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Pipelines, Participatory Development and the Reshaping of the Caucasus

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ABSTRACT: *This article presents an analysis of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline (traversing Azerbaijan, Georgia and Turkey), and its impact in reshaping the regionalism of the Caucasus. The article moves beyond dominant realist understandings of the region to concretely identify the core processes reordering not only the relationships between nation-states, but state-society and intra-society dynamics also - relationships central to defining regionalism. Crucial here are the expanding boundaries of capital accumulation and the methods deployed in this task. In regard to the latter, the contradictions accompanying earlier accumulation drives have pressured capital and the multilateral organisations that assist it to relegitimise their efforts and mitigate their risks with an approach that draws upon neoliberal 'participatory development' and corporate social responsibility (CSR). However, while the deployment of such new methods for expanding capital accumulation achieves capital's immediate aims, it concomitantly sets in train processes that make village life more precarious, that further empower corrupt autocrats, and which alter the relationship between state and citizen in favour of foreign capital.*

Keywords: Baku-Tbilisi-Ceyhan; Caspian; Caucasus; corporate social responsibility; International Finance Corporation; participatory development

In the centre of Baku, Azerbaijan's capital, there is a flurry of construction activity. Many of the city centre's grand old buildings are being restored by teams of workers atop of scaffolding armed with angle grinders labouring away to reveal the structures' original facades. The buildings under renovation house shops selling some of the world's best known mid-to-high end consumer brands. On the surface it looks like western capitalist development is taking place in the former Soviet republic. However, a few casual indicators suggest to the visitor that this is a country a long way from the final stage of some universal modernisation process that terminates with the blossoming of liberal markets, liberal politics and rule of law. Adorning the rundown promenade that skirts the oil-coated Caspian lapping at Baku's shore are pictures of the former president and local head of the KGB, the late Heydar Aliyev, and his son, Illham (the current head of state, former prime minister, and vice-president of the national oil company). Indeed, reminders of the Aliyevs are readily apparent all around Baku, with the surname being lent to myriad pieces of prominent infrastructure (not to mention the BTC pipeline itself, which is formally known in Azerbaijan as the Heydar Aliyev BTC main export pipeline). This over-the-top public projection of the Aliyev name, which is consistent with autocratic politics the world over, is complemented in a very public way by another arm of the state: the police. At various strategic locations around Baku, the local *gendarmerie* (driving five series BMWs that contrast markedly with the city's ubiquitous run-down Ladas) set up road

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blocks that seem to predominantly operate as informal ‘toll booths’. This picture of a corrupt state (which Transparency International ranks as 158 out of 180 in its corruption perception index (Transparency International 2008)) governed by an entrenched kinship-based executive is neatly rounded off when an officer at Heydar Aliyev International Airport attempts to ‘collect’ money from you in whatever currency you happen to be carrying.

Nevertheless, Baku is undoubtedly undergoing significant change, much of which is connected to the unprecedented increase in the exploitation of hydrocarbons lying off Azerbaijan’s coast in the Caspian Sea. Indeed, the change is part of a broader transformation unfolding within the immediate region, a transformation that is in no small way connected to the BTC main export oil pipeline (and the gas pipeline that follows much of BTC’s path – the South Caucasus Pipeline or SCP). BTC and its natural gas-sibling are no less than the key conduits for shifting Caspian hydrocarbons from their landlocked location to regional and international markets, consciously bypassing Russian and Iranian transit options (existing and otherwise).

The process of opening up the exploitation of Caspian hydrocarbons *en masse,* in which BTC and SCP are central, has been far from frictionless or trouble-free – with the war between Georgia and Russia in August of 2008 being particularly indicative. It is a story of politics at multiple levels (local, national, regional and geopolitical), involving an impressive cast of actors. There are the doyens of market expansion in the underdeveloped world – the international financial institutions (such as the World Bank and the European Bank for Reconstruction and Development or EBRD), a wide variety of activist/advocacy and implementing non-governmental organisations (NGOs), transnational and domestic capital and, of course, states and their citizens.

This article charts the roles that these actors play in the transformative process unfolding in the Caucasus as it relates to the Baku-Tbilisi-Ceyhan (BTC) pipeline – one of the most significant pieces of trans-national infrastructure built in recent times. What makes BTC significant is not simply its cost (with total associated project investments of around US$20 billion), nor its length (at 1,760 kilometres), nor that it traverses three countries that are home to myriad conflicts and difficult terrain. What makes BTC significant is that it is a piece of infrastructure that has played, and continues to play, a formative role in the ongoing transformation of politics at multiple levels in the Caucasus and beyond. The central task of this article contrasts somewhat markedly with many of the existing ‘great game’ analyses of the region. The argument presented here attempts to capture the complex array of actors *and* techniques that have wrought change on the intersecting political topographies of populace and state. I describe a process of *reterritorialisation* (Craig and Porter 2006: 24-25), where the governance (configuration of power) of particular spaces (villages, the state, the nation-state and the region) is impacted by the expanding global market. Here, the material realities of the logic of capital accumulation, propelled by the language of ‘corporate social responsibility’ (CSR), and imbued with the ideology and practice of ‘social neoliberalism’, generate a messy amalgam of governance arrangements, ranging from new western-crafted legal relationships between states and between states and their citizens to the empowering of patrimonial autocracies.

The article begins by surveying some of the more common understandings of the region concerned and then stipulates a different approach; an approach that emphasises the role of capital accumulation and its associated contradictions. The second section of the article provides historical context, delving into an analysis of the pre-BTC period, from the signing of the first major oil contract in Azerbaijan (the cocalled 'contract of the century') up until the routing decision for the pipeline. The third section makes apparent the participatory development/CSR elements brought to bear on the development, construction and operation of BTC, detailing how these elements have been central in legitimising and operationalising a project that has reordered governance in the region. Here, we demonstrate how capital and its various assistants have developed an impressive array of 'expertise' and legitimation tools to make a complicated transnational project like BTC move forward quickly. However, this well orchestrated exercise in market opening comes with costs, which the final section of the article analyses at four spatial levels (the local, the national, the regional and the supra regional). The article concludes by asserting that despite the efforts deployed by both the private consortium associated with BTC and the involved multilateral organisations, the conflict generated by such a project at various levels is significant and not easily mitigated (or even dealt with at all) by the sets of safeguards and processes within the CSR/participatory development toolkit. In the end the interests of capital are secured. However, this occurs to the detriment of many citizens, whose states choose to preference the legal rights of foreign capital above those of domestic constituents, and while an autocratic and corrupt state in Azerbaijan accrues revenues that may destabilise the region as a whole.

Understanding the new 'great game' within the greatest of games

This section briefly summarises some of the existing work on the region with which we are concerned, and, in turn, makes the case for an alternative approach that disaggregates the nation-state (and the state within it) and understands regions and the regionalism that they experience as part of a historically contested process shaped by material relations and the ideologies that are attached to such relations. Contemporary commentary on the Caucasus and the Caspian (hereafter 'the region') often refers to the 'new great game' (Cohen 1996; Kleveman 2003a; Mandelbaum 2000: 23; Norton-Taylor 2001; Omarova 1998: 173). The original 'great game' – a term coined in the early 19th century by British intelligence officer Arthur Conolly and popularised by Rudyard Kipling – referred to the competition between Russia and Britain for control of Central Asia and access to India's spoils (Kleveman 2003b: 3). In no small way implicit in the recycling of such a term to describe the contemporary situation in the region is a fight, largely for resources, being waged *by* nation-states.

This gladiatorial battle is portrayed as one waged by the nation-states of the West (especially the U.S.) and Russia, the other littoral states of the Caspian (Azerbaijan, Iran, Kazakhstan, and Turkmenistan), Georgia and Turkey. These countries are seen as jockeying in a complicated tussle over the Caspian's resources – considered five years ago to be the largest untapped reserves in the world – while attempting to forge strategic alliances in a post-Cold War/War on Terror world (see for example Bolukbasi 1998; Kleveman 2003b; Sestanovich 2008; Shaffer 2005: 343-344). Shaffer, for example, talks of the manner in which the United States, Russia and Iran tussled over Caspian transit routes in a self-interested manner, that is related not so much to the volumes of resources that can be extracted from the Caspian as it is to guaranteeing influence in a region of strategic importance (Shaffer 2005: 343-344). Martha Olcott, while noting that the battle over the Caspian's hydrocarbon reserves may 'make the rapid exploitation of its reserves more difficult', details how nation-states such as the US, Russia and China see their economic and strategic interests as being served by the emergence of the region's states (Olcott 1998: 95-96). Finally, Ebel and Menon (2000), in a volume that touches upon some of the concerns aired below, still adhere to a nation state-centric analysis of the region, indulging in the language of national interest and even suggesting a regional/multilateral regime to manage the tensions emerging out of the exploitation of the region's oil and strategic relevance.

Of course, part (though far from all) of what is going on in the region does relate to politics between nation-states. To be fair, many of the works cited above present useful data and proffer analyses that are not so much inaccurate as they are analytically unsatisfying. However, the reading below of the BTC and the impact that it has had upon power in the region demonstrate that nation-state-centred analyses neither clearly articulate the array of actors and core processes driving shifts in governance at multiple levels, nor sufficiently describe the nature of such shifts. This article makes the case that the emerging configurations of politics (patterns of governance) in the region should be understood as the product of expanding global capitalist relations and the contradictions that this engenders. This is to say that the tale of the region at hand is a tale of that greatest of games – the pursuit of profit.

Capital accumulation necessarily engenders contradiction and conflict as different domestic and international class and issue-based interests variously co-operate, compete and contest the process of realising new surpluses. In the case of resource extraction, this is a process that regularly yields highly asymmetric patterns of development and which regularly involves the conversion of a public resource into private capital (described by historical materialists as primitive accumulation or accumulation by dispossession) (Glassman 2006:610; Harvey 2006: 43). The patterns of past accumulation drives and the contradictions and conflict that they produce cannot be sustained, in a 'legitimate' manner *ad infinitum*. New spatial fixes (Arrighi 2003) must be sought, with fresh territories opened up for exploitation. Novel techniques must be mustered into action by capital – techniques apparently charged with overcoming the negative outcomes of past efforts, but which at their core have the same goal as previous efforts – the expansion of the market and the accrual of profit (and the contradictions that both of these entail). Just as colonialist patterns of accumulation gave way to neo-colonialist forms, contemporary methods of transnational resource extraction are now regularly qualitatively different from times gone by. Indeed, contemporary surplus extraction out of resources involves the latest approaches to consultation and participation – political technologies developed and increasingly mobilised by development agencies and private-sector consultants. This approach (which is complemented in the private sector by some so-called CSR initiatives) comprises a conscious attempt to manage and indeed quell the conflict and contradiction of the materialist drive (while simultaneously promoting it) by deploying the latest methods of consultation, participation and 'sustainable development'. However, the material basis of interests and any process that reorders that basis (altering the balance between winners and losers) drives the very project in question and defines its boundaries (decisions that can and cannot be entertained). More than this though, such approaches to market extension – incorporating environmental and social impact assessments, consultation meetings and the functional involvement of NGOs – cannot possibly manage the forces that they assist in setting in motion; forces that reorder the political relationships between nation-states, state and citizen, and at different levels within society. The sections below chart the internment of the Caucasus and Caspian into the global economy via the BTC pipeline and the structures of governance that attend it.

A contested alliance of state and capital

During Soviet times, oil exploration and extraction largely bypassed the Caspian, with efforts instead focused upon Western Siberia (Ebel and Menon 2000: 4; Omarova 1998: 171). What exploration and production had taken place in the region was severely limited by technological capacity, a fact which in Azerbaijan carried into the post-Soviet era (BTC 2003: 3). Caspian oil requires the use of sophisticated technology, due its great depth, high sulphur content, high pressure and temperature (Omarova 1998: 187). The landlocked reserves also require cross-land transit options (pipeline and rail) to get the reserves to market. Both of these points underscore the highly dependent relationship between Azerbaijan and Kazakhstan and the multinational oil companies which have the technology and ability to mobilise the capital to get around such impediments (ibid).[1] Furthermore, as Omarova (1998: 189-191) notes, understanding the drive of multinational oil companies in the region requires a consideration of the nature of the oil industry and, in particular, its never-ending strategic search for reigning in 'uncaptured' reserves that could potentially affect (i.e. flood) the market and cause prices to drop.

Immediately post-independence, oil became the driving focus for regional states intent on earning income and achieving greater autonomy from Russia, an approach that was however limited by infrastructure for getting the commodity to market (Omarova 1998: 171). The pipelines that did exist to get Caspian oil out of its landlocked locale ran through Russian territory and were managed by Russian companies, with both Azerbaijan and Kazakhstan remaining dependent upon refined imports of oil from Russia (ibid, 172). The interest of multinational oil companies in the Caspian soared around the collapse of the Soviet Union, with countries intent on securing joint ventures – possibilities that were simply not going to come from Saudi Arabia or Russia, where the state continued to dominate the industry (Kleveman 2003b: 4). Some described the enthusiasm for this part of the world as 'Caspian mania' (Ebel and Menon 2000: 1). For the world's most important economy, the United States, the Caspian also promised the possibility of diversification away from Middle Eastern oil, the Oil Producing Economic Co-operation (OPEC) cartel and the reality that many non-Middle Eastern sources of crude were being readily depleted (PLATFORM et al. 2002: 22). Bill Richardson, US Energy Secretary in the Clinton administration, put the Caspian's relevance bluntly:

> This is about America's energy security, which depends on diversifying our sources of oil and gas worldwide. It's also about preventing strategic inroads by those who don't share our values. We're trying to move these newly independent states towards the West. We would like to see them reliant on Western commercial and political interests rather than going another way. We've made a substantial political investment in the Caspian, and it's very important to us that both the pipeline map and politics come out right (quoted in Kinzer 1998).

This sentiment, vis-à-vis the Caspian's importance, was echoed by Dick Cheney, then CEO of oil services giant Halliburton (previously Secretary of Defense under the Bush I administration, then later Vice President under Bush II): 'I cannot think of a time when we have had a region emerge as suddenly to become as strategically significant as the Caspian (Monbiot 2001).'

After a military coup in 1993 orchestrated by the pro-Russian Suret Huseinov, overthrew the anti-Russian incumbent Adulfaz Elchibei, Heydar Aliyev, a former regional chief of the KGB, became President of Azerbaijan (Kramer 2007;

PLATFORM et al. 2002: 23; Shorokhov 1996: np). Aliyev, who in interviews conducted throughout the region for this research was regularly credited with making the BTC and the associated oil boom possible, displayed an eagerness to draw in Western capital in the interests of exploiting the hydrocarbon reserves and securing real independence from Russia (Bolukbasi 1998: 398). While the entry of western oil companies into Baku had begun five years earlier, it was with the signing of the so-called 'contract of the century' in September of 1994 (Sagheb and Javadi 1994) that there was a qualitative elevation in the role of international hydrocarbon companies (and their respective governments) in the region.

The 'contract of the century' constituted a 30 year production sharing agreement (PSA) signed between the Azerbaijan government and a consortium of largely Western oil companies spearheaded by British Petroleum (later renamed BP) and including the US-based Amoco (which later merged with BP) among others.[2] Crucially, for BP, whose capacity (like any oil company) to replace its recovered reserves is crucial, oil in Azerbaijan (and Colombia) offered the prospect of diversifying its portfolio of assets away from reliance upon its fields in Alaska and the North Sea (PLATFORM et al. 2002: 45). The deal constituted a commitment for the development of the offshore Azeri, Chirag and Guneshli (ACG) oilfield, which was at the time thought to contain an estimated four billion barrels of reserves (PLATFORM et al. 2002: 19).[3] Indicative of the perceived importance of the contract of the century to core economies, the signing of the deal in Baku was attended by no less than the US Deputy Secretary of Energy of the United States, the UK Energy Minister and the respective UK and US ambassadors to Azerbaijan (Sagheb and Javadi 1994). Importantly, the contract seemingly became the catalyst for a proliferation in deal signings, with the entry of more foreign capital (from France, Italy, Iran Germany and the US) in the immediate years following (PLATFORM et al. 2002: 24).

Yet there still remained the crucial issue of getting the oil to market. Three pipelines had been considered since 1992: one from Baku to the Russian Black Sea port of Novorossiysk; another from Baku to Georgian Black Sea port of Supsa; and a final option running from Baku to the Turkish Mediterranean port of Ceyhan (ibid: 25). In November of 1997 the decision was taken to push ahead with the Novorossiysk option – an option that had US endorsement insofar as it was only for the relatively small volumes of 'early oil' and so long as the Baku-Supsa option continued to be developed as a solid alternative (ibid). However, Baku-Novorossiysk was not without its problems. The renovated Soviet-era pipeline ran through Chechnya's capital Grozny, delaying the flow of early oil by four months and being subject to ongoing security concerns (ibid). Indeed, the very prospects of the BP-led consortium developing the Baku-Novorossiysk pipeline had played a significant role in the war which had raged in the years previous to the flowing of the 'early' oil' out of Azerbaijan (ibid) – presenting an important early example of the manner in which the opening up of hydrocarbon markets with pipeline projects was impacting the region.

While multiple pipeline routes and an Iranian oil swap option (Hill 2004: 21) for exporting the Caspian's wealth was touted by various interests, a strong push emerged for a 'main export pipeline'. Ideally, this pipeline would bypass Russian territory (despite a bypass pipeline being built around Chechnya in 2000) and avoid the Black Sea and the increasingly congested Bosphorus and Dardanelles (Bolukbasi 1998: 402-404). It would also be capable of carrying much larger volumes of crude oil from Azerbaijan (especially from the ACG field), and potentially Kazakhstan (PLATFORM et al. 2002: 27). There were several potential options for consideration, including various trajectories of the Baku-Ceyhan pipeline (ibid). However, the array of choices masked a rather constrained ‘competitive process’, circumscribed by economic and political realities (Plant 2000). For example, American economic sanctions upon Iran and an isolationist policy towards that country more generally meant that any Iranian option, although economic and efficient in terms of distance traversed, would face prohibitive impediments. Similarly, the Baku-Novorossiysk (which was in poor repair) and Baku-Supsa connections had insufficient capacity and still required transfer through the increasingly congested Bosporus (through which very large crude carriers – VLCCs – are unable to pass) (Morningstar 2006; PLATFORM et al. 2002: 27). Eastern routes entailed great distance and other complications.

Intense lobbying accompanied the pipeline route competition – especially for the Baku-Ceyhan option. Significantly improving the chances of the Baku-Ceyhan option, the Turkish government sought to restrict traffic through Istanbul, where congestion and other navigational hazards were increasingly a concern. Indeed, the Turkish government had fought hard early on for the Baku-Ceyhan option and ensured that its campaign was well coordinated. It put together a team that met regularly, tasked with overcoming the internal clashes of interests between different components of the Turkish state, and a close-knit pipeline working group was formed within the Turkish department of foreign affairs. Subsequently, despite a coalition government in Turkey there was considerable agreement over the project – with the Turkish state (especially in areas of transit fees and pipeline construction) to gain significantly from the project. The Turkish government, under pressure form the US, allayed concerns regarding cost and completion of the Turkish section of BTC, and even offered to cover cost overruns on the project (Hill 2004: 22-23).

The US government, with its traditionally strong connections with and support of the oil industry (see for example Nitzan and Bichler 1995: 481-482; Vallette et al. 2003), had an interest in both ensuring that diversified sources of oil were opened up and, especially post 9/11, that a strategically important area (close to the Middle East and Russia) was ‘on side’. On the issue of diversified supply, the Baku-Ceyhan option meant that VLCCs (capable of carrying around 2 million barrels of oil) could depart from Ceyhan for the east coast of the United States (Interview, 2008). Strategically, the pipeline was an opportunity to build allies in an area of significant interest, close to Russia and the Middle East. Bill Clinton was especially supportive of the Baku-Ceyhan option (hereafter BTC), organising a task force on the pipeline, and creating a special envoy for the Caspian with direct links to the US executive office and the respective heads of state of each of the countries involved. By 1999, Clinton, along with Azerbaijan’s Aliyev, Turkey’s Ecevit and Demirel, Georgia’s Shevardnadze and the Kazakhstan’s Nazarbayev, signed an intergovernmental agreement for the BTC in Istanbul.

Importantly, while the pipeline was seen by some as a political project pushed by the US to secure advantage over Russia in the region, the crux of the matter was that *the economics still had to make sense*. No company or financing body would consider such a project without this most central condition being met.[4] Indicative of this, BTC was initially less than appealing for the European Bank for Reconstruction and Development (EBRD) when oil prices were low (in the 1990s, after the first Gulf War prices oscillated around the US$20, going as low as US$10 during the Asian crisis). However, when crude prices rose (by 2000 it was above US$30) this sentiment changed significantly. Even from BP, the multinational that ended up leading BTC, support for the Baku-Ceyhan pipeline was not immediately forthcoming

(PLATFORM et al. 2002: 39). However, by late 1999 the tide was turning and the prospects of the project looked good enough for the company, despite the reticence of other oil majors, to negotiate agreements in Washington with the US and the other countries involved (ibid.). While doubt remained on the part of some that there was insufficient oil to make the pipeline viable, others speculated that the possibility of using it to transit oil out of Kazakhstan in the future increased its appeal significantly. What remained to be organised was financing and construction of the pipeline. Importantly, this would involve a complex marriage between multilateral financing organisations, such as the World Bank's International Finance Corporation and EBRD (which would assist in mitigating political risk and mobilising other sources of money), export credit agencies, private finance and, crucially, the latest methods of participatory development and CSR.

Participatory development and the conduit of reterritorialisation

People that worked on BTC are keen to point out that from the very outset BP was determined to do something different with the project; to 'get it right' as it were. Indeed, despite the company having to commit to particular standards and practices if it were to secure financing from the likes of the IFC and EBRD, people often emphasised in interviews that senior BP personnel wanted to go beyond the minimum with BTC. Under the stewardship of John Browne (who had taken to the company's helm in 1995 and was later both knighted and made a lord), BP had embarked upon a massive US$200 million rebranding exercise, which led to a change of its logo and name (abbreviated from British Petroleum to BP), the running of an add campaign that emphasised the company's environmental credentials and the adoption of the tagline 'Beyond Petroleum' (Frey 2002). Notably, Browne had increasingly developed a reputation for bucking the trend of other oil companies on the issue of climate change (especially those such as Exxon that were actively encouraging scepticism around the issue) (ibid.). During the late 1990s, BP was undoubtedly a company undergoing significant change in both its pitch and practice.

This change had not only come about amidst the interest in climate change though. Indeed, the company had been facing criticism over various issues, prominent amongst which were those related to its investments in Colombia and Angola. In Colombia, the company had been making direct payments to the military, which was accused by organisations such as Human Rights Watch of gross human rights violations, and the hiring of a private security company involved in 'giving lethal training to the Colombian army, importing arms and setting up intelligence networks to monitor individuals opposed to the company' (Christiansen 2002: 9). In conflict and corruption-ridden Angola, BP (along with other oil companies), attracted attention for operating in a country where non-transparent oil-related income (the country's biggest earner) was being used to fund arms purchases involved in the country's protracted conflict (ibid: 11; Human Rights Watch 2001). In response to significant pressure (often from non-governmental organisations – NGOs), in both cases the company took remedial action. As early as 1997, the company was making noises about the importance of transparency in relation to oil payments in Angola and it commissioned an annual social impact assessment, which included stakeholder consultation and analysed the impact of the group's operations (Christiansen 2002: 11). By 2001, the company committed to publishing key figures of production and payments associated with its oil operations in the country, setting new standards of transparency (Human Rights Watch 2001: 5). In Colombia, new agreements were drawn up that meant direct payments to the military security forces were no longer made. Furthermore, the company brought in NGOs and external observers to monitor its operations in the country, spent US$30 million on social investment programmes and ran workshops on ethics (Christiansen 2002:10).

By the time BTC came to fruition BP was trumpeting an approach to pipeline construction that would prominently place monitoring, extensive consultation processes and local-level investment initiatives at its centre. BP's approach on BTC exhibited a fondness for activities that are now commonly referred to as CSR – an umbrella term encapsulating a range of efforts, from adopting voluntary codes of practise to community investment programmes – which was growing in popularity alongside the ascendancy of market-based approaches to addressing social welfare issues more generally. High profile brands (including BP, Nike and others) had begun to change practices in response to negative media attention and concerted activist campaigns, relegitimising their operations by signing up for voluntary codes of practice that were regularly surplus to the requirements of domestic law (Florini 2005: 104). In this reorientation, new non-philanthropic social measures, such as community investment programmes (CIPs), also became popular with the corporate sector, part of a systematic attempt on the part of high-profile brands under siege to relegitimise their activities by acknowledging and redressing their more immediate and apparent misdeeds. Importantly, for the corporates leading the charge on this offensive, this emerging approach served as both a form of risk-management and social legitimisation, allowing the demonstration of social concern while simultaneously protecting brand-image and customer bases.

The spread of CSR exhibited significant compatibilities with the realignment of neoliberalism occurring around the same time, in both the developed and underdeveloped world. In developed countries, governments such as Blair's 'New Labour' government in Britain were at the forefront of attempting to address social problems within the market-led paradigm. This trajectory maintained the neoliberal privileging of the private over the public, and reified 'community' as crucial in addressing social needs and emphasised citizen rights as inextricably connected to responsibilities (Craig and Porter 2006: 78). In the underdeveloped world, the World Bank had been developing and championing its own sort of socialised neoliberalism, the impetus for which stemmed from the organisation's (and market-led development's) very own crisis of legitimacy, with the Bank reeling from the fall-out from its projects and programmes, which had attracted sustained attention over time from activists operating at various levels (Carroll 2009a).

Crucially, the Bank's reorienting of market-led development – much like Blair's Britain – in no way shed its neoliberal fundamentals. What it did do however, was address the manner in which these fundamentals were to be delivered and embedded. Importantly for our discussion here, this new social neoliberalism deployed particular political technologies – that is methods to assist with the embedding of particular projects and programmes (Carroll 2007, 2009a, b; Carroll and Hameiri 2007). Specifically, these new technologies included participatory approaches and consultation exercises designed to circumvent or dissolve implementation impediments. The core concern underpinning much of this was not to have input from newly empowered citizens in shaping the development and deployment of particular programmes and projects (the instrumentalist nature of the technologies simply would not allow for this). Rather, the technologies were executed in a manner that sought to build constituencies for particular agendas and marginalise opposition, in tandem with technocratic efforts to avoid some of the problems attending past efforts – especially environmental and social problems associated with large-scale infrastructure projects. In this process there was also significant experimentation with new types of community development projects and programs and new social safeguard measures such as Participatory Poverty Assessments and Participatory Rapid/Rural Appraisals (Craig and Porter 2006: 78-79). This social neoliberalism involved the increasing internment of NGOs and social and environmental 'experts' into 'development' practice, with organisations such as the World Bank 'reaching out' to civil society during the late 1980s and early 90s, and in particular those elements of it congenial to the operationalisation of neoliberal development (ibid: 61; Davis 2004: 4, 13).

In the case of BTC, these two very compatible trends (corporate social responsibility and the new socialised-neoliberal model) came together in a highly symbiotic way. Emphases upon transparency, accountability, community consultation and involvement, and environmental and social safeguards were placed at the forefront of the project's design. On the BP side, figures well-experienced in the management of politically sensitive corporate issues (such as nuclear waste) were drawn in to manage relations with myriad NGOs, the international finance institutions and governments. Local and international experts on environmental and social matters were commissioned. High profile NGOs, such as CARE and Mercy Corps, were brought in to manage community investment programs (CIPs) focusing predominantly upon areas affected by the pipeline and funding a range of activities, ranging from school renovation to the 'social-market' initiatives such as micro-finance (BP, nd).

On disclosure and consultation, BP committed to 'publish what it paid' (and Azerbaijan, via its oil fund (SOFAZ), agreed to disclose what it received). Further, a vast volume of material was generated and disclosed relating to the environmental and social impact assessments (ESIAs), with international (from the US and UK) and local firms contracted to conduct the ESIAs in the various countries (PLATFORM et al. 2002: 53; Townsend 2002). The ESIAs built in consultation processes of significant size, including time periods of sixty days set aside for the purpose of garnering 'comment'. In Turkey, consultation meetings were held with no less than 260 NGOs and 60 media organisations, with local level interviews held with almost 2,000 households (Townsend 2002). In Azerbaijan, BP organised a field trips to various areas along the pipeline route for NGOs with environmental concerns (PLATFORM et al.). Also in that country, a comprehensive public disclosure and consultation plan was developed that emphasised the project's adherence to World Bank standards on issues of pubic consultation and outlining the consultation requirements of other organisations that would be involved in the project (the IFC, EBRD and various Western export credit agencies). This document also stipulated how consultation issues would be handled over the life of the project, from project planning to decommissioning (South Caucasus Pipeline Company and BTC Company 2003). External monitoring and ongoing review processes were also made part of the project, with several of these demonstrative of a dynamic approach to risk management that evolved with the project over time.[5] Further to this, national NGOs were marshalled for the purposes of monitoring, and a social review commission was established in Azerbaijan (which included figures from Transparency Azerbaijan and Open Society Institute). BP also conducted annual reviews for the various social and resettlement action plans that would later become part of the project. Finally, efforts were also made in the crucial area of revenue management. In this respect, BP publicly committed itself to the Extractive Industry Transparency Initiative (EITI) in

Azerbaijan, with the country becoming a pilot for the initiative.[6] In total, BP's efforts entailed a comprehensive approach at the cutting edge of extractive industry risk management – risk in the construction phase to the project's smooth progress and risk stemming from the fall-out from social and environmental repercussions of the project (PLATFORM et al. 2002: 50). Confirming this, one BP staff member at the centre of managing the impact assessments proclaimed in BP's magazine, *Horizon*, that 'social investment [was] a tool in an "arsenal of risk management"' (ibid).

However, comprehensive risk mitigation efforts for this massive market expansion project would extend beyond BP. Because of its perceived riskiness to private capital, BTC would require massive injections of public capital and public-backed insurance. Here the export credit agencies and bilateral financing institutions of the US, the UK, Japan and others teamed up with the EBRD and IFC to lend more than a hand. In total, the funding model proposed put up US$1.7 billion of public money for the project, in a 70/30 debt/equity structure (Lazard 2005). The involvement of these organisations was crucial to for political risk mitigation generally and, in turn, securing private sector financing at better terms than otherwise would have been possible. The IFC (which had invested in the 'early oil' project that BTC was an extension of) and the EBRD came to the project armed with their sovereign country membership, direct connections with recipient governments and positions as custodians of important purse strings, giving some sense of assurance for capital vis-à-vis host governments. Here, IFC, EBRD (and the others) played the much-underappreciated role of 'confidence-builders' in the process of opening up the Caspian's pickings, assisting in attracting the private doyens of the financing world, including Citibank, ABN Amro and Société Générale to finance the remaining (minority) amounts.

Yet beyond playing a role in mitigating risk for BP and assisting with money, the IFC and the EBRD had some risks of their own to mitigate. For example, as noted above, the World Bank Group (including the IFC) was no stranger to critical voices dissecting its operations, including in its sponsorship of large-scale oil and gas projects. On this last point, one IFC staffer who worked on BTC noted in an interview, that the IFC had learned lessons with the Chad-Cameroon pipeline[7] – an earlier project of similar size to BTC. With Chad-Cameroon, the Bank Group had made unprecedented efforts to mitigate the risks of the 'resource curse', notably building in technical assistance projects relating to revenue management and applying its safeguard policies (with an external monitor assessing compliance every quarter and the production of a 19 volume Environmental Management Plan) (International Finance Corporation nd; Pegg 2005). Yet for all of this, Chad-Cameroon received pronounced criticism from NGOs, who brought claims to the Bank's Inspection Panel, alleging that the Bank had breeched its own implementation policies (Friends of the Earth International nd), and culminating with the Bank's panel acknowledging 'numerous trespasses of its environmental assessment policy…and violations of its operational directives on poverty reduction and economic evaluation (ibid).'

As a large-scale, transnational oil project involving countries with well-established track records of corruption and conflict, BTC had much in common with Chad-Cameroon. This could only have raised concerns with people within the IFC and other sections of the World Bank (which was simultaneously busy undertaking its Extractive Industries Review, an assessment exercise to respond to 'stakeholder concerns' with regard to resource extraction and its connection to human rights and the environment). No doubt adding additional anxiety, BTC's development was also accompanied by a concerted international campaign from a network of NGOs that spanned from London to Baku. The groups that formed the 'Baku-Ceyhan Campaign', a group of regional and international organisations including Friends of the Earth International, CEE Bankwatch and the Kurdish Human Rights Project, were the most high profile. Letters regarding concerns over BTC were variously written by these NGOs and others (including Oxfam) to the World Bank's President (James Wolfensohn), to core personnel at the IFC and EBRD – not to mention senior office holders within the relevant departments of financing countries. Direct protest action accompanied these efforts, with the offices of both the EBRD and Environmental Resource Management (one of the firms contracted for ESIA work on BTC) occupied by activists with environmental and political concerns. Discussing the increased activity of advocates and activists around BTC, the IFC's board became very anxious, with deliberations taking place over whether this was a project that the organisation should be involved with (and some apparently arguing that this was *precisely* the sort of project IFC should be involved with) (Interview, 2008).

The IFC's approach to BTC was also shaped by its involvement with the 'early oil project' in Azerbaijan, which the organisation had provided finance for in 1998, and the efforts of other multilaterals (International Finance Corporation 2003: 3). The International Monetary Fund (IMF), for one, had earlier made the receipt of an Enhanced Structural Adjustment Facility (ESAF) loan conditional upon the establishment of a formal oil fund 'with explicit operating, investment and expenditure rules (Bagirov et al. 2003: 107-108).' Without this in place, one person noted in an interview, the IFC would have been reticent to participate in BTC. However, with the fund in place, IFC's approach to BTC paid significant attention to addressing other potentially problematic areas within the existing project's structure, in particular expending considerable effort upon issues of disclosure. The organisation did two years (or 6-7 IFC 'man years) of due diligence on the project and urged the BP and its affiliates to produce a Regional Review (a document that would 'complement and supplement' the ESIAs, addressing issues that had not been addressed – such as the background of the pipeline's controversial route).[8] It also demanded the release of an Environmental and Social Action Plan (ESAP), Resettlement Action Plan (RAP) and disclosed its ongoing dialogue with NGOs concerned about the project (International Finance Corporation 2003). The organisation insisted, successfully, on the releasing of the Host Government Agreements (HGAs) and the Inter-government Agreement (IGA) – the core governing legal frameworks for the project. Both IFC, at its board's demand, and EBRD also convened six multi-stakeholder meetings (two in each of the affected countries) prior to signing off on BTC (CDR Associates (on behalf of IFC and EBRD) 2003). The organisation also demanded a commitment register and action plan to govern the responsibilities of contractors. Finally, IFC partnered with BP and others to establish the Small and Medium Enterprise (SME) Linkage Program (echoing similar efforts with the Chad-Cameroon pipeline), which sought to assist local companies realise benefits from the BTC project.[9]

All in all, the BP-led group and the IFC, propelled by their previous experiences with earlier projects and, in particular, the attendant pressure received from opponents and critics, made significant efforts towards legitimisation of the project upfront and risk mitigation. Allegiance to a variety of voluntary codes was pledged and standards were woven into the project documents that were above those required by domestic law and commensurate with those of EU countries (Reyes 2006: 860). Large portions of the one million people affected by the pipeline were systematically consulted. Environmental and social experts were called upon, and

NGOs were drawn in as both implementing partners and monitors. An oil fund was in place, subject to transparency requirements, to ward off the 'resource curse' and ongoing reviews were given a critical place in the evolution of the project. Disclosure of the vast volume of official project information played a central role also. Taken together, this array of measures constituted no less than state-of-the-art project practice within the extractive industries.

Reterritorialisation realised

What 'participatory development' and CSR, above all else, bring to a project like BTC is legitimacy and mitigation of risk – for capital and the likes of IFC and EBRD. Yet mitigating risk for domestic populations is another matter. As we will see, many of the negative reconfigurations of power unleashed by BTC are well beyond manageable by the sorts of technocratic efforts deployed by BP, the IFC and others. Many simply result from the pursuit of accumulation unfolding in highly unequal and conflict-prone environments – by-products of market expansion. In this section, we examine four different, yet related, shifts in governance that have taken place with BTC. This list is intended to be illustrative rather than exhaustive, with each example chosen to demonstrate the manner in which exposing of the region to the global market impacts upon political relationships at different, though intimately connected, spatial levels (the local, the national, the regional and supra-regional).

Four levels of change

In the mountains above Borjomi in Georgia, is the village of Tabatskuri. Access to the village is attained via a very rough, unsealed road which is impassable for several months during winter. The terrain around Tabatskuri is awe inspiring; vast tracts of undulating land and a large lake with a single snow-capped mountain as its backdrop. The only signs of life outside of the village are the odd herd of cattle being driven from one pasture to another by men on horseback and a security detail here to secure the BTC (and the SCP). Surveying the landscape from a point just above the village, one can see a set of warning signs accompanying a tract of land (approximately twenty metres wide and stretching as far as the eye can see) that looks slightly different to the surrounding terrain. This topographical feature and the security detail stationed near it in their Land Rover are the only indicators of the pipelines, which are buried underground.

Upon arrival in Tabatskuri proper (a kilometre or so from the pipeline), we attract immediate attention from the locals, drawing a crowd, who initially think we are there in some capacity for the BTC Company (having been paid numerous visits in the past). Our translator clarifies, explaining our research interest. The congregation that we have attracted grows in size – reaching about thirty. Certain senior figures step forward to make their feelings on the pipeline known. People voice concerns about the possibility of something going wrong with the pipeline (including the potential for it to be sabotaged or attacked). Land compensation and reinstatement issues are also aired. People mention a division between those that received money and acquiesced to the project and those that compensation bypassed (this latter group dominating the ranks of the protesters at the local construction site that were aggressively met by *spetsnaz* (special military) forces). On the issue of reinstatement, villagers mention that even those compensated for their land were given incorrect information about reinstatement, with the military apparently keen to keep the pipeline clear of their ‘interference’.

Initial consultation exercises conducted for BTC indicate that the project was popular, bringing possible (albeit) temporary jobs for often very poor local communities. It is, of course, unsurprising to find people in highly-marginalised situations interested in any activity that might improve their lot. However, how remaining complaints and concerns generated by the project get ‘managed’ seems complicated and unclear, despite the channels of recourse open within domestic jurisdictions, the IFC and EBRD. People within IFC have acknowledged problems with land compensation and efforts have been made to address these claims. BP people who worked on BTC privately acknowledge mistakes made in this area, both of the company and the contractors involved and are confident that they have ‘broken the back’ of claims over land. Some villages have also taken their complaints to be addressed by multilateral mechanisms, such as the EBRD’s Independent Recourse Mechanism, which has highlighted problems emanating, for example, from the government-supplied land title information (European Bank for Reconstruction and Development nd). However, the villagers at Tabatskuri must now exist with new anxieties and tensions, which are here to stay. The problems experienced at this level speak to the limits of ESIAs and the broader efforts made to address issues for local people. Here, the state – keen to see the project move ahead and generate transit revenues – and the disaggregation of responsibility in the construction process (involving sub-contractors), sets up an arrangement that can generate less than desirable outcomes for those affected. How these could be better addressed is a matter of significant complexity. Improvements could perhaps be made in screening and monitoring contractors, for example. However, here one IFC staffer noted in relation to BTC (and big companies across the board) that accountants always apply pressure to squeeze down pricing on contracts, cutting costs where they can and projects suffer as a result – especially in areas pertaining to social and environmental concerns. Further, the reality is that BTC impacts upon highly-marginalised communities that relate to the state and pipeline companies in highly asymmetrical ways, ways that an ESIA can try to control for on paper but, which in reality are regularly beyond its capabilities.

This reality is even more apparent when we look at the reconfiguration of power that BTC has generated at the national level – especially in Azerbaijan. The pipeline and its associated projects have brought unprecedented wealth to the Azerbaijan state; a state governed by a form of patrimonialism characterised by systemic corruption, fixed elections and the repression of opposition voices. BTC draws much of its oil from the ACG field which accounts for 65 percent of Azerbaijan’s oil and the dramatic recent increase in Azerbaijan’s oil exports (which grew from 215 thousand barrels per day in 2003 to 721,000 barrels per day in 2007) (Energy Information Administration 2007). This increase in oil output has had a dramatic impact upon growth. In 2004, just prior to BTC’s commissioning, the country’s GDP was growing at 10 percent. By 2006, the year BTC started exporting oil, GDP growth soared to just under 35 percent – the highest in the world) (World Bank 2009). Money accrued in the state managed oil fund, SOFAZ, jumped from US$692 million in January of 2003 to US$11.2 billion in 2008 (Bagirov et al. 2003: 110; Gronholt-Pederson 2009).[10] In 2006 oil accounted for 53 percent of GDP and estimates offer that it underpins around 70 percent of all fiscal expenditure (International Crisis Group 2007: 9-10). Importantly, the flow of oil has allowed for an improvement in several, simple base-line indicators, including a drop in absolute poverty (World Bank 2009). However, two core areas of concern exist relating to the connection between a big increase in oil revenues and governance in both Azerbaijan and the region. The first is the relationship between oil flows and the further empowerment of a state replete with corruption, governed by a narrow elite. The second is the capacity that new revenue streams give to such a state to aggressively redress its territorial losses to Armenia in Nagorno-Karabakh.

The size of Azerbaijan's natural hydrocarbon assets is open to considerable debate, and the price per barrel of oil plays an important role in the revenue that Azerbaijan will realise from the exploitation of its reserves. However, there does seem to be some agreement that the country's oil flows will be fairly short-lived, peaking around 2010 at approximately 1.3 million barrels per day (Auty 2006: 59; World Bank 2006: 2-3) – a little more than BTC's current capacity. Material on Azerbaijan, from the Bank and elsewhere, thus talks of the importance of prudent use of these reserves. Emphasis is placed upon avoiding the so-called 'Dutch disease' effect – where the development of the hydrocarbon sector actively damages the development of other sectors of the economy. Concerned with Azerbaijan and its neighbours, Auty (2006: 64) argues in a highly prescriptive manner that the prudent use of oil revenues requires the institutional capacity of a 'developmental state'. Such an idealised state would actively make 'sensible' allocation decisions and which deploy institutions (such as oil funds) to ward off the effects of the Dutch disease and develop projects of high social return. Unsurprisingly, Auty also places emphasis upon the importance of transparency. Yet at the same time he rather soberly recognises that the trajectories of Azerbaijan and Kazakhstan have not followed this optimal direction, despite certain techno-managerial efforts to achieve precisely this. Indeed, what has been evident in both countries has been an emboldened authoritarian tendency running in tandem with the flow of oil revenues (Esanov et al. 2006: 46). Esanov et al. (2006: 40) explicitly argue that the rents derived from the exploitation of hydrocarbon reserves are at the very centre of empowering incumbent elites (and the resisting of neoliberal economic reform) in countries such as Azerbaijan and Kazakhstan. Emblematic of this was Azerbaijan's 1995 'adoption' just after the signing of the 'contract of the century' of a constitution that subordinated its three highest courts to the president (Auty and De Soysa 2006: 142). Further, the president remains virtually shielded from impeachment and budget scrutiny (Auty and De Soysa 2006: 142; Freedom House 2008). In short, as oil revenues flowed, the concentration of power within the respective presidencies of Azerbaijan and Kazakhstan intensified, resulting in states that allocated to the benefit of presidential families and their patronage networks (Auty 2006: 66; Auty and De Soysa 2006:142; Esanov et al. 2006).

Conscious of this, NGO campaigners involved in labour and corruption issues in the oil industry in Azerbaijan made reports to both IFC and EBRD during BTC's formative stages, concerned about the pipeline exacerbating already ubiquitous corruption. In this respect, the Committee of Oil Industry Workers' Rights Protection (COIWRP), an active NGO formed in Azerbaijan in 1996, made explicit their concerns to the IFIs in a report. The report alleged numerous concrete cases of corruption in state-funded construction, and described a system (which interviews in Baku supported), that placed SOCAR at the very centre of corruption in the country; corruption attached to well established patronage networks, extending right to the very top of government (The Committee of Oil Industry Workers' Rights Protection 2003). The likelihood of tackling this corruption with 'good governance-styled' transparency efforts is low, especially given an elite regime known for using repressive tactics against opponents and the media, and where the legal system is subordinated to the

President. Indeed, Freedom House's description of Azerbaijan's 'governance issues' suggests that technocratic efforts at enshrining good governance face a formidable task:

> The judiciary is corrupt, inefficient, and subservient to the executive branch, which hobbles hopes of tackling graft. Arbitrary arrest and detention are common, particularly members of the political opposition. Detainees are often held for long periods before trial, and their access to lawyers is restricted. …
>
> Significant parts of the economy are in the hands of a corrupt elite, which severely limits equality of opportunity. Supporters of the opposition face job discrimination, demotion, or dismissal (Freedom House 2008).

Perhaps most worrying of all though, a report by the International Crisis Group (ICG) proffers that a heavy dependency on oil revenues that will peak in the next few years, coupled with a frustrated populace that has not experienced 'anticipated improvements' in living standards, will possibly be a strong motivating factor upon the government to pursue a military solution to the long-running Nagorno-Karabakh conflict that Azerbaijan is locked in with Armenia (International Crisis Group 2007: 1, 11). On this last point, the ICG notes that 'oil money has given Azerbaijan new self-confidence and the means to upgrade its armed forces (ibid: ii).' In this respect, in 2006 (the year of BTC's commissioning) military expenditures in Azerbaijan rose 82 percent and reached US$1.1 billion in 2007 (ibid: 12). Notably, Illham Aliyev, who succeeded his father in 2003, 'pledged to make [the military budget] equal to Armenia's entire budget' (ibid: 12). The country bought rocket systems, over a hundred tanks and bolstered its air force with the purchase of various models of Russian fighter aircraft. Importantly, the ICG offers that there seems to be reticence to come to make a peace deal with Armenia until it has sufficiently shifted the military balance of power (ibid: i).

Across the region as a whole BTC has also involved a substantive shift in juridical governance imposing a new layer of commitments across all three countries that alter, at least legally, the relationship between state and citizen, between each of those states, and between host states and countries such as the US and the UK. Here, the three individual host government agreements (HGAs) and one inter-governmental agreement (IGA) governing the pipeline constitute a tapestry of governance that attempts to secure the 'right' of 'freedom of transit of petroleum' (Reyes 2006). The HGAs and the IGA are the core of the legal spine to BTC and constitute another layer of risk management, which connects to existing bi-lateral investment treaties (BITs) that each of the host countries has with the US and the UK (home countries to the key investors in BTC and the fields that supply it) (ibid.: 855).[11]

The IGA's role in protecting the interests of BP and its affiliates from incursions emanating from the host states is evident in the way in which it calls for each of the countries to make the IGA 'effective under its constitution as the prevailing legal regime of such state respecting the [BTC] under its domestic law (quoted in ibid.: 857)."[12] The IGA connects to each of the individual HGAs which include clauses (that hold for between 40 and 60 years) and make the states liable for costs resulting from particular events and changing regimes (nationalization, tax, and other efforts that might affect the profitability of the project). The HGAs also include provisions that attempt to capture the best of what the state can deliver, while ensuring the consortium has considerable powers that are typically the preserve of the state. For example, as Reyes notes of the Georgian HGA, the '"rights to land" provisions require Georgia not only to exercise eminent domain but also to turn over that fundamentally sovereign power to the consortium (ibid. 877).' The HGAs also attempt to formalise massive asymmetries of power (Reyes talks in terms of asymmetry of 'rights') by including provisions that allow the BTC operators to cancel the agreement at anytime, while the host countries are bound to abide by the agreement at all costs, even in the event of any breech by the operating company participants or project participants (ibid.: 874). What in effect the IGA and HGAs do is attempt to defray risk for capital, placing certain potential courses of action – by citizens or those holding office – out of the realm of consideration.

At the supra-regional level, BTC has been an important part of forging a post-Soviet era form reordering of power that has incorporated increased western interest, for reasons both strategic and commercial. As one senior EBRD country staffer noted in Tbilisi, 'BTC put Georgia on the map as a connecting country. BTC is about connecting to an important source of oil and Georgia now gets a lot more attention from Europe and the US (Interview, Tbilisi, 2008).' The Russian government had obvious reasons to be against BTC (and SCP) from the very beginning, given that it meant that pipelines passing through its territory would no longer be essential and given also that revenues for Azerbaijan and transit fees for Georgia would increase the autonomy of the former Soviet republics. Notable in this regard, one interviewee mentioned that when BTC was being planned the Russian position was that if Georgia withdrew support for the proposal, Russia would cease involvement in the contested region of Abkhazia (Interview, Tbilisi, 2008).

However, the pipeline proceeded, and quite concomitantly with Georgia's burgeoning relationship with the US (and Europe) too. In the early stages of BTC's planning, Georgia condemned the terrorist attacks of September 11, offered the US staging bases and air space, and contributed troops in Iraq (Center for Defense Information 2007). Running inline with the War on Terror and BTC's development, the country's receipt of significant US aid (military and civilian) also grew impressively.[13] The warm relations between Tbilisi and Washington were further made evident in 2005 when George Bush visited Georgia and described the country as a 'beacon of freedom'(Center for Defense Information 2007). Even though the Georgian regime of Mikhail Saakashvili probably overestimated Washington's support in deciding to pursue hostile action in South Ossetia in 2008, triggering war with Russia, the Georgian-US relationship remains close. Indeed, when the South Ossetia conflict broke out, involving the targeting of munitions directly alongside the BTC (McElroy 2008), the US quickly returned Georgian troops from Iraq, provided humanitarian assistance, and sent then-Secretary of State Condoleezza Rice to Tbilisi (Meikle and Traynor 2008; Milne 2008). In short, while BTC is far from the only factor encouraging US involvement in Georgia (and the region), the pipeline has been a key part of the increasing expansion of Western commercial and strategic interests on the doorstep of a Russia heading in an increasingly ersatz nationalist trajectory.

Conclusion

In an interview in Istanbul one IFC staffer lamented rather forlornly: 'The question is can we improve lives if we get it right? Baku and Azerbaijan are going bad (Interview, 2008).' This sentiment was in tension with the staffer's earlier confidence in initiatives like EITI to make a real difference in avoiding the resource curse. The analysis above suggests that in many ways the measures of participatory development deployed (in areas of transparency, monitoring, consultation, community participation and voluntary codes) cannot come close to dealing with the repercussions of something like BTC. BTC sets in train an unwieldy process of accumulation that reorders governance at multiple levels in less-than positive ways, among other things empowering entrenched elites and introducing a tense new dynamic involving the international heavy-weight states and their regional allies.

What the various techno-managerialist measures that BP and IFC deployed on BTC do is respond to the earlier criticisms of activists and NGOs to relegitimise their activities while ensuring that super-projects such as BTC face as few impediments as possible. These measures are designed first and foremost to legitimise the actions of capital and its assistants and mitigate *their* risks. Yet, as is made evident above, the implementation of BTC has changed the politics of the region at every level, often in very dramatic ways that threaten the security of domestic populations and place many citizens further to the margins. So one question that one might ask is similar to the question above posed by the staffer from the IFC: if this is the result of best practice, does best practice need refinement? Techno-managerialists and those of good liberal intentions would no doubt argue that more can be done to mitigate the negative aspects of such projects. They might suggest that more rigorous rules, imposed via organisations such as IFC and EBRD, could be brought to bear on contracting and sub-contracting. Provisions could also be made that certain benchmarks on political freedom and corruption be met before funding is released (although this would mean that the world's resource rich/governance poor countries would be quarantined from multilateral funding – a situation that neither the oil companies, nor the multilaterals would be easily amenable to).

However, a sober analysis must be cognisant of the limits of such approaches. First of all, history suggests that changes in the behavior of multilateral organisations (and big oil for that matter) are in no small way the result of significant and sustained public pressure at various levels. This means that an evolution in any of the directions outlined above would require more pressure from outside being brought to bear on organisations like IFC and BP. Secondly, even if an evolution in the array of measures could be brought about, it is clear that the presence of institutional and other safeguards is no guarantee that a region will not be adversely affected by a project like BTC. Indeed, what is required is not simply the involvement of NGOs and activists campaigning for shifts in the rules, codes and processes attached to mega-projects, but a more holistic, politicised approach where populations constrain power from pernicious elites and take greater responsibility for the way in which they are governed. With large transnational projects like BTC, such a change would require concerted efforts within both developed and less-developed countries. Without such efforts, market expansion processes guided by experts in participatory development will only be part of perpetuating a conflict prone process that has a great capacity to enrich a few at the expense of many.

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NOTES

[1] Omarova, writing in 1998, noted that ‘Without the companies’ capital, technology, expertise, and marketing power, these states will never be able to profit from their oil.’

[2] Amoco later merged with BP in what was then the biggest industrial merger in history (Alexander’s 1998), giving BP a more than 34 percent stake in the fields relating to the contract.

[3] The CIA currently quotes a 2008 estimate of proven reserves for Azerbaijan of 7 billion barrels. Total proven reserves for the globe are stated at around 1.3 trillion barrels (Central Intelligence Agency 2008).

[4] In discussions with Turkey, Exxon dismissed BTC as political rather than economic.

[5] For example, after gaining the agreement of the Azerbaijan Government in 2008, BP applied the Voluntary Principles on Security and Human Rights (a code that came from the extractive industries companies’ experience in Colombia).

[6] The EITI, proposed by Tony Blair in 2002, sought to improve resource extraction governance via public disclosure and verification on the part of companies and governments.

[7] Notably, the organisation had also performed its all important risk-mitigation role in the Chad-Cameroon pipeline project (Pegg 2005:8).

[8] It was also recognised that ESIAs had not addressed issues of corruption – which gets no direct treatment in the final document. One IFC interviewee mentioned that there was a big difference between the draft Regional Review and the final document because many of the issues were political issues and were very sensitive.

[9] BTC was also the first significant test for the new ‘Equator Principles’, another set of voluntary principles, this time signed by private financial organisations and developed in consultation the World Bank.

[10] Based upon long-term projections (with an average oil price of US$43 per barrel), the Azerbaijan state will receive around US$175 billion – with US$20 billion going directly to the state budget as tax revenues and the remainder going to SOFAZ.

[11] Former US Secretary of State, James Baker’s law firm represented the interests of both BP and Azerbaijan, and the US Government provided grant funding for another American law firm to ‘sit across the table from Baker Botts to represent Georgia and Turkey during the negotiations (Reyes 2006: 856).’

[12] On the IGA’s attempt to guarantee ‘the freedom of transit of petroleum’ over and above national laws, Reyes quotes the head of the Baker Botts BTC team saying ‘Without having to amend local laws, we went above or around them by using a treaty (Reyes 2006: 856).’

[13] In October of 2008, just after the cessation of hostilities between Georgia and Russia, USAID promised US$1 billion in aid to Georgia. This followed previously significant commitments made through the Millennium Challenge Corporation (including $295 million in 2005, a figure which was later revised to be potentially reach US$395 million) (USAID 2009; Millennium Challenge Corporation 2008).

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