Comment from Dr. Scott S. Robinson,
IFC Consultant in the planning stage
of the Pangue Project

After the completion and initial circulation of the Committee’s report on the Pehuenche matter, it was
brought to our attention that Dr. Scott S. Robinson, a member of the faculty of the Universidád
Metropolitana in Mexico City, had served as a consultant to the IFC on the Pangue project during the
planning stages. Dr. Robinson has sent to the committee the following comments, which we make
available here.

--T. Greaves

Addenda re: Pangue and the Pehuen Foundation: The Early Phase
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Many of the social and environmental impacts of the Pangue Dam project (Bio Bio River, southern Chile)
were anticipated in IFC external consultants’ as well as internal staff reports during the 1991-92
negotiations between the World Bank and the ENDESA subsidiary, Pangue S.A., created to build and
operate this particular hydropower dam. As a part of the IFC equity share investment agreement, the
Pehuen Foundation was created at the behest of IFC with an avowedly experimental concept
spearheaded by a reformist faction in the “social development” portion of the World Bank (the study of
these shifting World Bank Group section and division labels may be a valuable case of contemporary folk
taxonomies . . .) ably capitained by the recently retired Romanian sociologist, Michael Cernea. As was
expressed to me, the "consulting social anthropologist," at lunch, in the elegant Catalan restaurant
adjacent to ENDESA headquarters in the leafy section of Santiago’s Providencia neighborhood, "... we
need IFC involvement to give us credibility in the capital markets. . . ." So a mutually acceptable tradeoff
was negotiated and is evident in the IFC-ENDESA/PANGUE contract.

I don’t think IFC staff realized the importance of this precedent, nor how it would operate, in particular,
Martyn Riddle, the senior "environment" officer, who accompanied a team, including myself, for a site
visit and other behind closed door negotiations to which the anthropologist was not invited. This IFC
"mission" team of four paraded before Chilean social and environmental NGOs, many of whom remain
active and whose documents and testimony proved valuable in the Turner-Johnson human rights
violation report. But in mid-1992, Chile was emerging from a modern form of a political Dark Age, the
Pinochet dictatorship (1973-90). There were few galvanizing issues the scant and insecure progressive
forces remaining in the land could mutually construct as common ground. The proposed Pangue Dam
was the first such issue; however, in hindsight, the Chileno groups, a motley crew, as expected, although
hardnosed and insulting to us (I can remember squirming uncomfortably in my chair, reminding myself
that I'm usually on the other side and I'm getting well paid for this humiliation), in effect missed the
point about the Pehuen Foundation and its .037% equity share in the Pangue enterprise (the figure I was
given at the time). These groups were more interested in their Santiago-based power and media plays
on a range of issues linked to the incipient democratic apertura under President Aylwin. As a
consequence, no NGO watchdog was placed at the door of the Foundation to monitor its actions, or
inactions, in the Pehuenche communities to be indirectly impacted by the dam to be constructed over a
four-year period (only a few families were physically relocated). The Foundation, whose Board of
Directors was "stacked" to favor the company, could and did operate with impunity. Perhaps IFC did not want to see nor worry about this at the time.

ENDESA embodies one of the core Chilean financial elites (the former public utility was "privatized" during the last year of the General's regime), and they predictably placed a friendly "community development" specialist as the CEO of the Pehuen Foundation. A social worker close to the Catholic Church was recruited in Concepción to be the principal field staff person in the three Pehuenche villages around the construction site. It is my impression the $140,000 US guaranteed income for the 242 "families" to be served by the Foundation, as per the IFC agreement, was largely consumed by a "welfare paradigm," in Spanish, un paradigma asistencialista, whereby the sons of good families were "helping the Indians" and getting paid to do so. The whole story could be a minor plot within an Isabel Allende novel. But IFC was not reading these stories either.

In effect, the Pehuen Foundation modus operandi was not critically reviewed by IFC staff during normal project monitoring procedures, nor were external consultants brought in to review the situation until the dam was completed, therefore, after the fact. Chilean NGOs, such as GABB, who had credibility among the Pehuenche dissidents, also ignored the Foundation, stigmatizing same as an enemy puppet, an accurate label from their militant perspective. Thus the international equity share precedent of the Fundación Pehuen was lost from sight, neither showcased by their institutional padrino, IFC, nor monitored by the NGO community, domestic and international. No pasó nada, as a popular and deep Spanish expression has it--nothing happened! My personal opinion is that IFC is liable for negligence in maladministering such a promising endeavor and global precedent, whereby those impacted by an infrastructure project (which is strictly business for some), receive an equity share in the endeavor. And similarly, the Pehuenche were entitled to greater participation in Foundation decisions, however tainted by a symbolic do goodance, something ENDESA/PANGUE will not readily confess to. Chilean NGOs will have to write their history as well, surely only an antecedent chapter to the current Ralco Dam controversy, just upstream from Pangue.

Upon reading the IFC denials about any "linkage" between Pangue and Ralco dam projects, I recall riding with Martyn Riddle and others on the IFC "mission" while meeting a vehicle full of geophysical team members on the narrow, muddy road up the spectacular Bío Bío canyon. "They are working on the Ralco project," I was told offhand. There was no identifying insignia on the other vehicle, but people just seem to know these things in faraway places.