



January 17, 2003

Manana Kochladze  
Caucasus Regional Coordinator  
CEE Bankwatch Network  
Chavchavadze 62  
Tbilisi, GEORGIA 380062

Dear Ms. Kochladze and signatories:

Baku-Tbilisi-Ceyhan Oil Pipeline Project

Thank you for your recent letter addressed to Mr. Wolfensohn regarding the proposed Baku-Tbilisi-Ceyhan (BTC) pipeline project dated December 19, 2002. Mr. Wolfensohn has asked me to respond on his behalf.

As you know from earlier correspondence, IFC, together under a joint mandate with EBRD, is still conducting its financial, technical, legal, environmental and social due diligence on the BTC project. As part of this due diligence, we work closely with BP, BTC Co. and other potential lenders to ensure that the project will meet stringent environmental and social standards, including those of IFC.

We seriously take note of your concerns related to the December 1, 2002 approval of the BTC project ESIA by the Government of Georgia and note that host government approval of the ESIA documentation is the responsibility of the relevant governments. Nevertheless, as your letter acknowledges, IFC, as a potential lender, continues to do its own thorough due diligence in order to determine that the project also meets our own environmental and social standards.

As part of our environmental and social due diligence, we are continuing to appraise the various action plans and environmental and social documentation (including the ESIA's). Once we determine that these documents meet IFC's standards, we are going to disclose them to the public. As you correctly noted in your letter, following the disclosure period, IFC's decision to recommend the project to its Board will only be made when we are completely satisfied that the project meets our standards, policies and guidelines in all respects.

Thank you once again for your letter.

Sincerely,

Yasmin Tayyab  
Civil Society Coordinator

January 17, 2003

Cc: Nino Gujaraidze, Green Alternative Georgia  
Karen Decker, BIC USA  
Petr Hlobil, CEE Bankwatch Network  
Katerina Dobesova, Centrum pro dopravu a energetiku  
Carol Welch, Friends of the Earth US  
Kerim Yildiz, Kurdish Human Rights  
Paul de Clerk, Friends of the Earth US  
Sabastian Godinot, Friends of the Earth France  
Antonia Tricarico, Campagna per la riforma della Banca mondiale Italy  
Regine Richter, Urgewald  
Nick Hildyard, The Corner House UK  
Ikuko Matsumoto, Friends of the Earth Japan  
Doug Norlen, Pacific Environment  
Mr. James D. Wolfensohn, President, World Bank Group