



**REPORT OF THE CAO EXPERT MISSION
TO CAJAMARCA:**

NOVEMBER MEETINGS

December 2001

**Office of Compliance Advisor/Ombudsman
of the International Finance Corporation and
the Multilateral Investment Guarantee Agency**

TABLE OF CONTENTS

I	BACKGROUND EVENTS.....	3
II.	PROGRESS TO DATE.....	4
III.	The MESA.....	6
	Tour of the Mine.....	6
	Reflections and Highlights.....	7
	Preliminary Ideas from Minera Yanacocha	7
	Next Steps.....	8
IV.	CAPACITY BUILDING	9
V.	COORDINATING COMMITTEE	11
	Overview.....	11
	Next Steps.....	12
VI.	CHOROPAMPA.....	12
VII.	CONCLUSION.....	13

I. BACKGROUND EVENTS

As we have mentioned in previous reports, the origin of the CAO dialogue process stems from two formal complaints submitted to the CAO. The first of these complaints was filed by leaders of the community of Choropampa concerning the aftermath of the mercury spill that occurred on June 2, 2000. A second complaint was submitted by a local group of the Rondas Campesinas in Cajamarca. It detailed concerns related to environmental, social, and economic impacts from Minera Yanacocha's operations, as well as concerns regarding consultation and outreach, and compliance with a number of IFC Safeguard Policies.

In response to these complaints, the CAO convened a mission to understand and address the problems in a more comprehensive manner through the creation of a multiparty dispute resolution and dialogue process. During the course of the past six months the CAO facilitators have made four visits to Cajamarca. These visits began in July with an assessment of the situation and the suitability for using dispute resolution techniques and a dialogue process to resolve environmental issues, employment matters, health concerns, etc.

In September, CAO facilitators returned to Cajamarca to convene the first meeting of the MESA. Participants attended the dialogue from diverse sectors of the community. Senior leadership from Minera Yanacocha was also present. In a series of three public workshops, participants identified and prioritized issues and concerns, and established a preliminary approach for moving forward. Dialogue members agreed to an independent study evaluating conditions of water quality and quantity in the city of Cajamarca and affected villages. Another critical priority was the environmental impact of Minera Yanacocha, particularly the impact on frogs, birds, fish and other fauna and flora in the region. In addition, participants raised concerns about air quality in the region and issues related to jobs and other socioeconomic matters.

Dialogue participants reconvened in October to refine the focus for the independent water study, develop an initial blueprint for a local leadership structure, and determine a strategy for building capacity in problem solving and conflict resolution skills.

In November, dialogue members participated in a field trip to Minera Yanacocha and a group of thirty individuals from different sectors attended a two-day capacity building workshop in conflict resolution.

Dialogue tables and conflict resolution efforts never exist in a vacuum and the Cajamarca MESA is no exception. Several notable movements and events that shape the broader context within which this dialogue process is taking place are worth mentioning.

One such trend is the explosion of Mesas de Dialogo that has occurred in the past several months, including the one sponsored and convened by the Ministry of the President (CTAR Dialogue Table). Mr. Martin Soto Guevara, Technical Secretary for Decentralisation, and Advisor to the Minister and Vice-Minister of Infrastructure, is in charge of the Dialogue Table that has been convened in Cajamarca to decrease the controversies related to environmental and social impacts citizens maintain have been provoked by mining operations at Minera Yanacocha. The meeting was attended by the Cajamarca congressional delegation, ecological groups, NGO's and other members of civil society, as well as representatives from Minera Yanacocha. The meeting in November concluded with an agreement of 14 points of action. A follow-up meeting occurred in December and another meeting is scheduled January 10, 2002. Efforts to coordinate between the MESAS convened by the Ministry of the Presidency and the CAO are underway.

Other trends that shape the broader context include the continuation of non-violent demonstrations and "Paros Regionales" organized by ecology groups to highlight their demands; a continuing boycott of the CAO dialogue process by some ecology groups; and reports of repeated pressure and threats directed at several groups participating in the CAO dialogue process aimed at coercing them into boycotting the talks. Some participants reported to us that such threats have been accompanied by warnings of adverse consequences such as denial of assistance of various kinds by both local government and some NGOs.

II. PROGRESS TO DATE

Despite the challenges and difficulties mentioned in the preceding section, and the fact that only two dialogue sessions (September and October) have occurred, there has been noteworthy progress. The following actions have been agreed upon and are being implemented:

Water Study

1. Based on a unanimous request from the Dialogue Table, the CAO has agreed to organize an independent investigation concerning the quality and quantity of water in the "cuencas afectadas". The process of scientific inquiry conducted by a team of international experts will operate independently of influence from all directly interested parties.
2. The Dialogue Table has refined and agreed upon broad terms of reference for the water study.
3. A team of internationally renowned water experts has been engaged by the CAO. This team will travel to Cajamarca at the end of January to begin the initial phase of their study. They will participate in the meeting of the Dialogue Table January 29, 2002.

Local Leadership Structure

1. Dialogue Table participants have put in place a local leadership structure known as the Coordinating Committee, including functions and representation structure. The purpose of the Committee is to provide local leadership for a uniquely Cajamarcan dispute resolution process. Functions include organizing upcoming dialogue meetings; advising CAO facilitators on meeting agenda, goals and strategy; arranging logistics and meeting space; developing an effective working group; etc.
2. The Committee has met three times to date, once in November and twice during the month of December. A meeting on January 22, 2002 has been scheduled at 11:00 a.m. at the Cajamarques restaurant.

Capacity Building in Conflict Resolution

1. At the request of dialogue participants, CAO facilitators conducted a two-day workshop introducing participants to skills in conflict resolution. Approximately 30 participants attended from the community and mining sectors.
2. On January 19 and 20 a follow-up workshop will be conducted for participants who attended the November session. In addition, 30 additional participants will be trained January 26 and 27th. It is the intention of the CAO facilitators and the group to have 60 people trained in 48 hours of conflict resolution by April 2002. Those who complete the 48 hours will receive certificates.
3. CAO facilitators conducted a session for students and faculty at the private university on the state of alternative dispute resolution in Latin America. The CAO team had planned to deliver a similar presentation at the National University. Regrettably due to the "paro", we were not able to offer the seminar. Nevertheless, the dean of the school of communications has requested that in the course of future visits, a presentation be made at the school of communication on dispute resolution practices.

Choropampa

1. At the request of elected leaders of Magdalena and Choropampa and members of civil society, and with the support of Minera Yanacocha and the knowledge of the Peruvian government, the CAO has agreed to convene and organize a team of medical experts, with international standing, to conduct a medical review. The team will be lead by an expert from WHO (World Health Organization). The purpose of the health assessment is to investigate whether and to what extent the mercury spill of June 2, 2000 and its aftermath, continue to affect the health of the people of the spill zone.
2. Elected leaders and representatives of the broader community refined and agreed to the terms of reference for the health assessment.

3. The community has formed an organizing commission composed of local authorities, La Posta, the school and others to coordinate the visit of the medical team and provide support to the team and the CAO during the assessment process.
4. The CAO will contract with a member of the Independent Commission who served on the assessment team following the mercury spill, to evaluate the status of the recommendations outlined in the Independent Commission's report to the CAO, *Investigation into the Mercury Spill of June 2, 2000 in the Vicinity of San Juan, Choropampa, and Magdalena, Peru.*

Coordination with the CTAR Dialogue Table

CAO facilitators met with Mr. Martin Soto Guevara, Technical Secretary for Decentralisation, and Advisor to the Minister and Vice-Minister of Infrastructure, who is in charge of the CTAR Dialogue Table and suggested the Coordinating Committee look into ways for the two tables to coordinate their efforts. In January the Coordinating Committee will more fully explore options for collaboration.

III. The MESA

Tour of the Mine

On November 26, 2001, more than 70 participants representing multiple sectors of the community and including representatives from the mine, boarded two large buses to take part in a field trip to Minera Yanacocha. The visit was the result of an offer made by the mine in the October MESA meeting and was followed by a closure session later in the day at Hostal los Pinos to reflect on the experience, and discuss next steps.

The purpose of the field trip was to explore the landscape, exchange information and look at the situation and the problem through the eyes, experiences, and values of both the mine and the community.

The tour began under cloudy skies at an altitude of more than 4000 meters. The visit provided a snapshot of operations, mitigation practices and environmental controls employed by Minera Yanacocha and included a dramatic moment when several members of the group drank the water at the mine.

Throughout the day, group members asked probing questions, related stories from their own experiences, and listened to short presentations by mining staff. These discussions were supplemented with lots of informal discussion on the buses, during lunch and while walking the land.

The closing session at Hostal los Pinos included highlights, reflections and insights from the day; a presentation by the CAO updating the group on the

status of the water study, the Choropampa health assessment and the biodiversity study; a presentation by Minera Yanacocha concerning the activities it is pursuing; and a discussion of next steps.

Reflections and Highlights

Participants discussed several issues without reaching any conclusions. One theme pertained to the restoration plan for the mine. Opinions ranged across the board from those who hoped the restored land could become a national park to those who suggested the land revert back to the original owners.

A second theme that did reach a preliminary conclusion pertained to the presence of multiple dialogue tables and the need to coordinate and avoid duplication. We presented the concept of two tables to the group for discussion and consideration. Preliminary conclusions were that the CAO table continue to function and that efforts be made to find points of collaboration.

Preliminary Ideas from Minera Yanacocha

Bill Zisch from Minera Yanacocha spoke of the many challenges the mine faces in participating in multiple dialogue tables and of the need to be consistent in their participation. He also shared several preliminary thoughts of activities the mine is considering in its efforts to address some of the concerns expressed by the community. He cautioned the group that these were preliminary and not final ideas and that ideas could change, as information changed. These preliminary ideas are summarized below:

1. Community foundation. Minera Yanacocha is in the process of establishing a community foundation to provide funding for development projects in the community in areas of agriculture, tourism, suppliers, producers, etc. The design, structure and other details are yet to be worked out.
2. Cerro Quilish. Minera Yanacocha recognizes that mining Cerro Quilish requires the support of the community of Cajamarca. At this point in time, Minera Yanacocha has decided to postpone the mining of Quilish to year six (meaning six years from now) to allow time to work through the issues related to Quilish. If the mine is able to resolve these issues sooner, the mine will move forward with their Quilish operations prior to the current 6 year plan time frame. In the mean time, the mine will continue to do the studies required to prepare for Quilish. Some of the preparatory work includes conducting an environmental impact statement (EIS) and assessing the impact of mining operations on water quality and quantity.
3. Laboratory. Minera Yanacocha has agreed to support the establishment of a laboratory program to assess water quality. The mine is currently engaged in conversations with other stakeholders regarding what form their support will take.

4. Water quality and quantity. Minera Yanacocha has committed to support a study of water quality and quantity. Related to this activity are the actions Yanacocha is taking to control the sediments in the basins as well as the water quantity. Minera Yanacocha is also seriously considering the possibility of constructing reservoirs to help control sediments. In the future, reservoirs may also be utilized as a source of water supply. The size of the reservoirs and whether reservoirs are a better approach than serpentines are issues still under study.
5. The Trout Kill in Granja Porcon. Minera Yanacocha advised the group of a recent situation in Granja Porcon where a significant number of trout farm trout had died. The community had experienced a torrential rainstorm, one that happens once every ten years. Stream banks failed as a result of the downpour and mud was washed down hill into the trout farm. At the time of the Dialogue meeting, the mine was still investigating the situation. However, they surmised that mud was the probable cause of death for the trout. Yanacocha assumed responsibility for the trout kill in Granja Porcon. In addition to assessing their contribution to the problem, the mine is also in conversation with the community to mitigate the situation.

Next Steps

1. The group agreed to a draft schedule of workshops and dialogue tables presented in the table on the following page.
2. At the request of participants the CAO facilitators will offer an additional series of training programs for members we were not able to accommodate in the November session. In addition, we will provide three workshops in all to each group.
3. The Coordinating Committee will work with the CAO facilitators on the agenda for upcoming meetings and will also help in the recruitment of participants from different sectors who will take part in the Group B series of training programs.

**DRAFT SCHEDULE OF UPCOMING TRAINING WORKSHOPS
AND DIALOGUE TABLES**

January	<p><u>Group A, Workshop II: Skills and Strategies for Resolving Conflict</u>—January 19-20, 2002 at Hostal los Pinos from 9:00 a.m.-5:00 p.m.</p> <p><u>Group B, Workshop I: Analysis of Conflict</u>—January 26-27, 2002 at Hostal los Pinos from 9:00 a.m.-5:00 p.m.</p> <p><u>Dialogue Table</u>—January 29, 2002 at Hostal los Pinos from 9:00 a.m.-6:00 p.m.</p>
February	<p>Group A, Workshop III: <i>Application of Conflict Resolution Skills and Strategies; Certification</i></p> <p>Group B, Workshop II: <i>Skills and Strategies for Resolving Conflict</i></p> <p>Dialogue Table</p>
March	<p>Group B, Workshop III: <i>Application of Conflict Resolution Skills and Strategies; Certification</i></p> <p>Dialogue Table</p>
April	Dialogue Table
May	Dialogue Table

It is anticipated that the water study team of experts working under the auspices of the CAO will participate in the January Dialogue meeting.

IV. CAPACITY BUILDING: TRAINING DIALOGUE PARTICIPANTS IN CONFLICT ANALYSIS, SKILL BUILDING, STRATEGY DESIGN AND SKILL APPLICATION

More than 30 members of the Dialogue Table participated in a 2-day training program that introduced the group to concepts and skills of conflict resolution. The workshop was in response to a request for capacity building made by members of the Dialogue Table. Participants came from diverse sectors including the Chamber of Commerce, Rondas Campesinas, Project Underground, CARE, Minera Yanacocha, municipality of Magdalena, SEDACAJ, Vicaria de la Solidaridad, alcaldes de los poblados menores, and Ministerio de Energia y Minas (MEM), among others.

The course focused initially on the elements of conflict and how we define conflict. The group then explored how to analyze a conflict in terms of the people involved, the problem to be addressed and the process and applied this framework to their own disputes to gain a clearer understanding of what is causing the conflict and what to do to resolve it. The role of perception versus reality was also highlighted.

Building upon these initial concepts, the group examined four behaviors people tend to use in approaching conflict: avoidance, competition, collaboration and giving in. While we all use each of these behaviors sometimes, we tend to have one we use more often than others. Each participant reflected on their natural tendency in dealing with conflict and shared this insight with the rest of the group.

The CAO facilitators then introduced the concept of interests versus positions and reinforced the concept with a demonstration of a problem between two children and an orange. The group also discussed three different approaches for resolving disputes: power, rights, and interests and looked at the efficiency of each approach.

During the second day, the groups engaged in several role-playing activities to practice and reinforce the skills from Day I. An observer was assigned in each group to give feedback to participants. The CAO facilitators also conducted a discussion about strategy and insights in the whole group.

At the conclusion of the session participants were asked for their impressions of the workshop. A summary of their responses appears below:

How Do You Feel:

- *I learned a lot I can use to deal with conflicts in my family. I feel fortunate.*
- *I am an introvert but was able to build a partnership with others in the group. I feel content and at peace.*
- *I recognize that not everyone who wanted to was able to attend. Clearly the form of working together requires a more intimate group. I appreciate the opportunity to work with many people from different backgrounds. It was a very instructive two days.*
- *I felt good, revitalized and comforted. I appreciate working in a cooperative rather than a confrontational way.*

- *I feel enriched*

What Did You Learn:

- *Group dynamics*
- *Methodologies for resolving conflict*
- *The importance of empathy*
- *Practice with really hearing and knowing each other*

At the conclusion of the two days, each participant took an oath, committing publicly to one other member to utilize the skills, approaches and spirit of the workshop in their dealings with others in their own organizations, across organizations and in their families.

Two more sessions are planned for this group and another series of three 2-day training programs will be organized for 30 additional participants. The plan for an additional series of workshops was at the request of those present. Due to the limitations on number of participants, we were unable to include all who expressed interest in the initial workshop series.

V. THE COORDINATING COMMITTEE

Overview

As a result of discussions during the October Dialogue Table, a Coordinating Committee was formed prior to our arrival in November. Delegates were selected from different sectors and the Committee is composed as follows:

NAME	SECTOR
Ingeniero Ara	Municipality
Violeta Viga	Minera Yanacocha
Elfer Miranda	University
Julio Marin	Rondas Campesinas
Gil Paisic	Centros Poblados Menores
Gerardo Castillo	SEDACAJ
Segundo Sandoval	Chamber of Commerce

The purpose of the Committee is to provide local leadership for a uniquely Cajamarca dispute resolution process. Committee functions include organizing upcoming dialogue meetings; advising CAO facilitators on meeting agenda, goals and strategy; arranging logistics and meeting space; developing an effective working group; serving as a liaison to other dialogue tables, etc. Over time it is anticipated that the Committee will form the center piece for an ordered, disciplined transition strategy to pass the baton of process leadership from CAO

facilitators to a local group of Cajamarca leaders representing multiple sectors of the community.

The Coordinating Committee met for the first time on November 29, 2001. The agenda for the session covered the following topics:

1. Role of and relationship with other dialogue tables
2. How to enhance continuity and discipline in the MESA
3. Effective approaches for distributing CAO mission reports
4. Roles within the Coordinating Committee
5. Topics for the December Coordinating Committee meeting. The Committee has agreed to take responsibility for acting on the following issues at their December meetings:
 - Structure and function of the Committee
 - Institutionalizing the dialogue
 - Agenda items for the January MESA (i.e., introduction of the hydrology study team, update from Yanacocha, formation of topical working groups, etc.)
 - Strategy for communicating with dialogue participants
 - How to organize and designate participants for training group B
 - How to move beyond dialogue to actions and results

Next Steps

1. The Committee selected Elfer Miranda as their coordinator and Julio Marin as the relator.
2. The Committee agreed that each delegate could appoint an alternate who will serve on the Committee on very rare occasions when the designated representative is unavailable.
3. The next meeting of the Committee will be December 10th at the Chamber of Commerce to take up the issues described above.
4. The Committee will meet with the CAO facilitation team on Tuesday, January 22, 2002 at 11:00 a.m. at Restaurant Cajamarques to update the CAO team on recent events and to make final plans for the January training workshops and dialogue meeting.

VI. CHOROPAMPA

On November 29, 2001, the CAO facilitation team met with a delegation from Choropampa. At the meeting participants reviewed their ongoing concerns about the health situation in the area affected by the mercury spill. In response to these concerns the CAO has agreed to convene and organize a team of medical experts, with international standing, to conduct a medical review. The team will be headed by an expert from WHO (World Health Organization). The purpose of the health assessment is to investigate whether and to what extent the mercury spill of June 2, 2000 and its aftermath, continue to affect the health of the people

of the spill zone. At the meeting a letter from CAO Senior Specialist Rachel Kyte was distributed to the participants as well as the terms of reference for the expert team. The letter outlined the status of the plan for the medical commission, and confirmed that the mission will be lead by a medical expert from the Pan-American Health Organisation who will select a team with appropriate specialities and experience to the Choropampa situation. The medical team is expected to visit Choropampa during the first quarter of 2002.

In a separate development and at our request in October, through the good offices of the Mayor of Magdalena and her “regidor”, Wilser Carmona, the community has been identifying and organizing visits and people for the medical team’s assessment in anticipation that the medical team will arrive early in 2002.

VII. CONCLUSION

While there are many challenges ahead for the MESA, we look forward to significant progress and continued positive efforts from the people of Cajamarca and Minera Yanacocha in the New Year.