



Addendum to Assessment Report

March 18, 2005

Since this assessment report was completed, there have been developments regarding the issues raised therein. To see the progress that has been made on the issues raised in this complaint, please consult the [Recommendation Implementation Status Tracker](#) on CAO's website, www.cao-ombudsman.org. The tracker lists the key issues raised in each complaint, the CAO's recommendations for moving forward on those issues, and the progress with respect to implementation of these recommendations. New developments and actions by the IFC and/or sponsors are updated on the tracker as soon as CAO can confirm them.



ASSESSMENT REPORT

**Seven Complaints regarding the Baku-Tbilisi-Ceyhan (BTC) Pipeline Project
Bashkovi, Dgvari, Rustavi, Sgrasheni, Tetriskaro and Tsikhisjvari, Georgia**

Received 21 May 2004

September 2004

Office of the Compliance Advisor/Ombudsman
International Finance Corporation/
Multilateral Investment Guarantee Agency

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INTRODUCTION

On May 21, 2004, the Office of the Compliance Advisor/Ombudsman (CAO) received seven complaints related to the Baku-Tbilisi-Ceyhan oil pipeline project in Georgia, filed by Georgian NGO Green Alternative on behalf of affected residents. The Complainants are from Dgvvari village and Tsikhisjvari village, in the Borjomi region; from Bashkovi village in the Tsalka region; and from Sagresheni village, and Tetriskaro town (2 complaints) in the Tetriskaro region. In addition, there was a complaint from a group of landowners in Rustavi city.

In keeping with its mandate, the CAO investigated each complaint separately and directly with each of the affected parties. Six of the complaints were accepted, as the CAO has determined that they fulfill our acceptance criteria and should be more fully assessed. The complaint from Rustavi was not accepted, as the case raised is currently the subject of an ongoing court action; the CAO cannot accept complaints currently involved in litigation.

The six accepted complaints were assessed by CAO staff and consultants by means of desk reviews of project and other related documents, and by a field mission to Georgia by CAO staff in July 2004. A summary of each complaint is presented, along with CAO's assessment and recommendations.

Assessment of the complaints leads to a set of overarching observations and recommendations presented in the final section of this report.

Background

The Baku-Tbilisi-Ceyhan (BTC) Main Export Pipeline project involves the development, financing, construction, and operation of a dedicated crude oil pipeline system, to transport oil from the existing Sangachal oil terminal near Baku, Azerbaijan, through Georgia, to a new export terminal to be constructed at Ceyhan, Turkey, on the Mediterranean Sea. The 1,760-kilometer pipeline will be buried throughout its length as it passes through Azerbaijan (442 kilometers), Georgia (248 kilometers), and Turkey (1,070 kilometers). The planned capacity of the pipeline will accommodate current levels of production, as well as additional production from ACG, for a total capacity of 1 million barrels per day. It is projected that the pipeline will begin operation in the second quarter of 2005.

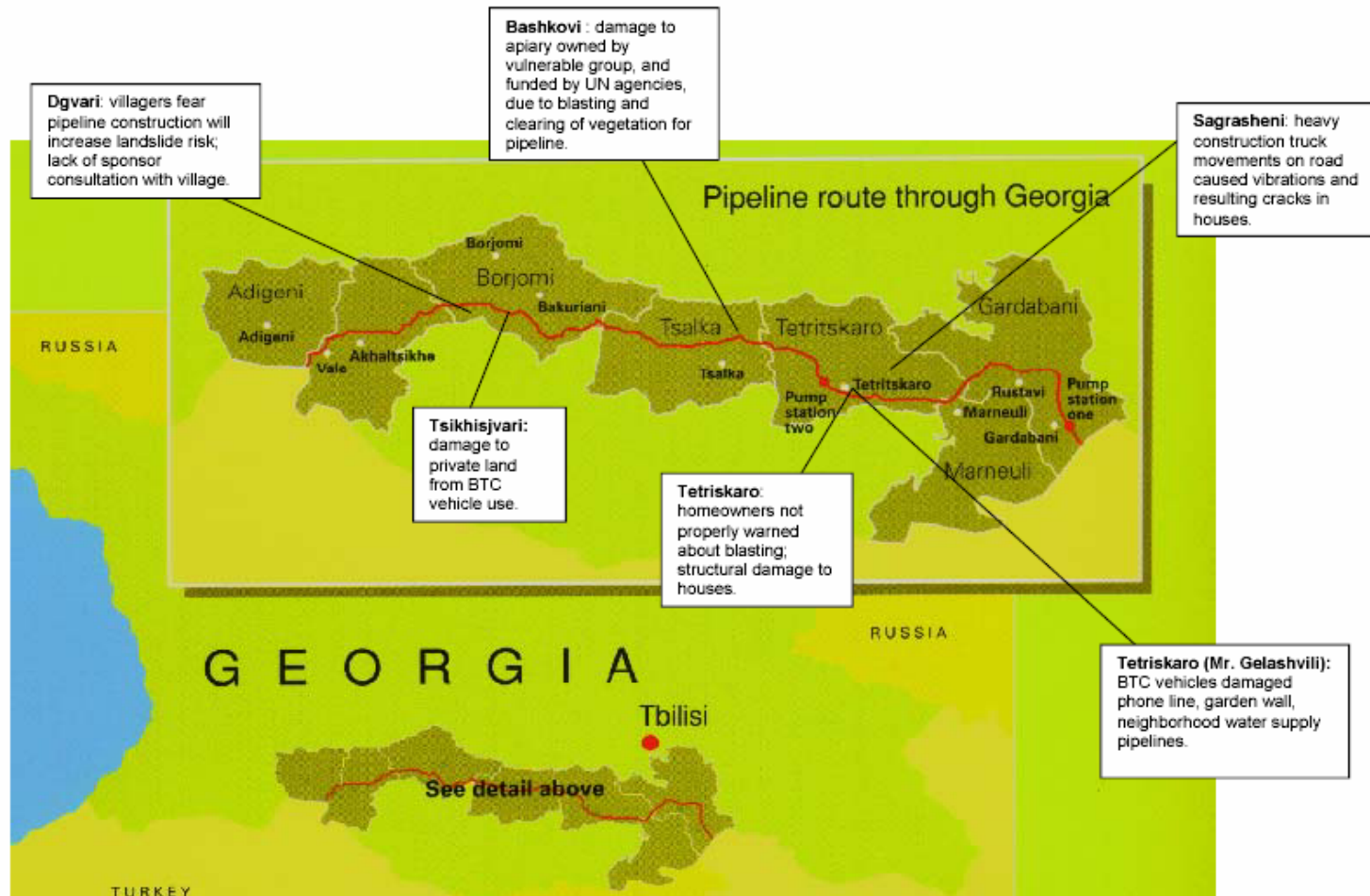
The project sponsor is BTC Co., a consortium of 11 partners, which was established in August 2002. British Petroleum (BP), the largest shareholder in the project (30.1%), will operate the pipeline. Other partners (in descending order) are SOCAR [State Oil Company of Azerbaijan] (25%), Unocal (8.9%), Statoil (8.7%), TPAO [Turkish Petroleum Corporation] (6.5%), Eni (5%), TotalFinaElf (5%), ITOCHU (3.4%), INPEX (2.5%), ConocoPhillips (2.5%), and Amerada Hess (2.3%). In its capacity as pipeline operator, BP is leading the project design and construction phases.¹ The total project cost is approximately US\$3.6 billion. The International Finance Corporation's (IFC's) gross investment in the project is US\$250 million, \$125 million of which is for IFC's own account (referred to as an A loan), with an additional \$125 million in syndicated loans, (or so-called B Loan program).

¹ Throughout the report, reference is made to BTC Co., including the recommendations section. In practice, BP will have lead responsibility in implementing any recommendations that it accepts, in its capacity as pipeline operator.

The Georgia section of the pipeline will start in Gardabani at the Azerbaijani-Georgian border and pass through seven regions of the country plus the City of Rustavi (see Figure 1), ending at Naokhrebi in the Akhaltiskhe District on the Turkish border. By a presidential edict of October 2000, the Georgian International Oil Corporation (GIOC) represents Georgia. GIOC plays the role of a government representative through which BTC Co. requests and secures issuance of rights, licenses, permits, certificates, authorization, approvals, and permissions to conduct project activities. Spie-Capag and Petrofac Joint Venture (SPJV), who were awarded the sub-contract in July 2002, are carrying out the construction work in Georgia.

The map overleaf shows each of the complaints received and their basic characteristics.

Figure 1: Complaint Allegations raised to CAO relating to the BTC project on 21 May 2004.



Source: BP brochure *Living Next Door to A Pipeline*.

1. BASHKOVI

This complaint was raised by an individual beekeeper in Bashkovi village. The Complainant is an internally displaced person – a vulnerable group according to the BTC Resettlement Action Plan. He developed his apiaries with assistance from a multi-donor-supported development project. He alleges that (a) construction activities for the pipeline have resulted in a 90% reduction in honey production; and (b) that BTC has been unresponsive in dealing with his concerns. The Complainant’s livelihood is highly dependent on honey production and sale. CAO investigated the complaint during a field visit 23-30 July 2004.

Complaint allegations	BTC perspectives	CAO Conclusions and Recommendations
<ul style="list-style-type: none"> • Damage to apiary, resulting from clearing vegetation from land and blasting for pipeline ROW. • Apiary located 200-300 meters from BTC pipeline ROW. • Damage includes (1) 90% reduction in honey production, (2) death of 19 families of bees, and (3) weakening of remaining bees. • Apiary owned by the Complainant, an internally-displaced person (IDP). • Apiary started with assistance of a development program funded by GoG and UN Agencies, including WB. 	<ul style="list-style-type: none"> • Complainant’s hives are located 560 meters away from the pipeline ROW. • Actual distance from the hives unlikely to affect Complainant’s hives • To receive compensation from BTC Co., Complainant’s hives have to be no further than 300 meters away from the pipeline Right of Way. • Local beekeeping expert not called because Complainant’s hives were more than 300 meters away from the ROW, according to BTC Co. • BTC Co. concerned about setting a precedent for other similar cases outside the agreed 300-meter zone to be investigated in this manner. 	<ul style="list-style-type: none"> • CAO confirms that the Complainant’s hives are further than 300 meters away from the pipeline Right of Way. • Complainant, as beekeeping business partner, is an internally displaced person (IDP). His status as a landless person warrants treatment as part of a vulnerable group, subject to particular commitments under the Resettlement Action Plan. • Complainant’s status is specific enough not to create a precedent with broad implications.
<ul style="list-style-type: none"> • CLOs failed to notify hive owners of construction activity before start of honey production season. • Complainant applied twice to BTC for compensation, but has not received a response. 	<ul style="list-style-type: none"> • BTC Co. willing to send its beekeeping expert to meet with the Complainant, provide some advice as to why the Complainant’s hives are not producing to expected levels, and to explain how construction would have no impact on the hives. 	<ul style="list-style-type: none"> • BTC Co.’s willingness to send beekeeping expert to review impacts is welcomed. This assessment should be conducted with the participation of the Complainant and any other relevant parties. • Dependent on outcome, BTC to implement appropriate remedial action (if any).

2. DGVARI

This complaint was raised by one individual, representing Dgvari village as a whole, and who asked his name to be kept confidential. According to the Government of Georgia, the village is located on unstable ground, prone to landslides. On 7 June 2004, the government confirmed again that the people of Dgvari should be resettled. The Complainants are concerned that the pipeline increases the risks of landslide affecting their houses. They have also cited a lack of consultation by BTC with village representatives. CAO engaged an independent specialist and its own staff to investigate the complaint allegations during a field visit 26-30 July 2004.

Complaint allegations	BTC perspectives	CAO Conclusions and Recommendations
<ul style="list-style-type: none"> No public consultation with Dgvari by BTC in the preparation of BTC project documents - Environment and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP). 	<ul style="list-style-type: none"> Dgvari not listed in the baseline social surveys done for the ESIA, but was included in the preparation of the ESIA. BTC Co. provided evidence that Dgvari was included in the drafting and planning documents for the ESIA. 	<ul style="list-style-type: none"> Dgvari residents were not directly consulted during the preparation of the ESIA, nor in the form of a targeted communication approach by BTC Co. In view of the specific situation of Dgvari, as well as the complexity and sensitivity of the landslide issue, early consultation would have provided an opportunity for villagers to voice their concerns, and for BTC Co. to manage expectations.
<ul style="list-style-type: none"> Pipeline construction 1 km away from Dgvari may activate landslides and endanger the survival of the village. 	<ul style="list-style-type: none"> The Dgvari Village Landslide Study, commissioned by BTC for the Government of Georgia and published 13 February 2004, established that the Dgvari landslide complex was not affected by the pipeline route. A study by the Georgian scientists of August-September 2003 concludes that it was not possible to stabilize the landslide area and that Dgvari should be relocated to a safer location; one of the authors of this document, in a dissenting opinion, alleges that the landslide is getting worse, and that it poses a threat to the pipeline itself. 	<ul style="list-style-type: none"> CAO considers that the pipeline route presents the least risk in the unlikely event of ground movement does occur. CAO considers it unlikely that construction of the pipeline can change the landslip risk because of the combined effects of the separation between the pipeline and Dgvari, and because of the intervening topography. CAO recommends that project aerial photograph of the region be used to illustrate the areas affected by landslip and to show their relativity with respect to the pipeline, thus helping to alleviate community concerns of the pipeline risk. In view of the Complainant's mistrust of the BTC-commissioned Dgvari Village

		<p>Landslide Study, and reliance on a Georgian scientist's report, BTC Co. should convene a public meeting in Dgvari between the authors of both studies. Green Alternative could play a useful role in facilitating such a meeting.</p>
<ul style="list-style-type: none"> Lack of transparency on resettlement; no documented government decrees or plans to resettle the population; no budgetary commitments to the resettlement of Dgvari residents. 	<ul style="list-style-type: none"> BTC / BP has not rejected outright the possibility of it providing financial assistance to resettle the Dgvari residents, but wants the federal government to take the lead in this matter. The nature of BTC / BP assistance to Dgvari residents would need to be carefully considered along with government policy on resettlement. BTC / BP has discussed the issue with EBRD and IFC representatives, and has asked for EBRD and IFC assistance in persuading the GoG to develop a position on Dgvari resettlement. 	<ul style="list-style-type: none"> CAO believes that BTC's response is appropriate and encourages continued, open and transparent monitoring of this issue with the full inclusion and participation of Dgvari residents.

3. SAGRASHENI

This complaint was raised by eight families from Sagrasheni village. The Complainants have raised a number of allegations relating to construction traffic. In particular, their concerns focus on the impact of vibration from heavy construction traffic on the structural integrity of their dwellings. The Government of Georgia has confirmed that houses in this village are not seismic-resistant and not built to the accepted national standards. Additional concerns raised by the Complainants relate to dust pollution, speed of traffic, routing and lack of responsiveness by BTC. CAO investigated this complaint during a field visit to Sagrasheni 22-26 July 2004.

Complaint Allegations	BTC Perspectives	CAO Conclusions and Recommendations
<ul style="list-style-type: none"> • Heavy truck movements caused vibrations resulting in cracks in houses' supporting walls, near the roadside. • The number and severity of cracks is increasing. • Affected residents of Sagrasheni risk losing their houses unless the Transport Management Plan is changed and heavy truck traffic is stopped. • Complainants had received a letter from Georgian Ministry of Infrastructure and Development, confirming that houses were not seismic-resistant, and were not up to accepted standards when built. Because of faulty construction, Complainants argued that their houses were vulnerable to damage caused by constant traffic of heavily-loaded trucks. 	<ul style="list-style-type: none"> • Houses along the road in Sagrasheni were not surveyed before construction activities began, because SPJV did not believe that construction traffic would cause structural damage to nearby buildings. • Both Complainants and BTC Co./ SPJV acknowledge that testing of vibration levels caused by trucks was done; however, there is conflicting information about the tests: Complainants say that tests were not scientific, as the trucks used were not the fully-loaded 32 ton trucks that make up the regular construction truck traffic, but BTC Co./ SPJV says that the trucks used were full-size and fully loaded, and that the outcome showed that vibration levels were significantly below internationally accepted standards of what could cause structural damage to buildings. 	<ul style="list-style-type: none"> • CAO recommends that BTC Co and the Complainants resolve this issue through an independent appeals process. • BTC Co./SPJV to confer with experts from the Georgian Ministry of Infrastructure and Development regarding the structural integrity of houses in Sagrasheni, and ascertain whether the Ministry's assessment might be used as a baseline study for any future claim of damage to houses from BTC truck traffic. • SPJV to conduct a new test to measure the level of vibrations, using a transparent, consensual, and participatory methodology that would include independent monitoring by Complainants and NGOs (e.g. Green Alternative, Young Lawyers Association) at each testing stage. • SPJV should explain to Complainants about the

		international standards used for acceptable vibration levels.
<ul style="list-style-type: none"> Lack of responsiveness from BTC Co., GIOC and SPJV: Complainants have been contacting BTC Co. since November 2003. In mid-March 2004, BTC sent a letter saying that SPJV needed to visit the Complainants to obtain more information, but there has been no follow up. Complainants say they and Green Alternative sent several letters to BTC Co., Georgian government officials and the IFC representative. A cursory response was received from BTC in April 2004. Once the CAO complaint was filed a BTC representative visited the Complainant. Letters were issued to Complainants rejecting the grievance dated 28 July 2004. 	<ul style="list-style-type: none"> Both CLOs and BTC have advised residents dissatisfied with the rejection of their grievances to consider legal action as recourse. 	<ul style="list-style-type: none"> It took several months for BTC Co. to respond to early Complainants' letters. The absence of an effective internal appeals procedure within the existing grievance mechanism, (without a last resort option of legal action) has led to a stalemate. There is a compelling case for the creation of an effective appeals process to deal with cases that could, theoretically, enter the court system but may be resolved more efficiently and transparently through an appeals procedure. Such a system may increase access to justice for social groups ill-disposed towards the judicial system.
<ul style="list-style-type: none"> Sanding the road, an attempted mitigation measure by BTC, was done without consulting Complainants. Sand has caused additional dust, adding to vibration. Complainants did not understand why construction trucks' speed limit is 80 km/h, when mandatory Georgian speed limit is 60 km/h. 	<ul style="list-style-type: none"> BTC Co. and SPJV indicated that three sections of the road in question were being repaired in June/July 2004, and that all roads used regularly by the pipeline project are regularly watered in dry weather. According to the SPJV Transport Management Plan, construction vehicle speed limits are 80 km/h on highways, and 50 km/h through towns. 	<ul style="list-style-type: none"> CAO considers BTC Co.'s and SPJV/s response as appropriate and encourages continued monitoring to ensure that the Transport Management Plan is enforced.
<ul style="list-style-type: none"> The use of the road through 	<ul style="list-style-type: none"> BTC Co. / SPJV indicated that heavy 	<ul style="list-style-type: none"> CAO considers BTC Co.'s and

<p>Sagrasheni by BTC trucks is a modification of the routing that was officially agreed upon.</p>	<p>vehicles are directed to use a different road than the one that runs through Sagrasheni, but that project vehicles do use the Koda-Tetriskaro road because of the even poorer quality of the preferred route.</p>	<p>SPJV/s response as appropriate and sees no need for further recommendation.</p>
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4. TETRITSKARO (MR. GELASHVILI)

This complaint was raised by an individual in Tetritskaro village. The Complainant made a series of allegations relating to construction traffic including damage to private property, community property and dust pollution. CAO investigated these allegations during a field visit to Tetritskaro in July 2004.

Complaint Allegation	BTC Perspective	CAO Conclusions and Recommendations
<ul style="list-style-type: none"> • Dust pollution from construction work and heavy road traffic • Complainant's telephone line pole was damaged BP fuel trucks. 	<ul style="list-style-type: none"> • BTC Co./SPJV assert that the roads near where the Complainant's house is located are watered regularly in dry weather to minimize dust; top-sealing the road may also be undertaken, and a test is to be completed in early August 2004. • Telephone cables damaged by construction trucks but repaired within 2-3 days, according to BTC Co./SPJV. 	<ul style="list-style-type: none"> • The lack of evidence or witnesses makes Complainant's claims difficult to sustain.
<ul style="list-style-type: none"> • Incident involving a fuel truck damaging a garden wall • BTC refused to handle the Complainant's request for compensation, indicating that the driver of the truck that caused the damage should be approached. • The Complainant confirmed to CAO that he did not see the actual incident, but showed a place in the wall that had been damaged, with crumbling stones. 	<ul style="list-style-type: none"> • The Complainant did not report the incident when it happened, and could not provide a description of the truck or a license plate number. As there were also no witnesses, SPJV rejected the complaint due to lack of evidence. • BTC Co./SPJV rejected complaint due to lack of evidence that damage was caused by project construction activities. 	<ul style="list-style-type: none"> • The lack of evidence or witnesses makes Complainant's claims difficult to sustain.

<ul style="list-style-type: none"> • BTC truck traffic damaged water supply pipelines to the neighborhood, resulting in contamination of drinking water from sewage, and the spread of infectious disease. • At a meeting in November 2003, SPJV refused to repair damage to water supply pipes. • Two letters were sent to SPJV requesting the establishment of a commission to make recommendations to alleviate damages not taken care of. 	<ul style="list-style-type: none"> • BTC Co./SPJV argued that there is no evidence that construction trucks had caused damage to the town water and sewer pipes. • The then mayor of Tetrtskaro confirmed that the water and sewer pipes were old and had not been maintained for years. • It's also alleged by BTC Co./SPJV that if the drinking water had been affected by sewage contamination, then a total of 12 families would have been affected; no other neighbors of the Complainant have filed a grievance. • SPJV, on 14 November 2003, had agreed to repair the water pipes, but withdrew the offer on 26 November when the Complainant declared he was not going to drop his case. • In March 2004, a regional commission confirmed that the water pipe on Javakhishvili street was damaged, as a result of constant movement of BTC large trucks, and that the water was not drinkable; the new mayor of Tetrtskaro asked SPJV to repair a sewage pipe and manholes as a gesture of goodwill. The request was approved, and work was carried out in late March 2004. 	<ul style="list-style-type: none"> • Complainant indicated to CAO that he would seek legal recourse if his complaint with the CAO did not yield his desired outcome. • Former neighbor stated that the water pipe on the street in question was paid for by all of the residents except the Complainant, who refused to contribute to the construction cost. • The lack of evidence or witnesses makes Complainant's claims difficult to sustain.
<ul style="list-style-type: none"> • As a result of damage to water and sewage pipes, the Complainant's basement was flooded. Cracks have appeared in the first floor walls. 	<ul style="list-style-type: none"> • BTC Co./SPJV rejected complaint due to lack of evidence that damage was caused by project construction activities. 	<ul style="list-style-type: none"> • The lack of evidence or witnesses makes Complainant's claims difficult to sustain.

5. TETRITSKARO

This complaint was raised by some residents of Tetritskaro town. The Complainants allege that construction activities – particularly blasting - have been conducted without adequate warning and have resulted in damage to houses. They have also complained that BTC’s grievance mechanism is not functioning and BTC has been unresponsive to their concerns. CAO investigated this complaint through a field visit to Tetritskaro in July 2004.

Complaint Allegations	BTC Perspective	CAO Conclusions and Recommendations
<ul style="list-style-type: none"> Blasting undertaken on ROW without adequate warning to nearby residents of Tshkhra Dzmis, Mshvidoba, Garsi, and Demetrashvili streets. 	<ul style="list-style-type: none"> According to BTC Co./SPJV, blasting safety awareness public announcements were posted in prominent locations around Tetriskaro in January 2004, giving times and dates for the blasting. No door-to-door announcements were distributed to those houses closest to the planned blasting or baseline study of houses closest to blasting were undertaken by BTC Co./SPJV before blasting activity: a pre-blast survey for those houses closest to the ROW would have only heightened concern, according to BTC Co. 	<ul style="list-style-type: none"> CAO recommends more systematic vibration monitoring at blast sites together with an assessment of baseline conditions and likely impact. Pre-blasting surveys of house cracks, and a door-to-door warning of impending blasting could have been carried out at least among those houses closest to the ROW, on Tskhara Dzmis, Mshvidoba, Garsi and Demetrashvili streets. This would not have unduly raised fear of possible damage, given appropriate explanations about the blasting; house surveys and a targeted information campaign (e.g. on vibration monitoring and standards) would have mitigated subsequent concerns and grievances. CAO has no evidence that BTC Co./SPJV carried out a pre-blasting warning for the first explosions on 26 December 2003, nor that there were public safety awareness announcements posted in

		prominent locations around Tetrtskaro, for this blasting.
<ul style="list-style-type: none"> • Damage (including cracks in supporting walls) occurred to several houses due to blasting. 	<ul style="list-style-type: none"> • GeoTek (blasting contractor) has offered to repair cracks in walls as a goodwill gesture(GEL 4000, or US\$2100); however, according to BTC Co., residents refused to provide information as to what materials were required and requested US\$1000 per household. GeoTek withdrew the offer. • BTC Co./SPJV indicated that GeoTeck was still willing to carry out the GEL4000 goodwill repairs, provided that these are not construed as an admission of liability, and that no further repairs are sought by the Complainants. 	<ul style="list-style-type: none"> • CAO suggests that APLR be involved in facilitating a meeting between GeoTek/SPJV and the Complainants, to explain in detail the standards used for blasting, to propose to Complainants to attend testing at another location with similar conditions, and to renew GeoTek’s offer to assist in the repair work of house cracks, along with an independent assessment of repair costs.
<ul style="list-style-type: none"> • Grievance mechanism is not functioning. • Lack of responsiveness on BTC Co.’s part in responding to correspondence from Complainants. • Company representatives not showing up to scheduled meetings. 	<ul style="list-style-type: none"> • Most grievances were replied to within 7 days, and closed out within 30 days, although Complainants were not always satisfied with the outcome, according to BTC Co./SPJV. • Some Complainants lodged grievances several times and were rejected repeatedly based on the same evidence, or lack thereof, stated BTC Co./SPJV. • Letters rejecting compensation claims for structural damage have been delivered to Complainants, but they refused to accept the letters, according to BTC Co. 	<ul style="list-style-type: none"> • The absence of an appeals procedure within the existing grievance mechanism has led to an impasse; there is a compelling case here for an alternate dispute resolution mechanism, to increase access to justice for social groups ill-disposed towards the judicial system.

6. TSIKHISJVARI

This complaint was raised by an individual in Tsikhisjvari village. The Complainant alleges that BTC has not compensated him for the use of an access route through his private land, and that the opening of the route has resulted in a loss of income. The Complainant claims ownership on a parcel of land adjacent to a BTC construction road. CAO was shown a certificate that states the Complainant just purchased the land in May 2000. This purchase was part of a privatization of a former collective farm which appears controversial and the validity of the purchase certificates has been questioned. The Complainant further alleges that BTC has been unresponsive to his concerns.

Complaint Allegation	BTC perspective	CAO Conclusions and Recommendations
<ul style="list-style-type: none"> • BTC vehicles have been using an alternative route since June 2002, through Complainant's private land, which he uses as a hayfield. • Complainant has suffered a loss in income, since the area of land available for hay production has been decreased by truck damage and traffic. 	<ul style="list-style-type: none"> • Construction vehicles are using the road that runs adjacent to the Complainant's alleged hayfield. However, there is no evidence that the Complainant owns the land, although it is a common village hayfield and may be used by the Complainant. Official Land Registry extracts show that 1) Complainant does not own the land he purports to, and 2) he did own, and was compensated for, land in the pipeline ROW. • According to BTC Co. the Complainant did own a parcel of land intersected by the pipeline construction corridor, and was compensated already for that parcel. • BTC advised CAO that the land claimed by Complainant had the same shape shown in his land title, but it did not exist at the location shown. Whether this is the fault of unreliable mapping, or some other issue is not apparent to the CAO. 	<ul style="list-style-type: none"> • BTC to undertake participatory verification of Complainant's land claim through GIS production of a large-scale aerial photograph of the area showing the pipeline route, the access road, and as much topographic information as possible; CAO suggests that APLR help facilitate this process.

<ul style="list-style-type: none">• Complainant has approached BTC Co. and SPJV without success.	<ul style="list-style-type: none">• On 23 June, 2003, BTC replied to the Complainant's request for compensation, and asked for proof of ownership of the land parcel in question. Delays occurred due to the difficulty in obtaining reliable and accurate proof of ownership. A representative of SPJV met with Complainant in June 2003, and offered him hay crop compensation money, but the Complainant demanded full compensation and purchase of the land.	
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CONCLUSIONS AND CONSOLIDATED RECOMMENDATION

The table overleaf summarises the history and substance behind all seven complaints received by the CAO on 21st May 2004. With the exception of the Rustavi complaint, which was rejected, as it is currently the subject of judicial proceedings, all complaints relate to the impact of construction activities, and all of the six accepted complaints raise concerns about the effectiveness of existing grievance processes. In addition, two complaints specifically noted their concerns – in terms of confidence, time and expense - about raising their appeals to the Georgian courts, noting that this is the only avenue open to challenge a decision made by BTC.

CAO appreciates the complexity of the BTC project and understands the extensive measures that have been put in place to manage impacts relating to land as well as construction. In considering the specific complaints raised to our office, we believe that there are three contributing factors, which would have reduced the likelihood of these types of complaints arising:

- Greater capacity and resources of the Community Liaison Officer team, enabling them to have more frequent and direct interface with communities before construction began;
- Improved capacity within the team managing grievances so that concerns could be answered more quickly, and in a more personal manner.
- An independent appeals mechanism to which claimants could take grievances which they felt had not been adequately addressed by the grievance system.

CAO believes that it is in the interests of Complainants and BTC that complaints are resolved locally, building the capacity of Georgian civil society and improving the direct relationship between BTC and its stakeholders.

In addition to each of the specific complaint recommendations, **CAO recommends that BTC work with existing parties to promote the development of an effective and trusted appeals body to resolve these types of complaints locally.** This body could involve trusted international parties if required. CAO stands ready to assist in the development of such a process and, if requested, to contribute to the design and implementation of an effective dispute resolution body.

SUMMARY OF SEVEN COMPLAINTS RECEIVED BY CAO on 21st May 2004

Complaint <i>(Date of CAO acceptance/rejection)</i>	History of complaint	Substance of Complaint	Number of Days for Reply to Grievance
RUSTAVI (8/6/2004)	<p>After negotiations to purchase land were unsuccessful, in February 2004, BTC filed suit against 32 landowners to obtain Right of Way over private land.</p> <p>Complainants sent letters to BTC, EBRD Representative, World Bank Representative and GIOC on 29 April 2004.</p>	<p><i>Complaint Rejected</i></p> <p><i>CAO will not intervene where a court case involving disputing parties is pending.</i></p>	
BASHKOVI (8/6/2004)	<p>First compensation request sent to BTC on 14 April 2004</p> <p>BTC letter of 1 June 2004</p>	<ul style="list-style-type: none"> • Construction impact: Damage to honey production and livelihood of individual claimant. • Grievance mechanism cited as unresponsive. 	<ul style="list-style-type: none"> •
DGVARI (8/6/2004)	<p>No record of official complaint lodged, and Complainant approached CAO in confidence. Government of Georgia had commissioned studies that indicated risks of landslide to this community. BTC commissioned additional study of landslide risks in February 2004.</p>	<ul style="list-style-type: none"> • Construction impact: Increased risk of landslide damage to settlement? • Disclosure and consultation: Village representatives claim not to have been informed during ESIA planning processes. • Grievance mechanism cited as unresponsive. 	<ul style="list-style-type: none"> •

<p>SAGRASHENI (8/6/2004)</p>	<p>First letter sent to BTC on 3 September 2003</p> <p>Standard reply letter forwarded by APLR sent mid March 2004</p> <p>Vibration monitoring testing carried out on 15 July 2004</p> <p>Letters rejecting grievance dated 28 July 2004</p>	<ul style="list-style-type: none"> • Construction impact: vehicle traffic causing damage to buildings? Increased dust, route taken and speed limits questioned. • Grievance mechanism cited as unresponsive. 	<ul style="list-style-type: none"> •
<p>TSIKHISJVARI (8/6/2004)</p>	<p>Letter of complaint sent on 12 March 2003, according to Complainant</p> <p>First letter of complaint to BTC received on 27 May 2003, according to BTC</p> <p>BTC reply requesting proof of ownership dated 23 June 2003</p> <p>Final reply from BTC sent 21 July 2003</p>	<ul style="list-style-type: none"> • Construction impacts: loss of hay production as a result of construction of access road. • Grievance mechanism cited as unresponsive. 	<ul style="list-style-type: none"> •
<p>TETRITSKARO (GELASHVILI.) (8/6/2004)</p>	<p>Letter of complaint to BP dated 20 October 2003</p> <p>Letter of Complaint to SPJV dated 23 October 2003</p> <p>Meetings held on 1 and 11 November between Complainant, CLOs and construction manager</p>	<ul style="list-style-type: none"> • Construction impacts: property damage as a result of traffic; dust pollution and flooding. • Grievance mechanism cited as unresponsive. 	<ul style="list-style-type: none"> •

<p>TETRITSKARO (8/6/2004)</p>	<p>First letter of complaint to SPJV dated 21 January 2004</p> <p>GeoTek's blasting inspection report of 2 February, based on blasting carried out on 10 January 2004</p> <p>Letter of complaint to SPJV dated 2 March 2004</p> <p>Complaint logged by BTC on 6 March</p> <p>SPJV letter (with blasting report) dated 20 May 2004</p> <p>Complaint closed in BTC Log on 2 June 2004</p>	<ul style="list-style-type: none"> • Construction impacts: Damage to housing as a result of blasting? Failure to pre-notify community prior to blasting. • Grievance mechanism cited as unresponsive. 	<ul style="list-style-type: none"> •
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