



## CASE STUDY 15: MONITORING THE BAKU-TBILISI-CEYHAN OIL PIPELINE

The EBRD's involvement in the Baku-Tbilisi-Ceyhan (BTC) oil pipeline aims to ensure that it does not have an adverse impact on the environment and that its construction will benefit local communities and promote economic development in Georgia and Azerbaijan in the long term.

The EBRD has loaned €106 million in support of the BTC pipeline, which opened in May 2005. Environmental and social monitoring visits are undertaken by the Bank to check compliance with EBRD policy and international standards, as set out in the Environmental and Social Action Plan (ESAP). Through these visits, the EBRD also ensures that commitments made by the client to mitigate the project's environmental and social impact are being met.

EBRD experts made three monitoring visits to the BTC pipeline in 2007 to assess environmental and social issues. The environmental visits covered the entire pipeline but focused on returning land around the pipeline and construction workers' camps to their former uses and reclaiming quarries used during pipeline construction. One of the major remaining environmental issues in Georgia is that of waste management. The available local infrastructure does not satisfy the strict project standards so BTC has been reviewing various alternatives and pursuing these with the regulators. This has taken longer than anticipated although efforts are ongoing and recently progress has been made.

Georgia's Ministry of Environment was consulted about its monitoring of the project and the performance of the client. Social monitoring focused on land reinstatement, restoration of community infrastructure, unresolved issues relating to resettlement and compensation, the resolution of grievances and the implementation of community development programmes. An assessment was made of the extent to which special provisions have been implemented to ensure that vulnerable groups are not disproportionately affected by the pipeline and that they are able to benefit from community investment programmes.

The reinstatement and return of land has almost been completed in Azerbaijan but some work still remains in Georgia. In Azerbaijan, some problems related to severance of land were identified and are to be addressed. While the community investment programme has matured further, attention still needs to be given to ensuring that the most vulnerable members of affected communities receive their compensation and are not left worse off. More land is needed in Azerbaijan to facilitate security of the pipeline and an access strategy is being developed.