



Mining and Development in Peru

With special reference to the
Rio Blanco Project, Piura

Delegates

Anthony Bebbington: Geographer; rural development in Andes; mining conflicts

Michael Connarty MP: Economist; planning expert; Chair, APPG Peru (*inter alia*)

Wendy Coxshall: Anthropologist; peace commissions; social conflict

Hugh O'Shaugnessy: Journalist; politics and economics of Latin America

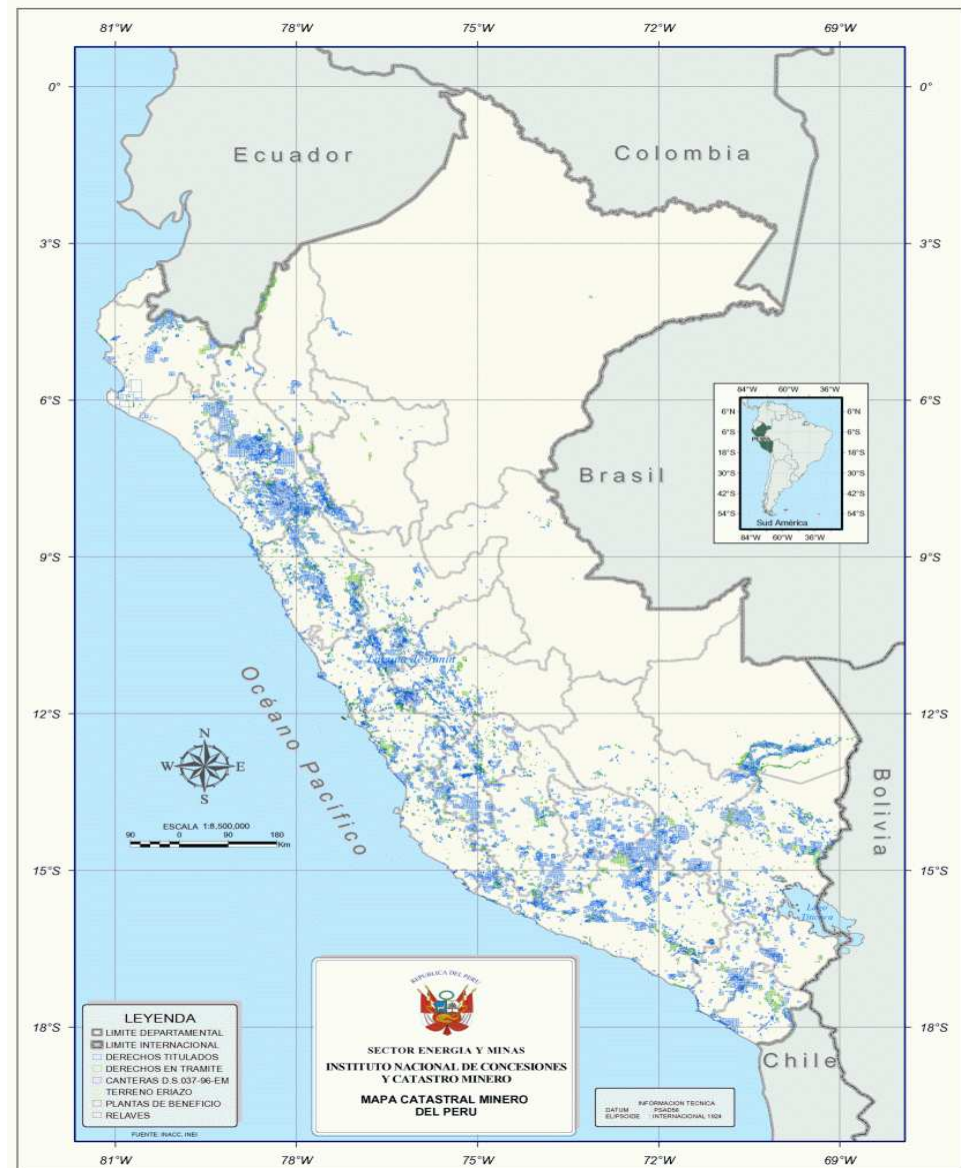
Mark Williams: Hydrologist; Principal Investigator National Science Foundation high altitude Long-Term Ecological Research site; mining and water

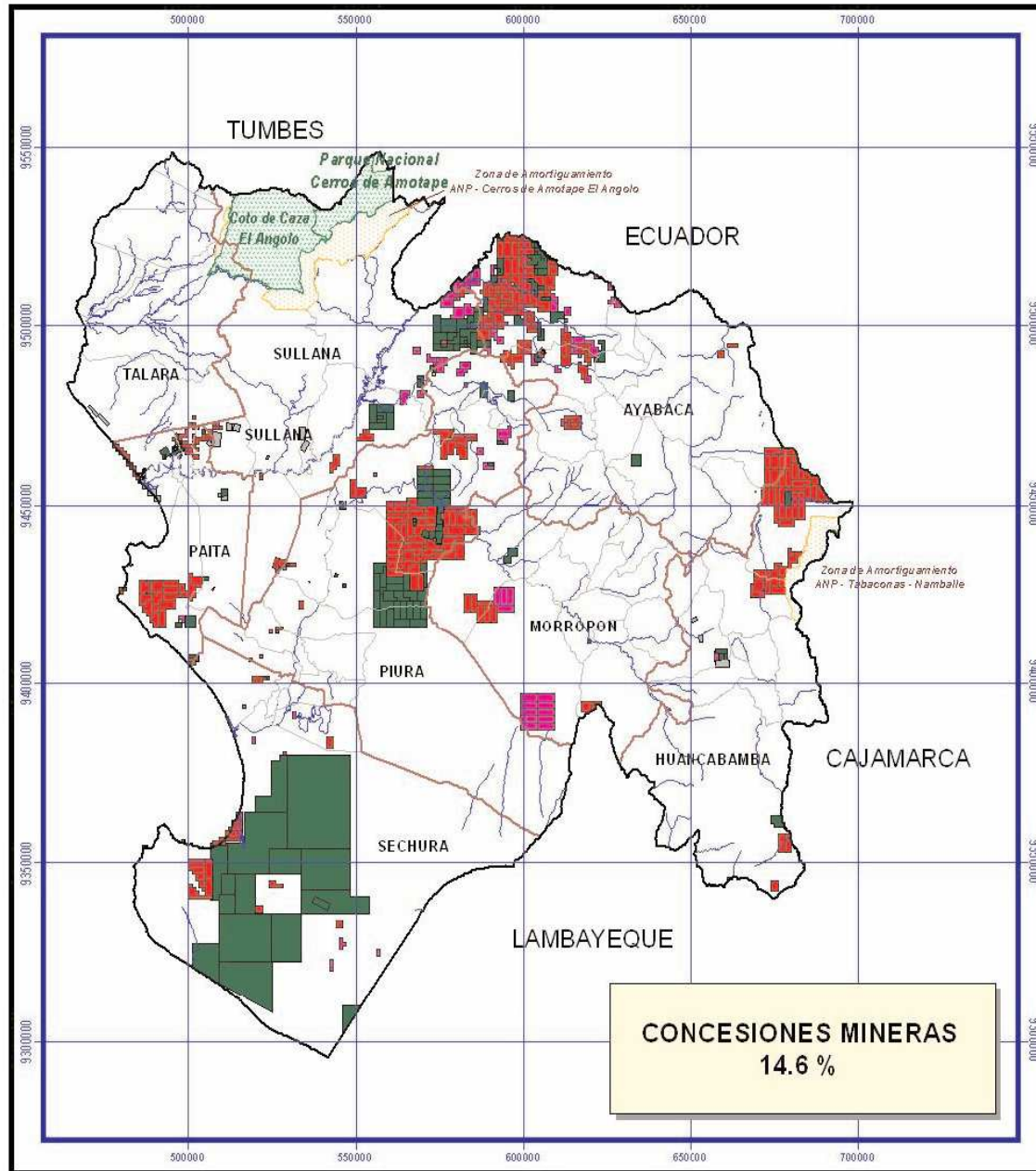
Mining and Development in Peru: with special reference to the Rio Blanco Project, Piura

- Context: Peru, Piura, Monterrico
- Rio Blanco: the project
- Rio Blanco: mining *and* development
- Findings
- Wider issues raised by the case

CONTEXT: Peru, Piura, Monterrico

- Mining and the economy
 - A story of rapid growth
- Mining and geography
 - A story of the old and new
 - 55% of 6000 *campesino* communities influenced
 - Concessions >>> uncertainty, risk
- Mining and history
 - A story of liabilities
- Mining and the state
 - A story of conflicting interests





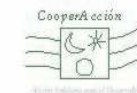
CONCESIONES MINERAS

SIMBOLO	DESCRIPCION
	Derechos Mineros en Trámite
	Derechos Mineros Titulados
	Derechos Mineros Extinguidos
	Plantas de Beneficio, Canteras y otros
	Derechos Mineros otorgados desde Nov. 2005 No se conoce su estado

MAPA POLITICO DEL PERU



MAPA DE CONCESIONES MINERAS DEPARTAMENTO DE PIURA



Fecha: Noviembre del 2006

Ubicación: Departamento de Piura

Escala: 1:1'800,000

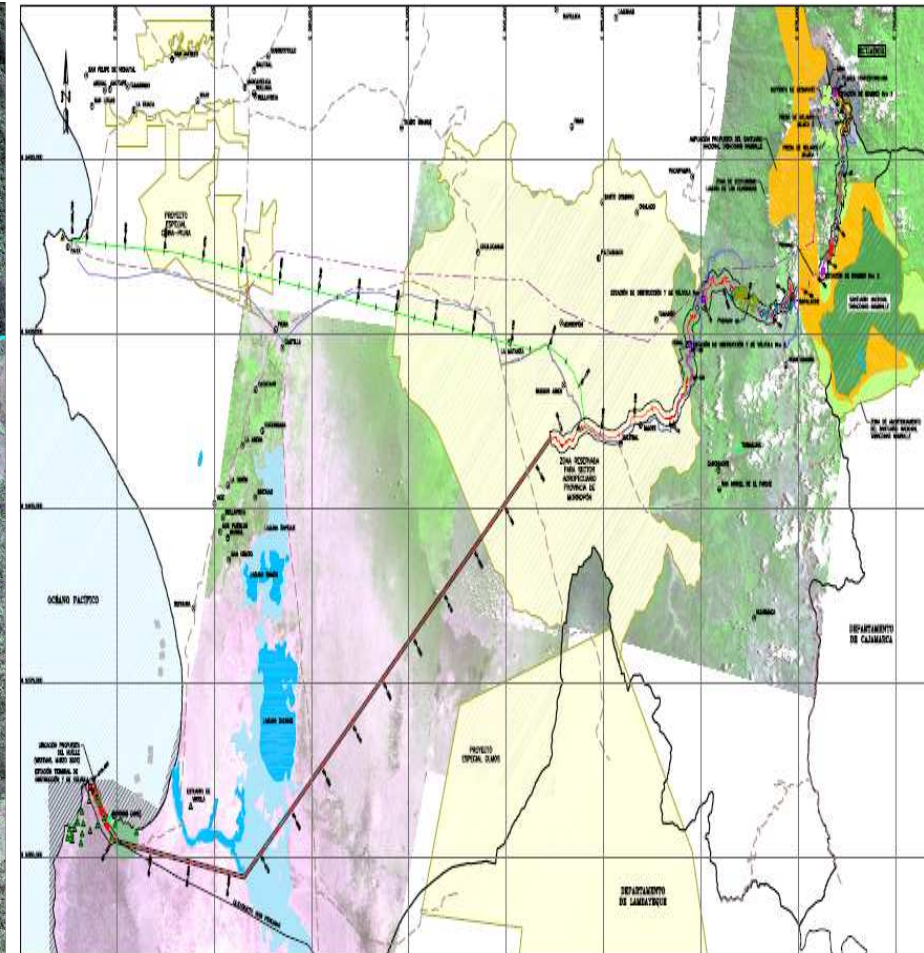
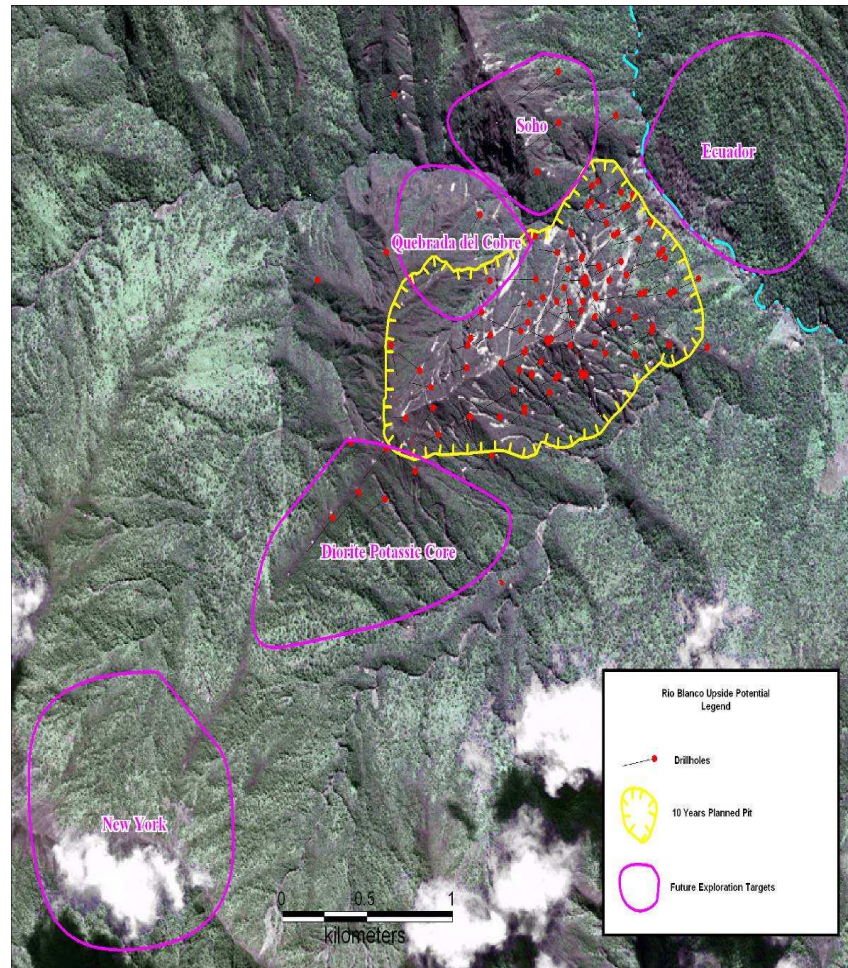
Fuente: I N A C C

Rio Blanco: the project

- Monterrico Metals: UK junior in Peru
 - Minera Majaz, its wholly owned subsidiary
- 2002/3 – begins exploration
 - On land owned by communities of Segunda y Cajas and Yanta
- DFS, Dec 2006: open pit mine
- EIA delayed – problems with both environmental and social components
- Zijin led consortium (China) bids

Local representations/market representations

- One mine? Or a mining district?
- A very big mine, but how big?
- Mineral duct, or road?



Timeline

- 2002-3
 - Community assemblies state to MEM they did not give permission to Minera Majaz
- 2004
 - “Massive” community assembly, march on mine site, one death
- 2005
 - Dialogue fails, second march, one death, injuries
 - Media campaign: accusation of “network of terror ” involving priests, bishops and Oxfam staff

2006

- March 12th: violence which police reports link to MM staff
- August 9th: *Ombudsman's report 1*: various constitutionally defined citizenship rights infringed
- September 11th: Majaz publishes apology
- November 20th: *Ombudsman's report 2*: MEM knew MM had not satisfied legal provisions to gain surface rights, but gave permission anyway
- MEM affirms MM surface rights; effectively ignores Ombudsman's report
- Opinion of staff at Ombudsman's office: MEM is going against the law

2007

- Vice Minister acknowledges legal problems re MM surface rights
- March: Two supreme decrees further limit citizen participation and municipal powers to affect exploration and exploitation phases
- Opinion of staff at Ombudsman's office: decree is explicit form of ignoring Ombudsman's report
- March 15th: Death threat against human rights lawyer involved in case

Rio Blanco: mining *and* development

Development (World Bank + Amartya Sen)

- Economic opportunity
- Human security
- Empowerment
- Environment

Mining and economic opportunity: Hypotheses to be assessed

- Pathway 1: Multiplier effects in the local economy, local demand
- Pathway 2: Social responsibility and local development programmes
- Pathway 3: Taxes, royalties and fiscal redistribution (*canon minero*)

Findings

Economic opportunity

- To date very little
- Future

Pathway 1

- Modern open-pit mining uses advanced heavy machinery
- Few actual jobs will be created, and many will require non-local skills
- Most jobs in construction; multiplier effects of roads
- UN ECLAC (2006): Yanacocha, an enclave

Pathway 2

- Likely effects, quite limited
- The development team's external relations work may crowd out development work
- Community development design similar to NGO programmes whose *economic* impacts have been disappointing

Pathway 3

- Municipal income *will* be unprecedented
- However other conditions need to be in place for this municipal budget to translate into development
- These conditions are yet to be met

Human security

- Real and perceived deterioration
- “Before we lived very peacefully”
- “We're not used to having police in our communities”
- Perceptions of livelihood insecurity
- HIV/STD risks: "a lot more immediate issues we have to resolve now "

Empowerment

- Lack of information
 - Creation of parallel organizations
 - Very weak public sphere
 - Chronic inability to exercise voice and rights
-
- Third parties also unable to elicit response from central government
 - Ombudsman unable to elicit response from MEM
 - Legal and democratic instruments fail communities

Environmental security

Three of our domains of concern

1. Contamination from tailings piles and waste rock

- Our major worry is leaching of AMD from the mine site, tailings piles, and waste rock piles
- Contamination sources for centuries after mine closes
- Disseminated ore produces much more waste rock and tailings piles compared to ore concentrated in veins, compounding problem

2. Dry-filtered tailings approach has rarely, if ever, been tried in a high-rainfall area

- The area receives 2,000 mm or more of rain annually, concentrated in a wet season.
- Possibility of infiltrating rain transporting contaminants from tailings and waste rock into surface/ground waters.
- The high amounts of precipitation can cause water-logging and wet debris flows if there is significant infiltration of rain.
- A combination of wet tailings/waste rock piles and an earthquake is of particular concern: slope failure is a very real possibility

3. Contaminated groundwater

- It is likely that the depth of the open-pit mine will be below the local water table
- That water will need to be pumped from the mine site.
- It is highly likely that this water will be contaminated with AMD.
- Treatment of this potential AMD is imperative.

Summary

- Doubts about economic opportunity
- Human security has deteriorated
- Disempowerment
- New environmental risks introduced

Wider issues raised

- Rio Blanco will likely trigger the transformation of Piura
 - A first mine among many?
 - Far more careful, strategic and informed thinking therefore seems sensible before jumping in
 - MEM processes do not allow this
 - Strategic land use and regional planning is critical

- Rio Blanco has become emblematic of chronic problems in the governance of Peru's mining sector
 - Legal provisions are contested within government: while MEM's legal office confirms MM rights, Ombudsman's office questions legal basis of MM's presence
 - Community rights are chronically weak, and democratic mechanisms for defending them have failed
 - System is prone to violence: recent government policy & practice aggravate this; company practice can trigger it
- In Peru, this is dangerous

- Translation of mining into development requires legitimate, responsive and careful governance arrangements: the *canon* is not enough
 - Do they exist?
 - Social responsibility and company behaviour
 - Improvements
 - Continued concerns re-consistency of messages conveyed
 - Does any institution have the legitimacy to pull this off
 - Our fear: in their absence mining will proceed without development and through exercise of authoritarian power
 - Should the focus be on mining and *development*, or also mining and *democracy*?



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