
Open letter to financial institutions investing in Global Coal Management Regarding the Phulbari Coal Project, Bangladesh

August 2008

Dear Investor:

We are writing to you in solidarity with community representatives in Bangladesh regarding your institution's involvement in the Phulbari coal mine, otherwise known as the Phulbari Coal Project. Community representatives opposing the project cannot be identified due to fear of recrimination under the current military backed government in Bangladesh.

We understand that your institution has obtained or is managing over a 3 percent shareholding in Global Coal Management Resources plc. (GCM) which, through a wholly-owned subsidiary, is "primarily focused and committed to the development of the Phulbari Coal Project in Bangladesh" (GCM 2007 annual report).

With this letter, we formally bring to your attention the fact that the project, and therefore your financial institution through its shareholding in GCM, is associated with numerous human rights violations and risks future abuses if project development continues.

Such abuses violate or risk violation of the Universal Declaration on Human Rights (UDHR), the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), the International Covenant on Economic, Social and Cultural Rights (CESCR), and in many cases do not meet standards under the Equator Principles, which are widely considered best practice for mitigating social and environmental impacts in project finance.

Although the Equator Principles do not technically apply to equity financing for parent companies, several Equator banks apply the Principles to non-project finance transactions where use of proceeds is known. In the case of GCM, it is very likely that new capital (through share issues, for example) will be deployed towards the mine; for example, from June-December 2007, GCM spent £940,000 exploring and developing the Phulbari project (Interim Report for the six months ended 31 December 2007). Especially given GCM's difficulties in obtaining project loans for the mine, equity financiers such as your institution take on a greater role and responsibility in financing this project, and the environmental and human rights abuses that are occurring.

Following is a list of some of the human rights abuses associated with the Phulbari coal project, including reference to selected applicable international standards that have been or have the potential of being violated:

- 1) On 26 August 2006, the Bangladesh Rifles, paramilitary force, indiscriminately discharged firearms into a crowd of over 50,000 residents who were demonstrating in opposition to the mine project. This shooting resulted in the deaths of three people, including a fourteen year old boy, and left over 100 people injured.
 - *Right to life, liberty and security of person, Article 3, UDHR*
 - *Right to freedom of opinion and expression, Article 19, UDHR*
 - *Right to freedom of peaceful assembly and association, Article 20, UDHR*
- 2) In February 2007, Mr. S.M. Nuruzzaman, one of the leaders of the social movement in opposition to the project, was falsely arrested and subsequently tortured. The Bangladeshi 'joint forces' were reportedly directed by officials of Asia Energy, a wholly-owned subsidiary of Global Coal Management, to arrest Mr. Nuruzzaman.

- *Right to the freedom from torture, and cruel, inhuman or degrading treatment or punishment, Article 5, UDHR*
 - *Right to equality before the law, Article 7, UDHR*
- 3) Since January 2007, Bangladesh has been under a state of “Emergency Rule.” Through its project dealings with the Bangladeshi military regime, GCM is providing implicit support to a military-backed interim government which has suspended civil rights, including public gatherings. Though the government is currently under a process of relaxing some of these rules that violate civil liberties, it continues to be difficult for communities in the Phulbari region to express themselves freely regarding the project.
- *Right to participate in government, and requirement of democratic elections, Article 21, UDHR*
 - *Right to freedom of opinion and expression, Article 19, UDHR*
 - *Right to freedom of peaceful assembly and association, Article 20, UDHR*
- 4) As demonstrated by the magnitude of community opposition to the project, GCM has not met the principle of free, prior and informed consultation and has not incorporated concerns of the community into project planning. GCM has not disseminated a draft Environmental Impact Assessment, Resettlement Plan, and Indigenous Peoples Development Plan to community members in an accessible form, for non-literate community members, or in the Bangla language.
- *Consultation and Disclosure, Principle 5, Equator Principles*
- 5) With regards to the economic and physical displacement of an estimated 2,200 indigenous persons, GCM has not made any significant efforts towards obtaining their free, prior and informed consent to the project activities or to displacement, in direct violation of the right of all peoples to self-determination by virtue of which they can freely determine political status, and pursue economic, social and cultural development. Failure to consult adequately and to seek and obtain consent from indigenous peoples is in contravention of the spirit and letter of the UN Declaration on the Rights of Indigenous Peoples.
- *Self-determination, Shared Article 1, ICCPR and ICESCR and Article 3, UNDRIP*
 - *Free, prior and informed consent for any relocation, Article 10, UNDRIP*
 - *Collective rights to lands and territories, Article 26, UNDRIP*
 - *Control over development priorities, Article 32, UNDRIP*
- 6) Expected environmental damage due to the open-caste mine will result in a massive reduction of ground water, threatening the availability of potable water and irrigation for agriculture much beyond the mine life of 30 plus years. Furthermore, without proper study, field tests, and appropriate mitigation, acid-mine-drainage is likely to contaminate both soil and water in the project area. Experts contend that adequate precautions against acid-mine drainage in Northwest Bangladesh for a mine the size of Phulbari will detrimentally affect the economic viability of the project. These issues have not been adequately addressed in project documents, despite concern raised by the community in this regard.
- *Right to an adequate standard of living, right to health and well-being, Article 25, UDHR*
- 7) The Phulbari Coal Project is expected to relocate at least 50,000 people, although some studies indicate that the physical displacement impacts will include well over 100,000 people. Additional displacement impacts will be felt by those who are economically displaced by the project and by host communities which will be expected to absorb the tens of thousands of displaced peoples. There is currently no plan to replace agricultural land and there is no available information on how livelihoods of the displaced will be restored. Loss of livelihood will inevitably result in impoverishment of displaced people, which could lead to the risk of death and poor health, in addition to the lost economic base. Concerns expressed by community members regarding the inadequacy of information about and deficiencies of plans for resettlement, compensation, rehabilitation and employment opportunities have not been satisfied.
- *Action Plan and Management System, Principle 4, Equator Principles*

- *Right to an adequate standard of living, right to health and well-being, Article 25, UDHR*
- *Right to adequate housing, Article 11(1), CESCR*

8) Over 80 percent of the land expected to be taken for this project is currently used for farming and Phulbari is considered the agricultural breadbasket for the country. Moreover, the Phulbari region remains one of the few areas in Bangladesh that does not face annual flooding. There is no information or study on whether or how food supplies will be replaced and the subsequent impacts on food security within Bangladesh.

- *Right to an adequate standard of living, right to health and well-being, Article 25, UDHR*
- *Right to be free from hunger, Article 11(2), CESCR*

GCM and the government of Bangladesh have made numerous public statements that, despite the human rights abuses associated with this project, show they are committed to moving forward with the mine.

Through its investments in GCM, either on its own account or on behalf of clients, and since the company has established a special purpose entity to develop the Phulbari Coal Mine project, your institution is giving consent and support for the continued development of this flawed project. To take no action, is an indication in support of GCM and the Phulbari Coal Mine project.

Due to the gravity, range and proportions of human rights abuses associated with the project and dealings in Bangladesh under the current political structure, and taking into account the interests of those human rights which are at risk, we respectfully request your financial institution and any other group members which may be involved in this venture, to commence an exit strategy to cease provision of all financial services to the company and divest all GCM shares over which you have control.

We are pleased to provide you with more information upon request. For comments or questions, please contact the International Accountability Project at iap@accountabilityproject.org.

This letter is endorsed by the following organizations:

1. Association "For Sustainable Human Development", NGO in Special Consultative Status with UN ECOSOC, Armenia
2. AID/WATCH, Australia
3. Blue Mountains Conservation Society Inc, NSW, Australia
4. Courthouse Climate Action Group, Australia
5. Friends of the Earth, Australia
6. Jubilee, Australia
7. Locals Into Victoria's Environment, Australia
8. Nature Conservation Council of NSW, Australia
9. Oxfam Australia Queensland Committee and the University of Queensland Environment Collective, Australia
10. Resistance, Australia
11. Rising Tide Newcastle, Australia
12. Sutherland Climate Action Network, Australia
13. FIAN, Austria
14. Oil Workers Rights Protection Organization Public Union, Azerbaijan
15. ActionAid, Bangladesh
16. BanglaPraxis, Bangladesh
17. Coastal Development Partnership (CDP), Bangladesh
18. Solidarity Workshop, Bangladesh
19. VOICE, Bangladesh
20. Núcleo Amigos da Terra, Brasil
21. Green Policy Institute, Bulgaria

22. FOCARFE, Cameroon
23. Friends of the Earth, Cyprus
24. Friends of the Earth, Finland
25. Les Amis de la Terre, France
26. Asienhaus, Germany
27. FIAN International, Germany
28. Urgewald, Germany
29. Forum for Indigenous Perspectives and Action, India
30. Indian Social Action Forum -INSAF, India
31. Nadi Ghati Morcha, India
32. National Forum of Forest People and Forest Workers, India
33. North East Peoples Alliance on Trade Finance and Development, India
34. Public Interest Research Centre, India
35. Urban Research Centre, India
36. Debtwatch, Indonesia
37. Institute for Essential Services Reform (IESR), Indonesia
38. Campagna per la Riforma della Banca Mondiale, Italy
39. Japan Center for a Sustainable Environment and Society, Japan
40. NGO Globus, Kazakhstan
41. Community Environmental Promotion and Cultural Association (CEPCA), Lao PDR
42. Center for Human Rights and Humanitarian Law, Nepal
43. National Concerned Society, Nepal
44. Nepal Policy Institute, Nepal
45. Water and Energy Federation Nepal (WAFED), Nepal
46. BankTrack, Netherlands
47. Both ENDS, Netherlands
48. Milieudefensie / Friends of the Earth, Netherlands
49. Participatory Development Initiatives, Pakistan
50. Umeednao Citizen Community Board, Pakistan
51. 11.11.11, Philippines
52. Center for Environmental Concerns (CEC), Philippines
53. EmPOWER Consumers, Philippines
54. Freedom from Debt Coalition, Secretary General, Philippines
55. NGO Forum on the ADB, Philippines
56. ODA Watch, Philippines
57. Philippines Rural Reconstruction Movement, Philippines
58. Public Services International Research Unit, Philippines
59. NGO Environmental Law Center "Armon", Republic of Uzbekistan
60. Friends of the Earth, Scotland
61. Wave, Scotland
62. Centre for Environmental Justice, Sri Lanka
63. Aktion Finanzplatz Schweiz, Switzerland
64. arbeitskreis tourismus & entwicklung, Switzerland
65. Basler Appell gegen Gentechnologie, Switzerland
66. Berne Declaration, Switzerland
67. berwegerconsulting, Switzerland
68. BeTrieb, Switzerland
69. fair-fish association, Switzerland
70. Greenpeace, Switzerland
71. Grüne Partei der Schweiz, Parti écologiste suisse, Switzerland
72. HEKS, Swiss Interchurch Aid, Switzerland
73. medico international schweiz, Switzerland
74. Responsible for Projects of medico international schweiz, Switzerland
75. Schweizerisches Rotes Kreuz Kanton Zürich, Switzerland
76. SOLIFONDS, Switzerland

77. Swiss Red Cross Canton Zurich, Switzerland
78. World Without Mines, Switzerland
79. Youth Ecological Centre, Tajikistan
80. Forest Peoples Programme, U.K.
81. Platform, U.K.
82. The Corner House, U.K.
83. War on Want, U.K.
84. World Development Movement, U.K.
85. Adrian Dominican Sisters, U.S.A.
86. Congregation of St. Joseph, U.S.A.
87. Congregation of the Sisters of St. Agnes, U.S.A.
88. Crude Accountability, U.S.A.
89. Environmental Defense Fund, U.S.A.
90. Friends of the Earth, U.S.A.
91. Forest Ethics, U.S.A.
92. Gender Action, U.S.A.
93. Global Response, U.S.A.
94. International Accountability Project, U.S.A.
95. International Rivers, U.S.A.
96. Maryknoll Sisters, U.S.A.
97. Midwest Coalition for Responsible Investments, U.S.A.
98. Mission Hospital, U.S.A.
99. National Association of Muslim American Women (NAMAW), U.S.A.
100. Oil Change International, U.S.A.
101. Pacific Environment, U.S.A.
102. Rainforest Action Network, U.S.A.
103. Region VI Coalition for Responsible Investment, U.S.A.
104. School Sisters of Notre Dame Cooperative Investment Fund, U.S.A.
105. Sisters of Charity of Cincinnati, U.S.A.
106. Sisters of Charity of New York, U.S.A.
107. Sisters of the Blessed Sacrament, U.S.A.
108. Sustainable Energy and Economy Network, U.S.A.
109. Instituto del Tercer Mundo (ITEM), Uruguay
110. Rural Development Services Centre, Vietnam