

San Roque Dam Project, Philippines

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The San Roque Multipurpose Project is one of the largest dam projects in Asia. The dam was constructed on the Agno River in the northern Philippines for four main objectives: electricity generation (345 megawatt capacity), irrigation of 87,000 hectares of land, flood control, and water quality improvements. Despite failure to comply with several Philippine laws and Japan Bank for International Cooperation (JBIC) policies, and despite strong opposition from local communities, dam construction was completed, and the commercial operation of the power component began in May 2003.



The project has been implemented with the partnership of San Roque Power Corporation (SRPC) and the Philippine government's National Power Corporation (NPC). The SRPC is comprised of Marubeni (owned 42.45 percent of the stocks of the company), Kansai Electric (7.5 percent) and Sithe Energies (50.05 percent)¹. In the Power Purchase Agreement (PPA) between the SRPC and the NPC, the SRPC generates power for 25 years and the NPC pays a fixed amount monthly to SRPC.

The total cost of the project was \$1.19 billion. JBIC and private banks provided \$500 million in loans to the SRPC, and JBIC alone provided \$400 million in loans to the NPC. The financing for the dam construction and the power component has been disbursed entirely (as of January 2005), even though many outstanding environmental and social problems have not been resolved. The Philippines government is also requesting a JBIC loan for the irrigation component currently known as the Agno River Integrated Irrigation Project (some \$140 million), which has not yet been implemented.

Main Impacts

● Destruction of the Ibaloi's land and culture

Now that the dam has been built, sediment will be accumulating behind the reservoir. This will raise the level of the river bed and flood adjacent low-lying lands. This flooding will affect up to 20,000

¹ Marubeni has partially owned the stocks of Sithe Energy since 1996. In November 2003, Marubeni obtained the 100 percent of stocks of Sithe Asia which is a subsidiary of Sithe Energy and has got involved in San Roque Multipurpose Project.

villagers of the Ibaloi, an indigenous people who depend on the Agno River basin upstream of the dam. The sediment will eventually bury the Ibaloi's ancestral lands, including their homes, rice



terraces, orchards, pasture lands, gardens and burial grounds. These impacts, acknowledged by project proponents, cannot be mitigated or avoided and will deprive the Ibaloi of their communities and their indigenous culture.

This is not the first time the Ibaloi have experienced the negative impacts of hydroelectric dams. The Ambuklao and Binga dams were constructed upstream on the Agno River in

the 1950s. During that time, the Ibaloi were called upon to sacrifice their lands and their lives for the sake of "national development". Though both dams were for electric power, nearby communities have seen few benefits and most still have no electricity. Many of those relocated were never compensated for the loss of their homes, lands and livelihoods, and more than 70 Ibaloi families have lost their land and houses to sedimentation that has backed up behind Ambuklao Dam. At present, Ambuklao Dam is non-functional as a result of the serious sedimentation problem. Binga Dam is also heavily silted and its partial operation is maintained by the water coming from Ambuklao Dam. Because of this experience, the Ibaloi have been opposed to the San Roque Multipurpose Project since its inception.



The Indigenous Peoples' Rights Act of the Philippines requires the free, prior and informed consent of indigenous peoples for projects that impact their ancestral lands. When the affected Ibaloi communities learned of the San Roque Multipurpose Project in 1995, they immediately raised their concerns with the government about the adverse impacts of this project. In spite of their efforts to defend their rights and appeal to the Philippine government, to JBIC, and to the power companies, through consultations, legal appeals, and petition letters, the project was still commenced and pushed through.

- **Resettlement, economical dislocation and no proper compensation**

As more than 4,000 hectares of land were expropriated by the San Roque Multipurpose Project, 2,500 families were also forced to give up their agricultural land to make way for the project, including some 750 families' resettlement, and more than 3,000 gold-panners lost their livelihoods. Most of these people were tenant subsistence farmers who met their basic needs from gold-panning, farming, gardening, charcoal making and animal raising. These farmers had no choice but to agree to be relocated since the NPC had explained that this was the national project and no choice were given to them. They were made to sign forms in English indicating their agreement to be relocated with compensation, even though most of them did not understand English.

The farmers were entitled only to cash compensation for their land, houses, land improvements, or crops and were given no alternative means to restore their livelihoods. NPC hasn't yet completed paying for the approximately 30 % of the expropriation cases, allegedly due to the defectiveness of necessary documents for compensation, such as land title, or the dual claims to a certain lots.

Livelihood programs promised to the affected communities have proved unsuccessful in restoring their living means. Animal raising, micro financing and skill training programs have been provided by the proponents since 1997, and the SRPC led by its office of Corporate Social Responsibility has also started a new scheme of livelihood programs, named as "*Comprehensive Livelihood Program (CLP)*", since 2004, providing farming programs with 63.5 hectares of land in resettlement sites.

Those programs, however, have failed to be their alternative and sustainable livelihoods replacing agricultural land or gold-panning the affected people used to rely on. As most people have no sufficient source of income, some cannot afford to pay their electricity and water bills. Out of 180 families who moved to the Camanggaan resettlement site in 1999, some 50 households have already sold or rented their houses and moved away because of the lack of sustainable livelihoods.



Gold-panning activities along the Agno River, which used to be a major source of income for the affected people, were excluded from any compensation scheme at the first stage. The NPC made the list of 319 affected gold-panners based on its surveys conducted in 1999 and 2001 only after the dam construction had been started in 1998 and many had been already forced to quit gold-panning.



In response, more than 3,000 gold panners have petitioned the NPC and the SRPC to justly and immediately compensate since 2001. Their demands include monetary compensation for the three (3) years² when the gold-panning were prohibited due to the SRPC's quarrying activities, and sustainable livelihood as an alternative to gold-panning activities rendered impossible by the San Roque Multipurpose Project. In spite of a series of protest

actions and dialogues held among the NPC, the SRPC and gold panners, the people's demands

² According to the computation of the peoples organization, TIMMAWA (Tignay dagiti Mannalon a Mangwayawaya iti Agno, Peasant Movement to Free the Agno River), the total compensation amount for 3 years reaches 171,000 peso per each gold-panner. This is based on the following figures; 10,000 peso per month for 3 months in rainy season; and 100 peso per day for 9 months in dry season. $(10,000 \times 3 + 100 \times 30 \times 9 = 57,000 / \text{year})$

remain unheeded due to the insincerity of proponents who have tried to decrease the number of legitimate gold-panners and have failed to prepare the sufficient fund for compensation scheme.

The San Roque Multi-purpose Project also destroyed the communal irrigation systems along the Agno River banks that the farmers had used to irrigate their fields, due to the widespread quarrying activity for the dam construction. The farmers have experienced no crop production or the reduction of productivity with the shortage of water, which has been never compensated by the project proponents.



As a result, the living standard of those affected has deteriorated. JBIC and the SRPC claimed that involuntary resettlement would be carried out according to international best practice, which requires that the standard of living of those resettled is at least restored, and preferably improved, after resettlement or economical dislocation. Yet eight years after the project was commenced in 1998, many affected people are still struggling to survive in the communities upstream and downstream the dam, and lack sufficient sources of income. Further, the resettlement of additional 116 households for the irrigation component is imminently made by the Philippines government, even without proper compensation and preparation for a resettlement site.

● Increased risk in flooding downstream



Farmers downstream of the San Roque Dam have experienced flooding every time the two existing dams along the Agno River, Ambuklao and Binga, release water during the rainy season. The flooding has destroyed thousands of hectares of rice fields, fishponds and homes. The operation of the San Roque Dam, with its bragged flood control component, put downstream communities at greater risk, especially during extreme flood events, when there is even

more water backed up behind dams that need to be released quickly.

An independent scientific review of the Environmental Impact Assessment for the project found that the reservoir was only designed to contain a relatively small flood expected to occur once every five years. The reviewer states that “building a dam that will contain the five-year flood is asking those below the dam to develop a false sense of security” resulting in “far more devastating floods when the five-year magnitude of flood does arrive.”³



³ Dr. Peter Willing (1999) *Technical Review of Flood Control Aspects of the San Roque EIA*, available at

In the rainy season of 2004, infrastructure such as bridges and roads were damaged or destroyed due to the floods made more devastating by the impoundment and sudden release of water of the San Roque Dam. The crops were also damaged when some agricultural areas along the Agno River were flooded or eroded.

- **Onerous agreement puts debt burden on Philippine people**

The Power Purchase Agreement between the SRPC and the NPC heavily favors the SRPC. The cost of the power is greatly inflated, and the NPC has agreed to pay some \$10 million a month to the SRPC regardless of whether there is sufficient water available to generate power or not.⁴

Furthermore, now the Philippine government is responsible for paying back \$400 million in loans to JBIC, increasing the debt burden of an already heavily indebted country.

Lessons for JBIC

The San Roque Multipurpose Project has been one of the most controversial projects funded by JBIC to date. Many of the problems could have been avoided had JBIC played a more active role in project selection and preparation, and had there been clear monitoring throughout project implementation. As a result, JBIC could never ensure provision of sustainable livelihood sources and just compensation to affected communities, or at least restoration of living standard of affected people.

JBIC has also failed to secure the preconditions that JBIC presented to the NPC in 1999 when the loan agreement of \$400 million was made, which were;



- (1) To confirm the number of relocatees in the reservoir area and secure the consent from them;
- (2) To conduct consultations with any other project affected peoples than relocatees (including the Indigenous Peoples) and surveys to confirm the number of the affected people;
- (3) To secure remedies for all affected people (including the proper consideration for the Indigenous Peoples);

- (4) To establish monitoring system for the environmental and social issues.

The financing for the San Roque Multipurpose Project has been disbursed entirely as of January 2005, even though the project proponents have not satisfied those preconditions and there is no guarantee that many outstanding environmental and social problems will be solved in the future.

www.irn.org/programs/sanroque

⁴ White, Wayne, A Review of the Power Purchase Agreement between NPC and SRPC, 2000, available at www.irn.org/programs/sanroque

The Philippine government is currently requesting funding from JBIC for the irrigation component of the dam. Japanese government and JBIC, however, should only consider funding the irrigation component if all outstanding issues raised by the dam-affected communities have been resolved. Before considering any additional fund to the dam related project, independent studies to review the causes and factors of those outstanding issues is highly recommended. Giving heed on the concerns raised by legitimate stakeholders, particularly from the communities adversely affected by the project, should be required prior to loan approval, rather than relying on the proponent's claims, so that JBIC can determine for itself whether there is true public acceptance of the project.

Demand for Compensation and Decommission, and Seek for Alternative Plans

Given the enormous impacts by the construction and operation of the San Roque Dam, including sedimentation accumulating up to upstream and devastating flood downstream in the future, proper and immediate compensation for the lands, houses, crops and other properties should be provided to all affected people, Ibaloi communities, displaced farmers and gold-panners. This includes adequate monetary compensation for gold-panners, as well as sustainable livelihood sources for all displaced people, including land, employment and other sources of regular income. The restoration and rehabilitation of the undestroyed lands expropriated by the San Roque Multipurpose Project could have the farmers till these lands again.

But what if complete restoration of living standard of affected people is not possible any longer? The past experience have proved that no monetary compensation nor livelihood project provided by the project proponents could replace or surpass the destroyed livelihood the affected people depended on before. The answers to restore the living quality and to stop the permanent destruction and risks of the San Roque Dam, are to stop the operation of the Dam, to decommission the Dam and to let the Agno River flow freely.



Further, the other options for meeting the irrigation needs of farmers should be reviewed, to avoid the same problems that we have already found in the San Roque Multipurpose Project. The irrigation scheme with the San Roque Dam may lead to massive flooding, the destruction of rice fields to make way for big canals, and a higher debt burden for the Philippine people. Increasing the efficiency of existing irrigation systems and smaller-scale irrigation projects should be given serious consideration.