



urgewald



**To:**

Mr. Nanno Kleiterp, Chief Executive Officer of the Dutch Development Bank (FMO)  
Mr. Bruno Wenn, Chairman of the German Development Bank (DEG)

Amsterdam, 5 July 2016

**RE: FMO & DEG response to the situation concerning Barro Blanco in Panama**

Dear Mr. Kleiterp and Mr. Wenn,

We want again draw your attention to the fact that the situation in Panama surrounding the Barro Blanco dam remains grave and urgent. Due to the so-called test flooding, the affected local communities now have water encroaching on their land and are already suffering the damaging consequences as described in a recent report by the Network of Panamanian Human Rights Defenders (see attached document).

As reported to your banks in numerous communications, the communities have unanimously condemned this step, regarding which they were neither consulted, nor properly informed, nor has there been due process to gain their consent to fill the reservoir, be it for a test or permanent. This lack of information and consultation about the 'test' flooding has now also been confirmed by official sources in Panama.<sup>1</sup>

The DEG and FMO have both previously expressed their trust in the national process in Panama surrounding the 'mesa de dialogo', claiming that they would not intervene as long as this national process of consultation was ongoing. A large number of the communities directly affected by the dam have denounced this negotiation process early on for not offering them representation and now it seems to have lost even more credibility due to the lack of consultation over the 'test flooding'.

Broad ranging protests by the majority of the affected communities over the last weeks clearly show that the consultation process led by the Panamanian government has failed to take the voice of the affected communities into account or to get their consent. This situation can only be labelled as a failure of due process for example of the FPIC procedure that is mandatory in the event of relocations.

We understand that your banks will participate in the July 6<sup>th</sup> meeting to discuss the way forward in the Barro Blanco project. As we continue to be deeply concerned about the situation surrounding the Barro Blanco project, the undersigned organisations would like to reach out to you once again as the leadership of the Dutch FMO and German DEG, the two

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<sup>1</sup> <http://www.mingob.gob.pa/mingob/inside.php?artID=3246>

main financiers of this project. In the run up to the July 6<sup>th</sup> meeting, we call on you to respect and accept your responsibilities as investors. Both banks have a clear mandate to support sustainable development and signed up to extensive human rights and environmental safeguards to assure inclusion of indigenous peoples and to guard against any human rights abuses in the wake of their projects.

We would therefore like to urge the banks to undertake the following concrete actions:

- 1) **An independent mission should be sent to the area to monitor the situation on the ground and to re-assess the impact of their project.** While the banks sent a mission of their Complaints Mechanism last year, the current situation warrants another mission by independent experts, with the endorsement and support of the local civil society, as the mandate to monitor the situation cannot be done by relying on the reports of the Panamanian government or the company as this would not be conducive to an unbiased assessment.
  
- 2) **At the meeting on the 6<sup>th</sup> of July, we call upon the banks to use their leverage as responsible investors to:**
  - **Ensure that the sluices are opened and the water in the reservoir is pumped out again and that remediation of any damaging consequences of the ‘test flooding’ is realized.**
  - **Ensure that a new *inclusive* process is initiated in Panama which guarantees that the directly affected communities are included in any new decisions making on the future of the Barro Blanco dam, as mandated by the human rights due diligence obligations in a project such as this.** We see an opportunity for a new, more inclusive process, the voices of the directly affected people. This can only take place, however, after the disastrous flooding of the reservoir has been reversed.

Sincerely, on behalf of the undersigned organizations,



Danielle Hirsch, director Both ENDS

Both ENDS  
Carbon Market Watch  
Center for International Environmental Law - CIEL  
Collective Voices for Peace  
FIAN  
Rettet den Regelwald - Salva la Selva  
SOMO  
Urgewald