

August 14, 2003

Executive Directors
International Finance Corporation
1818 H St. NW
Washington DC 20433

Dear Executive Director:

We are writing to alert you to serious problems with resettlement and potential violations of IFC resettlement policy in the case of the Baku-Tbilisi-Ceyhan (BTC) pipeline project. We urge you to raise these problems with the IFC project team immediately and to address them fully before IFC considers support for the BTC project.

Summary of Situation

In a May 2003 NGO fact-finding mission to Azerbaijan and Georgia, we, the mission members, met several homeowners in the Azeri villages of Garabork and Chiyni who informed the mission that the BTC pipeline and South Caucasus Pipeline will pass through their yards, within meters of their houses. According to their testimony, the homeowners were first approached last year and told that they would be resettled and would receive compensation. However, no follow up action was taken. A few months ago, the homeowners were told that they would not be moved. Despite having two pipelines effectively tunneled through their yards, or installed via “horizontal directional drilling” as BTC Co prefers to label it, these households have been told nothing definitive about whether they will be compensated or how much, nor have they been informed about the construction process or the aftereffects of living so close to a pipeline.

Furthermore, in a June 22, 2003 follow up visit to the homeowners undertaken by Green Alternative, a homeowner in the village of Garabork reported that local government officials visited them after the fact-finding mission’s trip and told them to remain silent about their situation. This action raises the specter of potential human rights violations.

Detailed Description

In the village of Garabork, there are three female-headed houses positioned within the 58 meter pipeline protection zone. Two of the households want to move because they are fearful of living virtually directly over the pipeline. The third homeowner, who has two mentally handicapped sons, does not want to move because of the extra challenges she faces with her sons. Nor does she want the pipeline to pass so close to her home. The women have been told contradicting and incomplete reports about what they will receive as compensation, and they have been effectively ignored by BTC Co.

The women reported that one year ago they were visited by company officials and were told that their houses would have to be destroyed for the pipeline. They were told that they would get fair compensation. Two agreed to be moved and signed a paper. They told the fact-finding mission that they could not read the paper, however, because it was written in the Latin alphabet and they only read Cyrillic. They were not given a copy nor were they told how much compensation they would get for moving.

The women heard nothing else until two months ago when “two foreigners and one translator” came to see them and said that the company will build a tunnel for the pipeline under the houses. These men took pictures and measurements over the course of two days. The foreigners asked whether the women had been informed about the pipeline construction and compensation. The men themselves did not have information about the amount of compensation or what would happen with the women’s houses.

The women told these visitors that they are worried about the pipeline and said they would move if they were compensated. They want compensation for the value of their houses as well as their land. They told the mission that everyone else in Garabork who owns land crossed by the pipeline has received their compensation, and do not understand why they are being ignored. The women reported that just a few days before the FFM’s visit, several men in BTC uniforms stopped near their houses and took measurements. The women said they tried to stop them to ask questions, but the men refused.

The women are also suffering economically since last year the company said the pipeline would be constructed soon, and as a result, the women did not cultivate last year or this year. They had been growing vegetables, which was an important supplement to their meager incomes.

In the village of Chiyni, the pipeline protection zone also includes three houses. The fact-finding mission spoke with the owner of one of the houses. This man reported that May 2002 was the first time the company came to the village. He said that he signed a paper and was told there would be compensation. Company officials took photographs and measurements of the area. Then in November or December 2002 one Azeri BTC representative came to Chiyni and said there would be a tunnel but no compensation for the homeowners.

The man told the mission representatives that he never gave any permission for the tunnel to go under his land and that he is worried about it. He feels that he should still receive compensation and while he once expected to receive something, he has now given up his expectation. Like in Garabork, people in Chiyni whose land is crossed by the pipeline (but whose homes are not within the 58 meter zone) received compensation, but the owners of the three houses have not.

The brother of one of the homeowners works for the municipality, and told the mission that despite working for the municipality, he learned about the tunneling situation just two months before the mission’s May 2003 visit.

IFC Safeguard Policy Implications

In the BTC Resettlement Action Plan (RAP), the only reference to the situation in these two villages is on page 6-19 in section 6.11.3. “Mitigation measures for loss of trees, vines and perennial crops will include: use of horizontal directional drilling (HDD) to enable the pipeline to pass under (.10 metres depth) orchards in the villages of Garagork and Chiyni.” According to IFC resettlement policy, which is being applied to the land compensation process for this project, these homeowners have the right to be fully informed and consulted on the way their land will be used and compensated for their losses. The Resettlement Policy also guarantees that peoples’ well being will not be diminished.

We believe that project consultation and information disclosure is woefully inadequate in this case. The homeowners are far from fully informed. They have not been told whether they will be compensated or how much. They were not informed as to the potential impacts on their property’s value. It is also completely unclear to them what the construction process will entail and how disruptive that process will be. Nor do they know what will happen if there is some damage to the pipeline in this area. For example, will the company have immediate access to bring heavy equipment into their yards, and how disruptive will this be? Will the homeowners be compensated for such disruption? None of the homeowners knew about the Community Liaison Officer or any rights they have to question the compensation process. The homeowners also expressed safety concerns. These concerns have never been addressed.

It is also unclear what the impact will be of tunneling both the BTC and SCP pipelines. It is our understanding that for safety reasons, BTC and SCP are to be laid at least 28 meters apart. Though IFC is only considering financing the BTC pipeline, we contend that the impacts of both pipelines must be considered together in assessing the situation in the villages of Garabork and Chiyni. It is unclear to the homeowners exactly where both pipelines would be laid in relation to each other, and whether it is possible to lay both pipelines and have neither pass underneath a house.

In summary, we are deeply concerned about the lack of information being conveyed to these people, and the attempt by the local government to intimidate them into silence. We also believe that the economic well being of these people will be affected by the pipeline construction and that they should be compensated. Furthermore, it is highly possible that the proximity of the pipeline could affect the value of their property, and this should be included in calculating compensation. These issues should be addressed fully before IFC considers financing this project.

We look forward to your response to this issue. You may direct your response to Carol Welch at Friends of the Earth. Contact information is below.

Sincerely,

Karen Decker
Bank Information Center

Petr Hlobil
CEE Bankwatch Network

Manana Kochkladze
Green Alternative

James Marriott
Platform

Willemijn Nagel
Milieudéfensie/Friends of the Earth Netherlands

Yury Urbansky
National Ecological Center, Ukraine

Carol Welch
Friends of the Earth US
1025 Vermont Ave NW
Washington DC 20005
Tel: (202) 783-7400 ext. 237
Fax: (202) 783-0444
cwelch@foe.org