CAO Conclusion Report: Yanacocha-05/Cajamarca, Peru

Summary of CAO’s dispute resolution process in relation to the IFC-supported Yanacocha project in Cajamarca, Peru.

BACKGROUND

The IFC investment
Located in the Andes Mountains in the Department of Cajamarca, Peru, Minera Yanacocha S.R.L. is the largest open-pit gold mine in Latin America. With three active open pits, the company has produced over 26 million ounces of gold since its opening in 1993. Minera Yanacocha is jointly owned by Newmont Mining (51.35 percent), Minas Buenaventura (43.65 percent) and IFC (5 percent).

Over a period from 1993 to 1999, IFC committed three loans to finance the capital expenditure programs for three of the company’s mines, Carachugo, Maqui Maqui and La Quinua. In parallel, IFC made an equity investment for a five percent ownership stake in the Company. Only the equity investment remains active.

Yanacocha’s Conga site in Cajamarca, and particularly the Yanaquero and Coñicorgue estates bought by two Cerna brothers in 1946. The complaint states that this situation has prevented the brothers’ families, including their children, from enjoying the economic benefits of their land assets, and that due compensation should be paid by Yanacocha.

Yanacocha states that Yanaquero and Coñicorgue properties are not within its property and that those properties were entirely expropriated by Peruvian Government during the 1970s and granted to the San Juan de Huangashanga Rural Community.

CAO ASSESSMENT

After determining the case eligible, CAO began an assessment of the complaint in June 2013. The purpose of CAO’s assessment is to clarify the issues and concerns raised by the complainants and to help the parties determine whether and how they might be able to resolve the issues in the complaint. CAO does not gather information in order to make a judgment on the merits of the complaint.

In August 2013, a CAO team travelled to Peru to meet with the complainants and Yanacocha representatives separately. This trip was followed by a series of separate conversations and meetings to clarify the options available through CAO to address the complaint. By October 2013, both parties had formally agreed to participate in a voluntary dispute resolution process to address the issues in the complaint.

DISPUTE RESOLUTION PROCESS

At the start of the dispute resolution process, CAO provided separate capacity building to the complainants and the company representatives to help prepare them for mediation. After jointly
establishing ground rules, and setting the agenda for the process, several information exchange meetings took place between the parties. They shared their different perspectives and supporting documents, of which details are confidential.

The parties set up a smaller working group, which included representatives of the family and the company, as well as legal advisors on both sides. The working group met from January 2014 to May 2014 on a monthly basis, facilitated by CAO. In May 2014, the working group reported that they had reached an impasse.

As there was no agreement by the parties on how to overcome the impasse, or reach a common understanding, the dispute resolution process was brought to an end.

**NEXT STEPS**

As per its Operational Guidelines, CAO has referred this case to its Compliance function for appraisal of IFC’s performance with regard to the project. More information on this case, including CAO’s Assessment Report, is available on CAO’s website, [www.cao-ombudsman.org](http://www.cao-ombudsman.org).