

## **International Rivers Comments on CDM Project Design Document for Bonyic Hydroelectric Project (Panama)**

4 September 2010

The Bonyic Hydroelectric Project should not be eligible to receive CDM credits because the project is non-additional, has numerous adverse environmental and social impacts, and did not properly inform project-affected people.

Construction already began in October 2007, prior to the proposed project validation date, so it cannot be considered additional. If the project really depended on the sale of carbon credits to be viable, then the project would not be able to start until validation of the project by the CDM Executive Board.

The PDD also falsely states that small hydropower is not common practice in Panama. There are 17 small hydropower plants, the majority of them having an installed capacity of less than 20 MW (see <http://burica.wordpress.com/2010/05/25/63-proyectos-hidroelectricos-en-la-provinciade-chiriqui/>).

The project site is located within the Palo Seco protected forest reserve. The PDD identifies this as a “project barrier”. This is laughable – a protected forest reserve should be void of a large-scale project such as a hydropower plant. The project site borders on the La Amistad International Park, a UNESCO World Heritage Site. The PDD also incorrectly states that the project is in an area that is unfit for human habitation – the Naso indigenous people live within the reserve and will be adversely affected.

In fact, in 2003, the President of the Naso Council, the highest order for Naso peoples, refused to sign the “Agreement in Principles” proposed by the project developer. Instead the project developer had the King sign, who doesn't have authority. Local opposition prevented the initial construction of an access road.

The Naso organized a special council to discuss the project. The King, who signed the agreement with the project developer, HET was deposed. During the vote by the Naso people about the project, the project developer interfered by ferrying hundreds of non- Naso people to participate in the vote and oversaw registration. This resulted in the approval of the project. The fact that the project developer engaged in illegal activity to gain approval by the indigenous community should be enough reason to not grant the project CDM approval.

A new EIA by the Panamanian environmental authority in November 2005 (Planeta Panama Consultores, S.A. 2005. “Actualizacion del Estudio de Impacto Ambiental – Proyecto Hidroelectric de Bonyic,” p. V-177) acknowledged that the Naso people had not received adequate information to make an informed decision about the hydropower plant. It went on to state that

“[W]e can say without fear of being wrong, that until now the information available

about the project has been insufficient and unclear. There are many distortions concerning the impacts the project will have on the environment and natural resources; the restrictions that the project will or will not imply; ways and means to protect Naso culture and traditions; the levels of participation in decision-making and other advantages that would accompany the proposed investments in social services and projects.”

Based on the EIA, the Inter-American Development Bank decided to pull out of the project. The PDD lists this as a barrier to the project. In fact, this should be a red flag that the project should not go forward. If a development bank withdraws funding from a project, it is clear that the project is problematic.

Since construction began in October 2007, there have been a number of human rights violations of the Naso people. This includes the detainment of 14 Naso peoples, local police officers working as armed security guards for the project developer during their off-hours, sexual assaults of Naso women and a minor, and the environmental ministry granting the project developer the right to administer land that belongs to the Naso people.

Furthermore, the project developer began construction along the river in February 2009 illegally. Only in March 2010 did the project developer receive clearance from the Panamanian government to begin construction.

In response to the numerous problems with this project, the Naso people submitted a petition to the Inter-American Commission on Human Rights to protest the Bonyic Hydroelectric Project and the trampling of their rights by the Panamanian government and the project developer.

Sincerely,

A handwritten signature in black ink, appearing to read 'Payal Parekh', written in a cursive style.

Payal Parekh  
Climate Program Director  
International Rivers