

## **Madeira River Complex**

### **Brazil offers Bolivia “a gift” – but at what cost?**

By Glenn Switkes

Brazil's Amazonian state of Rondônia is best known for the disastrous Polonoroeste colonization Project, financed by the World Bank, which accelerated the transformation of the region in the 1980's from tropical rainforests into an environmental and social nightmare. Now, riding the wave of regional infrastructure integration fever embodied in the IIRSA plan being promoted by the Inter-American Development Bank (IDB) and Andean Development Corporation (CAF), the state electric utility Furnas and construction conglomerate Odebrecht have drawn up plans for the most ambitious of IIRSA's 335 projects – under which the Amazon's principal tributary would be converted into a series of great lakes for hydroelectricity, in the process converting the rivers into a 4,200 km-long barge channel that will hasten the conversion of Amazonia into a vast soy plantation – what the project's proponents and the Brazilian government are calling “economic development”.

The initial two components of the project are already being railroaded through Brazil's environmental licensing process – Santo Antonio and Jirau dams, which are now expected to cost about US\$9 billion, plus an additional US\$2-4.25 billion for construction of power lines to São Paulo would have a maximum generating capacity of 6,450 MW “with nearly no environmental impact”, according to Furnas and Odebrecht. Terms of reference (TORs) for the studies were approved by environmental licensing authority Ibama ignoring Brazilian water resource law which requires analyzing impacts on the river basin level. The Brazilian government has made the Madeira project a principal priority of its Plan to Accelerate Growth, and is preparing a generous package of public financing and subsidies to lure private investors.

A crucial issue affecting the projects is their impacts on rainforests in neighboring Bolivia, a possibility that the project studies did not even consider. Independent reports have found that the accumulation of sediments behind the wall of Jirau dam (the Madeira carries an enormous load of sediments from the Andes) would back up the reservoir and flood Bolivian territory. This has triggered a protest from the Bolivian government, which asked Brazil to suspend the project.

Brazil continues to deny this possibility, but in an attempt to convince Bolivia to accept the scheme – and its consequences – it offered to finance a 3,000 MW bi-national dam upstream at Guajará-Mirim.

According to proponents of the Madeira Complex, building the dams (including another at Cachuela Esperanza on Bolivia's Beni River) and installing navigation locks would permit barges to travel from the Beni, Madre de Dios, Mamoré and Orthon rivers in the upper Amazon clear down to the Amazon river, and for Brazilian soy growers to transport their grains more cheaply to Pacific ports. This, they say, could increase soybean production in Rondonia and neighboring Amazon states of Mato Grosso, Acre, and Amazonas, in the process converting more than 6 million hectares of rainforests and humid savannas into wastelands. An agricultural “boom” of similar proportions is predicted for the Beni and Santa Cruz regions of Bolivia.

A decision by Brazilian environmental authority IBAMA on whether or not to grant a preliminary license to the project is expected shortly. IBAMA will have to weigh independent expert opinions released in late 2006 which found the project studies “inadequate” and based upon “inconsistent data”. The experts, from important Amazon research centers, found the dam could flood a far greater area than indicated, could have serious impacts on downstream floodplains and cause the extinction of economically valuable fish species.

The Inter-American Development Bank should avoid investing in the Madeira Complex, which will have enormous impacts on the Amazon environment,

affecting primary forests and violating the rights of traditional riverbank inhabitants.