verify its accuracy and conclusions. In all, BTC has made some 200 route changes since the initial selection which has added substantial length to the pipeline.

Some NGOs commented that the policy requirement of assessing *cumulative impacts has not been observed*.

**EBRD Response:**

A detailed discussion on cumulative impacts is presented in each of the ESIA reports. This discussion considers the impacts from other regional projects, including the ACG development, Shah Deniz and SCP projects, the western and northern export routes, northern Caspian oil fields and the CPC pipeline, the Blue Stream gas pipeline as well as other minor projects and non oil and gas projects. In addition, the Regional Review complements the cumulative impacts section of the ESIA's and provides important information into key economic, social and environmental opportunities associated with the project. The Regional Review discusses broader regional issues such as revenues management, local employment and supply chain management, the non-oil economy, poverty and inequality, human rights, governance and corruption, conflict, access to energy, regional export options, climate change, biodiversity and oil spills.

Some comments did suggest that there was only an *incomplete baseline study* carried out and that not all baseline studies were made available within the body of the Environmental and Social Impact Assessments.

**EBRD Response:**

BTC Co. has carried out comprehensive baseline studies in preparation of the ESIA's. The publicly available ESIA's do not contain all baseline and other supporting studies which were prepared for this project; however, EBRD as well as independent experts reviewed all baseline studies in detail and found them sufficient in supporting the conclusions of the ESIA. There is no EBRD policy requirement for project Sponsors to disclose all baseline studies in the context of environmental disclosure, and we are confident that the data presented are sufficient to justify the assessment of impacts.

Some NGOs suggested that the project **fails to address transboundary impacts** in particular in relation to notification requirements under ESPOO.

**EBRD Response:**

BTC has fully recognised that the principles of the Espoo Convention should be implemented in any project where transboundary impacts are potentially applicable. This means that the legal obligations under Espoo must be followed by the countries that have ratified the Convention, and that attempts should be made to achieve similar results in any country that could be adversely affected, regardless of whether the country has ratified the Convention or is a member of UNECE.

The ACG Phase 1 ESIA has been provided to the Caspian Environmental Program for this specific purpose, for distribution to the relevant countries. In Turkey, BTC has re-evaluated the worst case scenario spill modelling results in light of Espoo reporting requirements, and as required by Espoo, is currently assessing the probability of various events.

BTC Co. is also continuing to work with the Government of Turkey to assess potential requirements for Espoo notification, and methods thereof. This includes the use of the Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC) and the Mediterranean Oil Industry Group (MOIG). The EBRD believes that BTC has to date demonstrated that it used all reasonable attempts to address the spirit of the Espoo Convention. The Bank will further encourage and work with BTC Co to continue its efforts to address issues resulting from the potential transboundary impacts.

### SECTION 3

#### NATURAL HABITATS AND ENVIRONMENTAL RISKS AND MITIGATION MEASURES

Some NGOs commented that the ESIA provides only an **inadequate assessment of impacts on flora and fauna** and that the mitigations measures provided are insufficient

**EBRD Response:**

The Bank is comfortable with the level of detail provided in the ESIA with regard to impacts on flora and fauna.

Significant efforts have been made to avoid areas of high biodiversity, primarily through route selection and careful siting of project components. It is recognised that there will be some unavoidable potential impacts on natural habitats. In line with BP's own policies and to meet the IFC policy requirements on Natural Habitats (OP 4.04), extensive direct mitigation measures aimed at the removal or reduction of potential adverse impacts on natural habitats or their functions have been developed and will be implemented during project execution.

These mitigation measures include: restricted conversion (narrowing the right of way (“ROW”) in sections of forested areas), restoration of degraded habitats (eco-compensation through replanting a suitable number of trees for those cleared from the ROW), and strategic species retention (translocation and propagation of rare species) among others. Additionally, reinstatement practices will ensure that effects on natural habitats are minimised through adherence to erosion control and bio-restoration standards. Furthermore, to complement the above direct mitigation and management measures, an Environmental Investment Programme (EIP) is being developed in order to go beyond direct mitigation by investing in offset projects to maintain and enhance biodiversity.

Contractor Control Plans (CCPs) address ecological management commitments, and specifically plant and animal species and their habitat. The proposed avoidance and mitigation measures will involve a combination of: (i) on-site pre-construction, construction and post-construction procedures relating to pre-construction surveys, avoidance of particular habitat or seasonal sensitivities, rules and regulations, on-site supervision, etc. and (ii) management measures in place to ensure that the above mitigation measures are being implemented including the establishment of a Contractor environmental management team and implementing worker training. The full set of provisions has been disclosed.

Some NGOs commented that the ESIA's do not provide a sufficiently detailed review of all routing options for the pipeline corridor resulting in a ***failure to document that unjustified risks have been avoided and that the modified central corridor is the only justifiable route for BTC***

**EBRD Response:**

To determine the current routing of the pipeline a five year route selection process has been carried out. As part of the Environmental and Social Impact Assessment (ESIA) process, numerous routing alternatives were evaluated, including various routing options in each country. Results of the routing analysis are presented in the ESIA's, and are further elaborated in the Addenda to the ESIA's. As a requirement for ESIA disclosure and also as required by the ESIA Project Permit provided by the Georgian Ministry of Environment, BTC has developed a robust routing analysis report for Georgia in particular. This includes a detailed evaluation of the Karakaia route, including the Karakaia tunneling option and other routes. The routing report has been reviewed in detail by the Bank and by the lenders' independent environmental and technical consultants to verify its accuracy and conclusions.

In all, BTC has up to now made some 200 route changes to avoid sensitive areas or other constraints since the initial route selection which has added substantial length, time and cost to the construction of the pipeline. The pipeline will be buried beneath the ground along its entire length. In Azerbaijan it will mostly run alongside an existing pipeline, the Western Route Export Pipeline. The actual area disturbed for the building and burying of the pipeline will be 44 meters wide. Once the pipeline is built, BTC will require only an eight-meter right-of-access corridor to allow the line to be

monitored and maintained. People will be able to use the ground over the line for agriculture and grazing with minimum inconvenience.

Comments were received that the *environmental management systems do not enforce environmental accountability*

**EBRD Response:**

BTC has a robust environmental management programme, and has committed to developing and implementing a system in accordance with ISO 14001. Further, contractors must develop and implement systems that are compliant with ISO 14001 and ISO 9001. Based on EBRD's extensive review of the BTC environmental and social management system, the Bank is comfortable to state that adequate resources are in place to manage the environmental issues that arise on the project. Further, as part of the EBRD's quarterly monitoring of the construction phase of the project, BTC's environmental management capabilities will be reviewed to ensure adequate resources are in place. The EMS is presented in great detail in the documents released for public disclosure, such as the Environmental and Social Action Plan, the ESMS and Framework, the Commitments Register and the Contractor Control Plans (CCPs).

A number of comments suggested that the BTC project was implemented in *violation of IFC's Natural Habitats policy*

**EBRD Response:**

Through the routing process, the pipeline avoids all internationally designated environmentally sensitive areas including all IUCN Category I to IV sites as well as all Ramsar (wetland) sites.

The pipeline crosses several areas which are of significance from the natural habitat protection perspective. Most of the areas listed below are not actually designated or protected areas but because of existing natural habitats will be treated as if they were officially protected:

- *Gobustan Cultural Reserve (Az)* – The pipeline crosses the Gobustan Cultural Reserve for 900 meters in a location that has no impact upon any of the rock art that the Reserve is designated to protect. Many options were explored to avoid the area but none were feasible. BTC will sponsor the development of a Strategic Environmental & Cultural Plan which hopefully will assist the Ministry of Culture in its efforts to obtain recognition of the Gobustan Cultural Reserve under the World Heritage Convention.
- *Proposed Gobustan National Park (Az)* – The pipeline will cross this area for 9 km (0.13% of the proposed park area) mostly in areas that have

previously been disturbed by pipeline construction or degraded by anthropogenic activities. A site specific reinstatement plan will be designed for this area. BTC will sponsor the development of a Strategic Environmental & Cultural Plan which hopefully will result in the area becoming an actual National Park and will combat desertification.

- *Ktsia-Tabatskuri Managed Reserve (Ge)* – The pipeline crosses the 22,000 hectare area for 21.2 km (~ 0.4%). The route has been micro-located to avoid the wetlands, seasonal construction constraints have been implemented, and series of mitigation and restoration measures put in place. There is no active conservation management on the site, it does not have a management plan and much of the area is utilized for agricultural activities or grazing. BTC has committed to render assistance to the government for management planning which should result in proactive sustainable management of this area.
- *Tetritskaro Primary Forest Fragments (Ge)* – The majority of the relatively limited forest areas that would be affected by the pipeline are of secondary origin and/or heavily degraded by human activity including logging and grazing. The total length of primary forest fragments crossed is 1.61 km and secondary forest of high ecological value is 1.07 km. As far as possible the route passes through non forest areas or degraded forest blocks. Special mitigation and restoration measures will be enacted. BTC will implement an Eco-Compensation Plan and a Rare Species Management Program. These programs are designed to create forest habitat off project areas and to ensure survival and propagation of rare floral species.
- *Tkhratskharo Pass to Tiseli (includes the “Borjomi” section) (Ge)* – The pipeline crosses limited areas secondary forest that has been heavily impacted by logging and grazing interspersed with small fragments of primary forest and diverse high mountain meadows. This includes crossing the 170,846 hectare non-designated Support Zone for the Borjomi-Kharagauli National Park for 39 km (0.075% of the support zone is crossed by the pipeline). The support zone does not have legal standing and is not internationally acknowledged or listed. Georgian legislation does not correlate the support zone with any IUCN category. There is a Special Regulatory Regime applicable to Borjomi Resort (SDTR Regulations) which has not been approved by Presidential Decree and has not entered into force. If it is approved, the area where the pipeline crosses will be classified as Zone III. In Zone III, “Activities that do not have negative impact on natural curative resources and the sanitary conditions of the territory are permissible”. BTC will implement an Eco-Compensation Plan, a Rare Species Management Program and Management Planning Assistance. These programs are designed to create forest habitat off project areas, to ensure survival and propagation of rare floral species and to assist the Georgia Protected Areas Program.
- *Posof Wildlife Protection Area (Tu)* – The Protection Area was established primarily for the Caucasian Black Grouse though it also contains important large mammals and plant species. The pipeline route crosses this area for

25.3 km in lower quality sparse and patchy forested areas. Special mitigation, restoration measures, an Eco-Compensation Plan and a Rare Species Management Program will be implemented.

- *Sarikamis Natural Site Area (Tu)* – 4.1 km of pipeline pass through the 20,000 ha nationally protected Sarikamis Forest. The pipeline has been carefully routed to follow an existing corridor therefore forest impacts will be slight. Special mitigation, restoration measures, an Eco-Compensation Plan and a Rare Species Management Program will be implemented.

A number of comments related to the fact that a potential oil-spill of the pipeline in the Borjomi area could pollute the ***groundwater resources in Borjomi and its surrounding communities***

***EBRD Response:***

Sensitive groundwater areas in Georgia include Lake Tsalka and Borjomi. Potential impacts in these areas have been minimized by localized routing and engineering design. Further, pipeline monitoring during the operations phase is increased to daily patrols in these areas.

The proposed alignments near Lake Tsalka and Borjomi have been studied and are supported by many pipeline experts, and BTC Co. has incorporated design, operational and security measures that reduce the risk of potential impacts to a minimum.

Lake Tsalka is located approximately 730 m from the proposed route, and its water is mainly used for power generation and irrigation, and the groundwater in this area is a potential future water source for Tbilisi. This area is particularly sensitive because it is an unconfined aquifer. Risk studies demonstrate that in the worst case event, contaminated groundwater in this area could be successfully contained for remediation. BTC has developed specific protection measures and contingency planning including pre-deployment of containment equipment for that area.

There are three separate zones of ground water in the Borjomi area crossed by an 18 km stretch of pipeline – (a) deep mineralized waters, (b) shallow spring waters, and (c) near surface and surface river water. The Borjomi area is famous because of the internationally renowned therapeutic properties of the deep mineralized water, its beautiful mountainous area, and its commercial supplies of water first bottled in 1890. Borjomi however, also contains many degraded areas including those of illegal logging and deforestation, particularly near the Borjomi town and Park Support Zone.

The Borjomi mineral water is present at great depth, is under pressure and is naturally protected by a pressure regime that is constantly pushing upward so that oil cannot migrate downward. The Borjomi fresh or spring water comes from shallow spring water used by communities and is commercially bottled and sold. There is debate

amongst various hydro-geological experts on whether or not there is any interconnectivity between the mineral water unit and the area to which an oil spill would migrate, and whether the water could become contaminated.

It has generally been considered that in the unlikely event of a worst case oil spill, the third zone of near surface and surface river water from which the local communities draw supplies are at risk of contamination. To mitigate that risk, BTC has undertaken specifically designed protection and mitigation measures which meet highest international standards to minimize the potential impacts.

The pipeline crosses areas of landslides and seismic activity. Some comments stated that the ESIA's are inadequately *demonstrating the mitigation of seismic risks*

**EBRD Response:**

BTC has completed a detailed analysis of the various geological hazards posed to the project and the selected route. The detailed analysis is provided in the ESIA's. The review of geohazards includes: (i) fault zones, (ii) landslide areas, (iii) zones of seismic activities, (iv) karstic areas, (v) areas of liquefaction.

BTC has retained internationally recognized experts to work with local scientists to assess these potential hazards and quantify the risks associated with them. Where possible, the pipeline route has been revised to avoid geohazards. It is not possible to avoid faults, being long linear features. The approach has been to first identify the active faults that cross or approach the pipeline route or other project facilities. The design has considered two main effects, that is (a) possible impact to the project caused by ground rupture beneath the pipeline (or other project facility), and (b) possible impacts caused by ground acceleration associated with a seismic event in the site vicinity. In regards to the pipeline crossing active faults, each active fault has been assessed in terms of maximum displacement according to a design probability, potential horizontal and vertical displacement. This information has been used to design the trench for the pipeline crossing of the active fault, its steel specification and the angle of the crossing, such that the pipeline will not be ruptured should ground displacement occur across the active fault. In addition, all project facilities have been designed to withstand the probable ground accelerations (and associated ground shaking) associated with seismic events on any of the faults within the project area. The Bank is comfortable that BTC has fully assessed these risks and has designed the project to withstand the likely effects of any seismic event in the area.

A number of comments suggested a delay to the implementation of the project until a *detailed Oil Spill Response Plan* has been developed

**EBRD Response:**

The Oil Spill Response Plans (OSRP) for a pipeline which crosses such varied site specific conditions as BTC, requires many detailed locational studies and involves many specialized consultants. The process of designing a OSRP began in mid-2000 with BTC reviewing the existing Western Route Export Pipeline (WREP) contingency plans in order to learn from the WREP and to make sure that both WREP and BTC plans will be compatible.

Secondly, BTC has prepared a detailed Oil Spill Response Plan Framework for each country which is included in the ESIA's that were disclosed and approved by the host governments. BTC has reviewed existing equipment inventories, identified types of suitable equipment for the ACG oil properties and have finalized the planning standards. The next step is to finalize the detailed Country Specific Oil Spill Response Plans which require input of very specific data such as year- round river flows, detailed topographic data and information on environmental sensitivities around the pipeline which are entered into models to predict how oil might flow overland, weather station data, details of the oil properties such as wax content, identification of human use activities like water supplies, and logistical issues such as snow, rain, ice, conditions of roads and terrain. Equipment will be purchased (1Q 2004) followed by development of the country specific BTC Response or Containment Manuals (4Q 2003).

Once the Oil Spill Response equipment is received, in-country operations staff training will begin. All of these steps will be completed prior to linefill which is anticipated in 2005. For sensitive areas such as Tsalka and Borjomi, there will be dedicated oil spill response teams based at these locations with pre-deployed equipment to ensure quick response times in the unlikely event of an oil spill occurring. EBRD will review the OSRP to ensure its compliance with the Bank's requirements.

The pipeline would pose *unacceptable risks* to important elements of the *natural resource base of the region*

**EBRD Response:**

Potential risks posed by the construction and operation of the project are documented in the ESIA report which has been released for public consultation. Potential risks are discussed in this document based on their significance, and mitigation measures are proposed for significant risks. Further, the mitigation measures are developed and set forth in more detail in the Contractor Control Plans (CCP), which are part of the disclosed information, available for public review. These CCPs set forth the potential risks posed by the project, the details of mitigation measures to be implemented, and the monitoring that will be undertaken to ensure that the mitigation measures are being adequately implemented. Lastly, EBRD and IFC will be monitoring the implementation of these mitigation measures. We are confident that

potential risks have been avoided as part of project design, or that appropriate mitigation measures have been developed such that the resulting risks are acceptable.

As mentioned above, EBRD is convinced that the selected route is the best route, and the development of this route will avoid significant environmental impacts. There are risks associated with the selected route, and no one can claim or guarantee that the pipeline will not leak. However, the proposed route minimizes environmental impacts, and the set of state of the art project design standards and mitigation measures further lowers environmental risks.

## SECTION 4

### RESETTLEMENT ISSUES

Comments were received that stated that there was *insufficient information provided to the affected communities* with regards to resettlement and compensation issues.

#### **EBRD Response:**

The EBRD does not agree with this suggestion. In Azerbaijan and in Georgia, a phased approach has been taken to informing people on land issues. As the pipeline route in Azerbaijan is less populated than in Georgia with a significant amount of the affected property being State land the consultation process and distribution of information to affected households was more substantial in Georgia.

Initially there were notification meetings prior to an ‘assets survey’ in the villages where general and specific information about the project was conveyed to the audience. Communities to be potentially affected by the project were informed of the likelihood that their land would be affected/expropriated; and, to facilitate understanding and explanations, aerial photos of the construction corridor were displayed, with individual land parcels and their affected portions clearly marked.

In Azerbaijan, the Guide to Land Acquisition and Compensation (“GLAC” outlining the land acquisition and compensation process) was distributed to communities along the pipeline corridor. In Azerbaijan, 4000 copies of a so called ‘land issues pamphlet’ were delivered to all affected communities in June 2002. On 7 October 2002, an initial 500 copies of the GLAC were made available in the project affected communities, in locations where people in the community tend to congregate (i.e. tea houses, schools, markets and executive power offices). The documents were delivered by the land acquisition team, who briefed landowners and district authorities about availability of the GLAC and avenues for feedback. During October and November 2002, an additional 1000 copies of the GLAC were delivered directly to affected landowners by the land acquisition team.

In Georgia, the GLAC and all related tables were printed in both Georgian and Russian languages (a portion of the affected population are not native Georgian

speakers but do speak and read Russian). 4,000 copies of the GLAC in each language were printed, which is more than twice the number of people affected by land acquisition along the pipeline route. On 28 October 2002, an advertisement was placed in Georgian, Russian and English in eight national newspapers, and in five regional (weekly) papers which announced the availability of the GLAC. The advertisement about availability of the GLAC document was also sent out on the electronic subscriber mail lists of the number of NGOs.

The BTC land team distributed the GLAC in both languages to Regional Land Departments in Rustavi and Akhaltsikhe, District Land Departments in Gardabani, Marneuli, Tetrtskaro, Tsalka, Borjomi, Akhaltsikhe and Adigeni, and land arrangers for all the affected *sakrebulo* (*communities*).

Apart from having made the document widely available to all affected people through the above mentioned channels, the Association for Protection of Landowners Rights (APLR), a Georgian land rights advocacy NGO which has been assisting BTC Co. in outreach and education around land acquisition issues, began having meetings with directly affected people using the GLAC as the basis of discussion. Prior to these meetings, APLR had detailed discussions with BTC Co. to clarify any questions that they had about the information in the GLAC, and subsequently spent several days training their staff on the GLAC content. Having previously organised notification meetings, at which landowners and users were notified that their land would likely be acquired, APLR is well acquainted with the villages on the pipeline route. As such, they have organized meetings in order to reach all affected people. Typically two meetings were held in one day, and one meeting was held in each village.

A number of NGOs claimed that the Bank's and IFC's policies were violated as *no resettlement alternatives were offered*

**EBRD response:**

The IFC Policy on Involuntary Resettlement requires providing resettlement alternatives only in case when physical relocation is taking place. Physical resettlement means in case that people would have to leave their homes to make way for a project.

In the case of the BTC project, there is no physical resettlement but only a temporary economic displacement whereby affected landowners and/or land users will not be able to use their land for farming or grazing during construction but will be able to use during the pipeline operation subject to restrictions for safety such as the prohibition against constructing buildings and planting trees.

Local Land Advocacy NGOs in all three countries have been assisting the landowners and land users who may be affected by the project about their rights, compensation processes and construction specifics. These NGOs will continue to visit affected communities to provide landowners and users with information about their legal

rights and provide advice on land-related issues throughout the land acquisition process.

Some NGOs asserted that in the context of the Resettlement Action Plan only an *inadequate identification of ethnic minorities and vulnerable groups* was provided

**EBRD Response:**

A particular focus of RAP preparation has been the identification of project affected vulnerable groups within each country and the design of targeted measures to mitigate any potential project impacts and to enhance opportunities and benefits. Possible causes of vulnerability (i.e. gender, age, ethnicity, religion and economic-based vulnerabilities) were examined in all three countries using socio-economic surveys and targeted group discussions and consultations.

In **Azerbaijan**, five principal vulnerable groups affected by the project have been identified and thoroughly consulted. These groups are as follows: (i) employees of state agricultural enterprises who are reliant on use of land for their livelihood in lieu of wages; (ii) internally displaced people (IDPs); (iii) informal land users; (iv) some elderly couples and individuals; and, (v) women-headed households abandoned by husbands now living abroad.

In **Georgia**, no specific groups were noted as being significantly more predisposed to be disadvantaged by the project than others, though women headed households, the elderly and poor have been identified for particular attention during monitoring.

In the context of land acquisition it was questioned whether the *compensation mechanisms for land were adequate*

**EBRD Response:**

A general principle adopted in the formulation of the compensation valuations was that, lost income and assets should be valued at their “replacement cost” and project affected populations should experience no net loss. “Replacement cost” is the cost of replacing assets and incomes, including the cost of transactions and, typically, is expected to be higher than the market values of the assets in question.

Compensation was calculated for land, crops and immovable assets, according to the type of impact. The compensation values were calculated to equal the full replacement, including the cost of necessary transactions to replace assets and incomes, such as registration fees, court costs, etc.) of property. The fundamental goal was to ensure that people who are affected by the acquisition of land are adequately compensated for their losses and that their livelihoods can be maintained

during the construction period. An important consideration in the calculation of compensation was the level of impact of land acquisition on the affected parties.

Some NGOs commented that the Bank did not comply with its policy as it had *failed to disclose info on RAP Fund*

**EBRD Response:**

This is not correct. Please refer to Section 4.9 of the ‘Part A, Overview of the Resettlement Action Plan’. This section clearly states the purpose and the amounts allocated to RAP Funds. It should be noted that RAP funds are different from RAP budgets. While the RAP budget covers direct land acquisition and resettlement arrangements (amounts are indicated in the Section 7, RAP Costs and Budgets of the Part A Overview of the RAP), RAP Funds are a key mechanism initiated by BTC Co in **Georgia** and **Turkey** to address gaps between local legislation and World Bank Group principles.

RAP Funds will be utilized in circumstances where local law does not provide for compensation and will be supplemental to other household compensation entitlements for loss of land, assets and livelihood. Funds will be disbursed taking into account the needs and preferences of affected people, or communities, as the case may be. The RAP Funds in Turkey and Georgia have budgets of USD 2.0 million and USD 1.1 million respectively

## SECTION 5

### LEGAL REGIME – HOST GOVERNMENT AGREEMENTS – HUMAN RIGHTS

Concerns were raised that the Host Government Agreements (*HGAs*) *may exempt BTC from compliance with national and international environmental standards foster* abuses of principles of human rights

**EBRD Response:**

The BTC Pipeline project was designed and will be built and operated in conformance with a comprehensive set of legislative and regulatory requirements, guidelines and policies. The project documents result in the following hierarchy of standards:

- (i) Constitutions of Azerbaijan, Georgia and Turkey;
- (ii) International standards and best practices within the petroleum pipeline industry, in no event to be less stringent than those generally applied in the member states of the European Union or, with respect to Georgia, the Netherlands and Austria;

- (iii) National legislation and international conventions in force in the host countries, as applied in each country, to the extent they do not conflict with the standards listed above (including the Intergovernmental Agreement (“IGA”) and Host Government Agreements (“HGAs”));
- (iv) International Financial Institution (“IFI”) policies and guidelines;
- (v) BP corporate policies and for Turkey, BOTAŞ Corporate Policies; and
- (vi) Detailed standards as described in the ESAP.

Nothing in the HGAs suggests that the project is exempt from domestic law to the extent that the domestic law is consistent with the HGA regulatory regime. Local citizens, have the right to enforce domestic law. Based on the Bank’s due diligence and consistent with local legal advice local citizens are able to enforce remedies available to the citizen under domestic law provided that these remedies are consistent with the regulatory regime established by the HGAs.

The HGAs do employ different formulations in different places to express the extensive obligations imposed on the project. In particular two clear obligations are worth highlighting: (i) BTC and the Host Governments are obliged to ensure that the project in all its aspects complies with evolving EU standards; and (ii) a requirement to comply with the detailed regime set out in the ESIA and its attachments.

It was commented that the HGAs are *incompatible* with *OECD Guidelines for Multinational Enterprises*

**EBRD Response:**

Following the submission of the a complaint by the Baku-Ceyhan-Campaign to the National Contact Point in the United Kingdom in April 2003 the three Host Governments and BTC signed the Joint Statement on the interpretation of the Host Government Agreements in June 2003.

The Joint Statement clarifies that among other things, that BTC and all three Governments are committed to compliance with OECD guidelines. EBRD has reviewed the allegations of a potential breach of OECD guidelines and do not concur with the interpretations and the conclusions reached by the claimant. We are not aware of any OECD guideline that is being violated by the project, and therefore, we do not believe that our proceeding with this project will undermine due process.

A group of NGOs commented that the *HGA for Turkey could potentially affect Turkey’s accession to the European Union*

**EBRD Response:**

The HGA for Turkey does not affect Turkey's status as an EU accession country. Moreover, based on the due diligence carried out with regard to the EIA process, the Bank is satisfied that the EIA process in Turkey has not violated the EU Directive for the preparation of EIAs.

Turkey as a non-EU member state has no obligation to transpose any of the EU Directives into domestic law. Moreover, individual EU Directives are not directly applicable to BTC. The project sets its own standards for environmental consultation and compliance and these standards are based on the HGAs regime and EBRD/IFC/World Bank guidelines the hierarchy being described above. The EBRD found these standards to be fair, transparent and generally consistent with EU standards and the standards which EBRD applies to its projects.

NGOs commented that the ***HGAs and the Sponsors are violating Human Rights*** through the implementation of the regime set out in the HGAs

**EBRD Response:**

The IGA/HGAs are designed to deal with project specific rights and obligations and do not refer to the human rights of local citizens. Accordingly, the laws of the host countries on human rights remain in full force and effect. The IGA and the HGAs do not grant to BTC any specific exemptions from human rights legislation. In respect of the specific issue of consistency between the IGA/HGAs and the European Convention on Human Rights, as noted above, the rights to life, liberty, fair trials, etc. conferred by the European Convention are not impinged upon by the HGAs.

To address NGO concerns with regard to security and human rights, BTC Co. and the three host governments signed a Joint Statement which clarifies key commitments including: (a) implementation of the project consistent with the OECD Guidelines on Multinational Enterprises; (b) adherence to internationally recognised human rights principles; (c) confirmation that EU environmental standards will be observed as they evolve; and (d) a commitment to international and local labour standards as in force from time to time. In addition, a protocol was signed on the provision of security for the BTC Pipeline setting forth rules for security cooperation of all three host governments including compliance with major international human rights standards notably the Voluntary Principles on Security and Human Rights.

Finally, Amnesty International has been working with BTC to address some of the human rights concerns identified by them in the context of the HGAs. As result, ,BTC Co. developed and signed a BTC Human Rights Undertaking confirming its commitment to respect and protect human rights.

Moreover, following Amnesty International's advice, BTC Co. has agreed to prepare a Citizen's Guide to the HGAs which will make the content of the HGAs more

accessible and will be published on the BTC website:  
[www.Caspiandevlopmentandexport.com](http://www.Caspiandevlopmentandexport.com)

As per Amnesty UK's website the work undertaken by BTC has been welcome.  
*"Amnesty International welcomes these [above described measures] as positive developments and also the BTC consortium's commitment to open dialogue on implementing mechanisms for hearing individual grievances and on implementing other aspects of international best practice."*