



Indigenous Peoples of the Peruvian Amazon Reject Citi's New Report that goes against Interamerican standards

In April 2024, Citi published the report “Respecting the Rights of Indigenous Peoples.” The Peruvian Federation of Achuar Nationalities (FENAP), the Autonomous Territorial Government of the Wampis (GTANW), and the Autonomous Territorial Governments of the Chapra Nation (GTANCH) have serious concerns about this report for the following reasons:

1. The Report does not comply with international standards regarding the respect, promotion, and guarantee of the right to Free, Prior, and Informed Consent based on the right to self-determination

The report highlights Citi's respect of Indigenous Peoples' collective rights, including self-determination and autonomy. It emphasizes that Citi's Environmental and Social Risk Management (ESRM) Policy “is informed by key international environmental and social standards, such as the U.N. Guiding Principles, the Equator Principles, and the International Finance Corporation (IFC) Performance Standards.” Moreover, it outlines the approach to Free Prior and Informed Consent (FPIC) within the context of the IFC Performance Standards, stating that “[t]here is no universally accepted definition of FPIC” and underlining the importance of good faith negotiations between the client and affected Indigenous communities.¹

However, while the Environmental and Social Policy Framework (ESMR) Policy² compiles an extensive relation of standards on human rights regarding Indigenous Peoples, it does not fully encompass the primary international sources of Indigenous peoples' rights,³ which is broader

¹ This Citi ESRM Policy refers to the IFC Performance Standards, which explain the IFC's approach to FPIC as follows. Available at:

<https://www.citigroup.com/rcs/citigpa/storage/public/2023-Respecting-Rights-Indigenous-Peoples-Report.pdf>

² The ESMR report mentions “[t]o advance these goals and the best interests of our clients, and to encourage broader realization of responsible financial practices, we have adopted or publicly endorsed the external principles and standards listed below, which inform our approach to sustainable finance and risk management: European Clean Hydrogen Alliance, Global Investors for Sustainable Development Alliance (GISD), Green Bond Principles, Guiding Principles for Federal Action on Climate, International Labour Organization's (ILO) Core Conventions, Net Zero Banking Alliance (NZBA), Partnership for Carbon Accounting Financials (PCAF), Principles for Responsible Banking, Poseidon Principles, Roundtable on Sustainable Palm Oil (RSPO), United for Wildlife Financial Taskforce, United Nations Environment Programme, Finance Initiative (UNEP FI), United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, United Nations Universal Declaration of Human Rights, Wolfsberg Principles.” Environmental and Social Policy Framework. Available at: <https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/Environmental-and-Social-Policy-Framework.pdf>

³ The primary international sources of Indigenous peoples' rights incorporates the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the International Labour Convention on the Rights of Indigenous and Tribal Peoples in Independent Countries No. 169 (ILO Convention 169), the American Convention on Human Rights (ACHR), the American Declaration on the Rights of Indigenous Peoples, the Convention on Biological Diversity (CBD), the Escazú Agreement, the Paris Agreement, and judicial and treaty body decisions and communications interpreting the rights listed in many of the aforementioned treaties and declarations. Respecting



than the list outlined. The primary international sources of Indigenous peoples' rights includes the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the International Labour Convention on the Rights of Indigenous and Tribal Peoples in Independent Countries No. 169 (ILO Convention 169), the American Convention on Human Rights, the U.N. Declaration on the Rights of Indigenous Peoples (UNDRIP), the Convention on Biological Diversity (CBD), the Paris Agreement, as well as judicial interpretations of international conventions such as the Interamerican Court of Human Rights, among others.⁴

A systematic interpretation of these international instruments shows that Free Prior and Informed Consent (FPIC) is deeply intertwined with the right to self-determination, which is the basis to interpret the right to consultation and consent.⁵ In accordance with the principle and right to self-determination, states have an obligation to ensure that before entering into the process of Free, Prior, and Informed Consultation: a) Indigenous territories must be properly titled and demarcated,⁶ b) Indigenous Peoples' legal personality must be fully recognized,⁷ and c) Concession of projects in Indigenous territories with poverty indices should only occur after the implementation of intercultural policies addressing these disparities.⁸

Indigenous Rights: An Actionable Due Diligence Toolkit for Institutional Investors. Available at: <https://respectingindigenousrights.org/respecting-indigenous-rights.pdf>

⁴ Respecting Indigenous Rights: An Actionable Due Diligence Toolkit for Institutional Investors. Available at: <https://respectingindigenousrights.org/respecting-indigenous-rights.pdf>

⁵ Right to Self-Determination of Indigenous and Tribal Peoples. Available at: <https://www.oas.org/es/cidh/informes/pdfs/LibreDeterminacionES.pdf>

⁶ Before the consultation process, states must guarantee minimum conditions such as the demarcation and titling of the integral territory. Concession granting is quick without a consultation process, while the titling and demarcation of the integral territory take decades with cumbersome processes. Therefore, if concessions were created on indigenous territories that were not properly titled and demarcated, they should be considered null and void, and no consultation process could begin. Available at: https://corteidh.or.cr/sitios/observaciones/OC-32/14_amazon_watch_otros.pdf

⁷ Before entering the consultation process, States must recognize and respect the governance system of the peoples and their decision-making. The lack of recognition of their governance systems is exploited by companies seeking to carry out an extractive project, initiating the consultation process with communities separately, starting with those that may be in favor of the extractive project, ignoring the organizational structure and representativeness of the integral territory. This situation has fostered, in some cases, division among communities of the same people, leading to violent conflicts among members of the same people that affect and impact the social fabric of the people. Therefore, before initiating the consultation process, States have the obligation to recognize the legal personality of Indigenous Peoples, respect their governance system, legitimate organizational structure, traditions, and worldview. Available at: https://corteidh.or.cr/sitios/observaciones/OC-32/14_amazon_watch_otros.pdf

⁸ Indigenous Peoples in the Americas face twice the rates of poverty and extreme poverty compared to non-Indigenous populations. Additionally, it is the territories of Indigenous Peoples that are, in most cases, affected by concessions for extractive projects under the pretext of bringing economic development to the territories. For example, 1647 Indigenous territories in the Amazon are overlapped by oil blocks, while approximately 43% of Indigenous households in the hemisphere face poverty and 24% live in conditions of extreme poverty. Although the region has experienced economic growth, poverty reduction is not distributed equitably, and poverty rates among Indigenous households have not decreased proportionally, exacerbating inequality. Granting concessions in Indigenous territories with high levels of poverty without first guaranteeing intercultural policies that address this



Financial institutions must recognize that Indigenous Peoples' rights are grounded in self-determination. In that sense, the theme of the twenty-third session of the United Nations Permanent Forum on Indigenous Issues (UNPFII) is enhancing Indigenous Peoples' right to self-determination, with a focus on the voices of Indigenous youth.⁹ Self-determination grants Indigenous Peoples the autonomy to determine their political status and pursue economic, social, and cultural development without external interference, including decisions regarding their territory, resources, culture, and way of life. The 2022 Report on the twenty-first session of the UNPFII highlights that businesses should engage meaningfully with Indigenous Peoples in decisions affecting them, recognizing that FPIC "should be understood as their right to give or withhold consent."¹⁰

Given that Citi acknowledges its recognition of the self-determination of Indigenous Peoples, it should understand that this implies a formal dialogue process with the social and political entities that legitimately represent each of the peoples affected by potential projects of its clients. If its procedures are rigorous, it should not accept informal dialogues with a small portion of potential affected individuals as valid. Likewise, it should recognize that the right to Free, Prior, and Informed Consent (FPIC) also means the right to say no to projects that do not align with the self-determined way of life of Indigenous Peoples.

The undersigned organizations – the Peruvian Federation of the Achuar Nationality (FENAP), the Autonomous Territorial Government of the Wampís Nation (GTANW), and the Autonomous Territorial Government of the Chapra Nation (GTANCH) – reiterate to financial institutions and extractive companies that, in line with our right to self-determination, we have consistently expressed our opposition to extractive activities within our territories. We consider the process of Free, Prior, and Informed Consent proposed by state institutions and oil companies as merely a formality to legitimize pre-determined projects.

For almost three decades, we have strongly resisted oil operations on our lands. Previous oil companies such as Occidental Petroleum, Talisman, and Geopark have withdrawn due to their inability to obtain our consent. Our stance remains steadfast: we will not authorize any oil operations in Block 64, and we will never give our consent for oil drilling in our territories.

inequality renders the consultation process unable to meet the minimum guarantees of being free or conducted in good faith. Available at: https://corteidh.or.cr/sitios/observaciones/OC-32/14_amazon_watch_otros.pdf
⁹ UNPFII Twenty-Third Session. Available at: <https://social.desa.un.org/issues/indigenous-peoples/unpfii/23rd-session>

¹⁰ Permanent Forum on Indigenous Issues Report on the twenty-first session (25 April–6 May 2022). "Businesses, in their human rights due diligence processes, should meaningfully engage with indigenous peoples as rights holders in business decisions and outcomes affecting them. In that regard, free, prior and informed consent should be understood as their right to give or withhold consent." Available at: <https://documents.un.org/doc/undoc/gen/n22/355/75/pdf/n2235575.pdf?token=0rW7Jqfq1ub30usK53&fe=true>



Based on our right to self-determination, we have the right to say no to Petroperú and any other oil company seeking to operate in our territory.

Therefore, we assert that financial institutions, such as Citi, should align their Environmental and Social Risk Management (ESRM) Policy with these standards of Free, Prior, and Informed Consent (FPIC), adjusting it to respect the right and principle of self-determination. Furthermore, given that Citi emphasize in the ESRM Policy document the importance of conducting comprehensive environmental assessments for extractive and infrastructure projects and commit to demanding extensive precautions regarding human rights, Citi should not finance projects such as Block 64, which will add new exploitation in the *Pastaza Abanico*, which has been severely affected for decades for oil impacts without remedy, and which would increase pressure on a pipeline that lacks sufficient safety guarantees for the peoples suffering from this ongoing contamination.

2. Despite Citi's approach on Free, Prior, and Informed Consent, Petroperu's attempt to operate Block 64 fails to meet any standard

The Indigenous Peoples from the seven nations¹¹ reiterate that the standards outlined in Citi's report "Respecting the Rights of Indigenous Peoples"¹² do not align with international or interamerican standards of Free, Prior, and Informed Consent (FPIC) based on the right and principle of self-determination. Nevertheless, despite these inadequate standards, Petroperú fails to even meet these minimal standards in its attempt to drill Block 64. In this case, there has been no Free, Prior, and Informed Consultation or Consent process according to international standards or Peruvian law.

The Ministry of Energy and Mines (MINEM) of Peru, in a Legal Report on Block 64, argued that "[b]etween 1995 and 2011, the implementation of indigenous peoples' right to consultation in Peru occurred through various intercultural dialogue platforms, as Convention 169 did not

¹¹ The seven Nations are Indigenous peoples who have declared their autonomy based on the principle of self-determination. These seven nations are: Awajún, Achuar, Candozi, Chapra, Kichwa del Pastaza, Kukama Kukamiria, Shawi, Shiwilu, and Wampís, with the support of the Regional Coordinator of Indigenous Peoples of San Lorenzo (CORPI – SL). Available at: <https://nacionwampis.com/wp-content/uploads/2023/09/Pronunciamiento-nacionalidades-y-naciones-origi-narias-1.pdf>

¹² Citi's Report mentions that "For the purposes of Performance Standards 1, 7 and 8, 'FPIC' has the meaning described in this paragraph. FPIC builds on and expands the process of Informed Consultation and Participation (ICP) described in Performance Standard 1 and will be established through good faith negotiation between the client and the Affected Communities of Indigenous Peoples. The client will document: (i) the mutually accepted process between the client and Affected Communities of Indigenous Peoples, and (ii) evidence of agreement between the parties as the outcome of the negotiations. FPIC does not necessarily require unanimity and may be achieved even when individuals or groups within the community explicitly disagree." Available at: <https://www.citigroup.com/rcs/citigpa/storage/public/2023-Respecting-Rights-Indigenous-Peoples-Report.pdf>



specify a particular procedure for prior consultation.”¹³ Similarly, in Petroperú's 2020 Annual Report, it was referenced that “the license contract has been suspended [...] due to uncertainty regarding whether a Consultation process is required for Block 64.”¹⁴ Therefore, in the case of Block 64, not even the insufficient requirements outlined in Citi's report on Free, Prior, and Informed Consent are met.

Block 64, which overlaps with our ancestral territories, was established in December 1995, without Free, Prior, and Informed Consent (FPIC) as mandated by the International Labour Organization Convention 169 (ILO Convention 169). Despite international obligations that state the mandatory requirement of obtaining FPIC on Block 64, both the Peruvian state and Petroperu have attempted to argue legal loopholes to sidestep FPIC for this block.

Furthermore, since 2020, Petroperu has been seeking to operate this block.¹⁵ During this time, Petroperu has attempted to organize “community gatherings” or “intercultural dialogues” to create the impression that these are FPIC processes. However, the Interamerican Commission has indicated that the process of FPIC “is not a singular act, but a process of dialogue and negotiation that implies good faith.”¹⁶ Free, Prior, and Informed Consent means that Indigenous Peoples have the freedom, time, and access to information necessary to make informed decisions about proposals that may affect their rights. According to these standards, Prior, Free, and Informed means¹⁷:

¹³ Legal Report on Block 64, Oficio N° 309-2022-MINEM/DM: “It is worth noting that during the period from 1995 to 2011, the right to consultation of indigenous peoples in Peru was implemented through multiple intercultural dialogue spaces because Convention 169 did not establish a specific procedure for the implementation of the prior consultation process, leaving governments free to develop actions aimed at protecting the rights of indigenous peoples and ensuring respect for their integrity. However, Convention 169 did outline the characteristics and principles of the indigenous peoples' right to consultation, which were later incorporated by the Peruvian State in the Law and Regulation of the Right to Prior Consultation of 2012. These principles include good faith, flexibility, respect for interculturality, representativeness, cultural identity, according to circumstances, among others.” Available at: <https://drive.google.com/file/d/1fjGaIKHcWC8T8SbpbnumuGk-byQJ-aWa/view>

¹⁴ Petroperú's 2020 Annual Report: “Exploitation of Block 64: The project recorded a budget execution of US\$ 1.5 million, which represents 75.8% of the approved annual budget, because the license contract has been suspended due to force majeure reasons since June 15, 2019, until the approval of the Environmental Impact Assessment (EIA) of the Development, due to uncertainty regarding whether a Consultation process is required for Block 64.” Available at: https://petroperu.com.pe/Storage/tbl_documentos_varios/fld_1160_Documento_file/630-p9Bw8Zz61c3Tf8D.pdf

¹⁵ Furthermore, it was reported that since late March, work has been underway with the Canadian company Altamesa to put Block 192 into operation, and in the coming weeks, the search for an operating partner for Block 64 will begin. In both projects, investments will be the responsibility of the operating partners. Petroperu's Board of Directors establishes restructuring and austerity measures. Available at: <https://www.petroperu.com.pe/directorio-de-petroperu-establece-acciones-de-reestructuracion-y-austeridad>

¹⁶ Rights of Indigenous and Tribal Peoples regarding its ancestral lands and natural resources. Available at: https://www.oas.org/es/cidh/indigenas/docs/pdf/tierras-ancestrales_esp.pdf

¹⁷ Respecting Indigenous Rights: An Actionable Due Diligence Toolkit for Institutional Investors. Available at: <https://respectingindigenousrights.org/respecting-indigenous-rights.pdf>



- a. **Free:** The consultation process for Indigenous Peoples must be conducted in a manner that is free from coercion, intimidation, manipulation, or divisive tactics. It should cultivate an atmosphere of trust and good faith, enabling Indigenous Peoples to participate without fear of retaliation. Furthermore, companies should abstain from employing divisive strategies within communities, such as offering gifts or pitting one group against another. Indigenous Peoples should have the autonomy to select their representatives and establish the protocols for consultation.
- b. **Prior:** Indigenous peoples must be engaged in the consultation process right from the outset, including during the establishment of concessions on their lands, as these decisions could significantly impact them. It is common for states to grant concessions without prior consultation, only initiating the process when conducting Environmental Impact Studies later on. When Indigenous Peoples are involved after the concession is created, it leads to the perception that FPIC merely formalizes decisions that have already been made.
- c. **Informed:** Indigenous peoples must receive comprehensive, objective, and clear information about the proposed project or activity, including its nature, impact, and potential harms. This information should be presented in a culturally appropriate manner and translated into languages understood by the Indigenous communities. Adequate resources and capacity-building initiatives should be provided to ensure that Indigenous peoples can meaningfully engage in the consultation process and understand their rights.

The oil companies that tried to operate in Block 64, including Talisman and Geopark, have historically used divisive tactics such as creating fictitious organizations lacking community legitimacy, leading to direct confrontations with indigenous leaders in the territory and also in shareholder meetings. Despite the clear stance of the communities, Petroperú continues with these tactics, demonstrating supposed consent by irregular procedures, reflecting the strategies employed by its predecessors.¹⁸

Therefore, we reiterate that financial institutions, such as Citi, should align with international standards of Free, Prior, and Informed Consent (FPIC) based on the right and principle of self-determination. The fact that Petroperu is replicating tactics that promote division and conflict in the territory demonstrates significant deficiencies in Citi's due diligence procedures,

¹⁸ The Risks of Investing on Petroperu. Available at: <https://amazonwatch.org/assets/files/2022-09-petroperu-risk-assessment.pdf>



raising concerns about its commitment to respecting indigenous rights and ensuring ethical business practices.

Currently, Citi is in negotiations with Petroperú regarding a potential bond issuance, which may be used for the completion of the Talara Refinery.¹⁹ This refinery, located on the northern coast of Peru, will not only lead to the expansion of oil activity in the Peruvian Amazon, including Block 64, which overlaps with our territories and does not meet international standards or Citi's own policies, but will also contribute to increased carbon emissions, despite Petroperú's claims that the refinery will produce low-sulfur fuels.²⁰

The undersigned organizations state that on March 5, 2024, we requested an in-person meeting with Citi to discuss the impacts of Petroperú's operations, as well as Citi's policy on Free, Prior, and Informed Consent (FPIC). Citi has yet to confirm an in-person meeting. Through this statement, **we reiterate to Citi our willingness to have the in-person meeting with them on April 23 or April 24, not only regarding Petroperú, but also about the need to align their internal policies on FPIC with international standards.**

Therefore, the Peruvian Federation of Achuar Nationalities (FENAP), the Autonomous Territorial Government of the Wampis Nation (GTANW), and the Autonomous Territorial Governments of the Chapra Nation (GTANCH), representing part of the seven indigenous nations and nationalities of the Peruvian Amazon, declare that we have decided in assembly to launch an international campaign to:

1. Reject any association of companies or financial institutions with Petroperu, as Petroperu's intentions to operate in Block 64 do not have - and will not have - the consent of the affected indigenous communities.
2. Reject the offer of new blocks for oil exploitation that overlap with indigenous territories.
3. We will prevent the development of oil activities that impact the territories of the Indigenous Nations and Nationalities of the northern Peruvian Amazon.

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Amazon Watch

¹⁹ Petroperu Weighs \$1 Billion Bond Amid Cash Crunch. Available at: <https://www.bloomberg.com/news/articles/2023-12-14/petroperu-weighs-1-billion-bond-offering-to-address-cash-crunch>.

²⁰ New Talara Refinery has already produced close to three million barrels of low sulfur diesel. Available at: <https://www.petroperu.com.pe/english/new-talara-refinery-has-already-produced-close-to-three-million-barrels-of-low-sulfur-diesel>