

COOPERACCION



Acción Solidaria para el Desarrollo

REPORT

CANADIAN MINING COMPANIES INVESTMENTS IN PERU: THE TAMBOGRANDE CASE AND THE NEED TO IMPLEMENT REFORMS

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1. Background information

The primary social conflict confronting the mining industry during the last few years has arisen with local populations in response to the mining industry's activities. This is not a new conflict in Peru – as has been demonstrated by mining history – and in the last few years it became a global conflict that repeated itself with similar characteristics in many regions of the world¹.

The dispute for control and management of the natural resources among mining companies and rural communities has been the central element of the conflict. The communities have viewed themselves as guardians of an ecosystem in order to confront the arrival of an external actor, as in the case of the mining companies². In countries such as Peru, in general, it can be added that the communities have verified that, traditionally, the mining projects have contributed little or nothing at all to improve their living conditions and mitigate poverty levels.

In Peru, at the beginning of the 1990s, a structural reform program was established under the auspices of the World Bank that created extremely favourable conditions to consolidate a predominant role for mining activity within the Peruvian economy.

During that same period, mining investments began flowing into Latin America, in particular to countries such as Chile, Mexico and Peru. Toward the middle of the 1990s, Latin America was consolidated as the primary region to attract mining investments at a global level.

Within that context, investments from Canadian mining companies started arriving in Peru. It should be pointed out that prior to the last decade, direct Canadian investments in Peru in general had not been significant, and even less significant in the mining sector. At the middle of the last decade, investments to that country took an important jump³, directed primarily to the mining sector⁴. This is how Canadian

¹ As a result of a series of international encounters, CooperAction has shared information and produced a systematization of the conflicts in Asia, Africa and Latin America among which are: Tarkwa in Ghana involving the Gold Fields Company, Bouganville in Papua New Guinea involving the BPH Company, Sulawesi in Indonesia and INCO, in Australia RTZ involving several regions, in the Philippines in the Marinduque area involving Placer Dome and in Latin America the conflicts of Parapanema in Brazil, in Bolivia Capasirca, Amayapampa y Lallagua and in Peru Tambogrande, Yauli La Oroya and Tintaya.

² See De Echave, José: "Building a process for decision making to face mining operations", CooperAction.

³ Growing to 200% in 1995.

⁴ Approximately 70% of direct investments were directed to the mining sector in the past decade.

mining companies started playing an important role in the process of transferring companies and projects that were under the control of the Peruvian state, and in the development of new mining projects, also making important investments in exploration.

During the past decade, the mining area in the Peruvian territory grew significantly. In 1991, registered mining rights covered 2.258.000 hectares; in 1997 – a peak year – they reached 15.597.000 hectares.

Evolution of registered mining rights: 1991-2000
(Thousands of hectares)

	1991	1992	1993	1994	1995	1996	1997	1998	1998	2000
Registered	2.258	2.258	2.371	6.151	8.758	12.110	15.597	14.825	13.188	11.700

Source: Ministry of Energy and Mining, Mining Referential Plan 2000-2009

This growth not only has consolidated the presence of mining in traditional areas, it has also projected the activity into new regions where mining was absent.

The territorial advance of mining activity also affected territories traditionally dedicated to agricultural activities and the peasant communities that, without doubt, are the most affected sector of the population. In Peru, the territory of the peasant communities represents 39% of the country's agricultural area, and from the 5.680 recognised communities with ownership titles, 3.126 (55% of the total) found themselves, toward the end of the decade, in the mining influence zone. This expansion produced conflicts between mining companies and rural communities that multiplied across the entire country.

Within this context, and without any doubt, the conflict between the Tambogrande population in the San Lorenzo Valley and the Canadian company Manhattan Minerals in the Piura region to the north of Peru, is one of the emblematic cases of resistance to the start of a mining project.

2. The Tambogrande conflict

The region where Tambogrande is located is considered to be one of the main agricultural areas of the country⁵: At the beginning of the present decade, the entire Piura region represented 22.1% the cultivable area of Peru. Tambogrande's use of the land was a projected 37.5% of the agricultural area in the region and 8.3% for the country.

Towards the end of the 1940's, the Tambogrande district was almost a desert zone in an important agricultural valley due to the San Lorenzo irrigation project, with some agricultural activity for local consumption using the scarce water available in the region. Since then, Tambogrande achieved a "rational use of water, massive access to land ownership, conservation and usage of dry forests – exploitation of bee's honey and carob trees – that constitutes an example of adequate and sustainable use of the natural resources."⁶

The area produces the largest agricultural production of the country in products such as mangos, lemons, rice, cotton, potted marigolds and corn⁷. The production of mangos and lemons in the San Lorenzo Valley is for the export market.

⁵ It should be pointed out that Peru has one of the lowest percentages of agricultural lands in Latin America.

⁶ *Translator's note: the original Spanish document did not include a reference for this quote.*

⁷ Tambogrande: Potentiality of an Agro Exporter System and the Threat to Sustainable Development. FEDEPAZ.

In the case of Tambogrande, for the first time there was a very clear and direct confrontation between agricultural and mining development. In general, in Peru the mining industry was implanted in the high Andean areas where basic self-subsistence ranching and farming was taking place. In this case, the mining projects had to confront farmers' resistance that had consolidated the most important agricultural valley in the north of Peru, also developing farming for exports to already gained markets.

The mining proposal implied the development of a project that in its first stage would have displaced 8.000 of the 25.000 inhabitants in the urban area of the district, to vacate the space needed for the construction of facilities and especially for open pit mining. There was also a plan to divert the flow of the main river in the area: the Piura River.

Another conflictive matter was related to the use of water – surface and underground – in the area and the impact on the land, the agricultural sector and water supply. Certain parts of the Tambogrande deposits contain between 85% and 99% iron sulphite, which represents a very serious risk of contamination since this element is the main cause of contamination of acidic waters in mines all over the world⁸.

It is important to indicate that Tambogrande was always perceived by the population as the first of a series of mining projects that were going to be promoted in the region, transforming it into a new area of mining expansion. This perception was confirmed by the fact that in last decade, the mining rights handed to companies by the Peruvian state represented 48.24% of the entire Tambogrande territory⁹. In spite of the fact that the mining company's campaign was centered around the benefits that the project would bring to the community, these arguments had no effect on the majority of the population¹⁰, who rejected the possibility of mining activity in its territory.

Without any doubt, one of the determining moments of the conflict was the organizational neighbourhood consultation. The municipal district¹¹ and the population organised in a Defence Front for Tambogrande and decided to summon the population to consult about the mining activity in their territory. For the sector that sponsored the consultation, legality was based in the following norms:

- ❑ Municipal organic law #23853, that establishes the responsibility of the municipal authority referring to planning and development (articles 62 and 64), as well as the competence of the municipal authority to promote and define mechanisms of participation by the population in the development of the community (articles 10 and 79).
- ❑ The participation rights and citizens control law #26300, that foresees, without definition, population participation mechanisms at a municipal level.

⁸ Robert E. Moran, Ph.D. in Quality of Water/Hydrogeology/Geochemistry. *Tambogrande: The bitter examples of Manhattan*. Translated from English by Oxfam America. Sep. 2002.

⁹ See the district map of Tambogrande with the mining claims.

¹⁰ A detailed analysis of the cost/benefit ratio of the project did not favour the mining company's proposal. The argument that mining would help reduce poverty levels in Tambogrande was confronted with the reality of official figures: according to the Poverty Map, Tambogrande has better living conditions than the majority of districts that coexist with mining activities (Tambogrande is in 995th place in the Poverty Map in a universe of 1.818 districts)

¹¹ With municipal bylaw # 012-2001-MTD-C and Municipal Council Accord # 020-2001-MDT-CM of October 11, 2001.

The position of Peru's central government was that the consultation was not covered under the mining legislation and did not have a linkage to the competent authority; the Ministry of Energy and Mines. Of course, this position was supported by the mining industry.

However, binding or not, the results of the consultation marked a milestone. Opposition to the project was demonstrated in the results: "The NO won with 25,381 votes, which represented 93.95% of the votes, taking into consideration null and blank votes. The YES got 347 votes, representing 1.28% of the votes. The blank votes were 398, representing 1.47%, the null votes were 889, representing 3.29% of the vote. Taking into consideration the YES and NO votes, opposition to the mining project represented 98.65%. The absenteeism was 26.8%, an acceptable average considering that the vote was not compulsory – contrary to the case of official elections – and that absenteeism for the general elections reaches 15% in the district"¹².

For the international institutions that played the role of observers, "the neighbourhood consultation of Tambogrande could be described as free, democratic and transparent, considering that the population was able to express their opinion through secret ballot, with the effective guarantee that the vote count was done correctly. The utilized procedures and norms were more or less identical to general elections in Peru. The high participation and the massive NO expressed, allowed us to affirm that the majority of the population of Tambogrande was opposed to the development of mining activity in their region in the actual context and based on information at hand at the moment of the vote"¹³.

In spite of the opposition the company attempted to continue with the project and after many manoeuvres, the company delivered the Environmental Impact Study (EIS) which was examined by many private and public organizations¹⁴. In a climate of uncertainty, the public audiences envisaged by law could not take place. Finally, on December 11, 2003, the public company Centromin Peru communicated to Manhattan Minerals of Canada (MMC) that "after a meticulous evaluation of the documentation presented by MMC, (we) have sent a legal communication indicating that requisites established by contract were not complied with and as a consequence the company has definitively lost the buying option for the project as established by the contract". Manhattan Minerals decided to submit the cancellation of the purchase option to arbitration, and on March 19, 2004 presented the application to the National Institute of Mining Rights, Oil and Energy¹⁵. Five months later, on August 26, 2004, the mayor of Tambogrande was notified of the official start of the arbitration proceedings.

The decision taken by the Peruvian state for the Manhattan Minerals project was based exclusively on the fact that the company did not comply with the requirements stipulated by the contract, and the outcome at this stage was influenced by a determined opposition on the part of the population and the start of creative and unprecedented mechanisms such as the neighbourhood consultation and very important public awareness work at national and international levels that generated a contrary opinion and response to the mining project.

¹² Rights and Democracy: Report from the observation mission for the neighbourhood consultation of Tambogrande, Peru.

¹³ Rights and Democracy: Report from the observation mission for the neighbourhood consultation of Tambogrande, Peru.

¹⁴ The main organizations were from the National Institute of Natural Resources, The Catholic University of Peru, the Engineers Association of Piura and Technical Group of non government organizations that advised the Defence Front of Tambogrande.

¹⁵ According to the analysis made by the advisory to the technical group, the application was late since the deadline was January 23, 2004.

In addition, the Tambogrande conflict added to the national agenda aspects related to environmental viability, social and economic implications of the project, the inadequate system of public participation, and the organization surrounding the public audiences, while also opening an important exchange of ideas around subjects such as territorial organization and zoning, the development of skills, and the new legal and institutional system required to confront these conflicts.

Today, in Peru and other Latin American countries there are talks about the Tambogrande effect in many conflicts related to mining projects that are trying to replicate some of the initiatives and strategies that were developed¹⁶ and that express opposition to mining activities.

3. Manhattan Mineral and the conflict with the population

In May 1999, the Fujimori government enacted a Supreme Decree, awarding the buying option of about 75% of the Tambogrande project. By this decree, Manhattan received all the approvals needed to initiate exploration work in the concession area.

Without any doubt, one of the aspects of the conflict that needs to be analysed is the behaviour of Manhattan Minerals and its character as a mining company. Manhattan is a typical junior enterprise based in Vancouver, dedicated mainly to exploration work. At the time the company arrived in Peru, it also had properties in Mexico. The character and background of Manhattan as a relatively small magnitude company without mining projects in their own country led them to believe that they would need alliances or that they would need to transfer the project once exploration confirmed the quality of the deposit. An additional piece of information is that the contract obliged the company to accredit capital of 100 million dollars and an operating capacity of 10 tonnes a day at the time of exercising the definitive buying option. With the background described above, it was difficult for Manhattan Minerals to comply with these requisites.

The weaknesses of the company were also evident with regard to the strategy employed in the development and rapprochement of a relationship with the population. From the start, Manhattan had difficulties establishing a trusting relationship with the population and establishing a productive dialogue process with its representatives. Among the main errors committed that exposed a flawed strategy we can mention the following:

- ❑ It seems that Manhattan underestimated the response capacity of the population and did not acknowledge the risk variables of the project and the subject of social conflict.
- ❑ The information that the company communicated to the population and its representatives from the start was partial and concealed central and critical aspects of the project: for example, company employees indicated that the project would not affect cultivation areas; that the mining operation would not have an environmental impact; and that it would guarantee the adequate use of surface or underground water. The population learned about all these critical aspects, which provoked increased distrust and reinforced opposition to the project and the company.
- ❑ On the other hand, the company tried to use international examples that supposedly demonstrated the viability of the project: in terms of the displacement of the population. The company used the example of Tarkwa in Ghana (that finally failed), in terms of the possibility of coexistence between mining and agriculture. Manhattan argued that these activities can

¹⁶ Conflicts developed in other provinces of Peru such as the Huancabamba and Ayabaca in Piura; Jaen in Cajamarca and Chincheros in Apurimac, seeing the example of Tambogrande as the one to follow in defence of their rights. At a Latin American level it should be pointed out that the population of Esquel in Argentina utilised the public consultation related to a mining project.

coexist and that in fact this has happened in several projects around the world, mentioning as examples the cases of Copiapo in Chile, Martha in New Zealand and Stillwater Mine in the USA. Of course, several details of these key cases were omitted by the Canadian company.

The performance of the community organizations of Tambogrande and their allies allowed the inaccuracies and the incoherence of the messages delivered by the company to be clearly identified. For example, the revision of the Environmental Impact report presented by Manhattan Minerals, prepared by experts in the country and at an international level, made evident that it was almost certain that water and land in the district would be contaminated¹⁷ and that the mining project would considerably increase the competition for water for domestic and agricultural use.

In relationship to the coexistence of mining and agriculture, the cases used by Manhattan were presented in a biased manner, omitting important details. For example, they concealed that the mines were recently constructed and as a consequence it was impossible to determine the long term impact: “the open pit of the Martha Mine in New Zealand is from 1987 and its environmental context it is not comparable to Tambogrande since the area receives an average rain fall of 2300mm per year, which represents half of what Tambogrande received in 1998, when the Niño phenomenon slammed the country”¹⁸. Also, the Martha Mine had contamination incidents from mining debris and it was demanded of the company that they build proper drainage to avoid the flux of contaminated underground water. “The Copiapo Mine was also recently constructed and as a consequence long term problems could not be established. It is also not likely that the Chilean mines received 4000mm of rain as happened in Tambogrande during the events of El Niño in 1998”¹⁹. The other example of compatibility with agriculture the company provided was with the Stillwater Mine, ignoring the fact that the minerals from Stillwater were different in their chemical composition to those of Tambogrande, and that in the area only pastures are cultivated and that the closest village is 50 kilometres away.

In the critical phase of the project, some aspects of Manhattan Minerals’ behaviour were beginning to be questioned even by the authorities of the Peruvian state. For example, when the company for the first time presented its Environmental Impact Study (EIA) toward the end of 2002, the Peruvian authorities²⁰ verified that the information that supported the study was incomplete²¹. Subsequently, the Ministry of Energy and Mines reported that the company had attempted to complete the study in a “foreign language” (English), failing to comply with the law that required that the information should be presented in the official language of the country, since it is in the public domain.

Another example of the company’s practices was made evident in December 2003: on the 11th of December the Peruvian state had communicated to Manhattan Minerals that “after a careful evaluation of the presented documentation, a legal communication had been sent to MMC indicating that they were not complying with the requisites established by the contract to exercise the buying option and that in consequence they had definitively lost the right to do it according to the requisites established by the contract”. However, the reaction from the company was fast coming and announced to the financial and communication media that they had complied with all the requirements of the accord, including that the company had resources of 100 million dollars and the capacity to process 10 thousand tonnes of minerals a day, and that they were evaluating different legal actions. In this context, the company announced for the first time that it had as an associate for the project the Wheaton River company, also Canadian and based in Vancouver.

¹⁷ Moran, Robert E. “Tambogrande; the Manhattan examples”.

¹⁸ Robert Moran.

¹⁹ Robert Moran.

²⁰ The Ministry of Energy and Mines and the Institute of National Natural Resources.

²¹ 21 essential documents were omitted none the less.

Due to this affirmation, public opinion and in particular financial circles related to the mining business were led to believe that the Peruvian state was not presenting the correct facts and forced Centromin (the Peruvian state company in charge) to issue a second press release refuting Manhattan Minerals and clarifying a few points. The press release confirmed that the documentation presented on the due date demonstrated that Manhattan Minerals did not comply with two of the mentioned requisites and indicated that a “careful analysis of the documentation demonstrated that on December 1, 2003 THE PROPOSED ASSOCIATE did not have the partnership mentioned by Manhattan. All the existent accords between MANHATTAN and THE PROPOSED ASSOCIATE were subject to posterior conditions and foreign to both companies. Consequently, it was more a manifestation of intent from both parties, but the validity and effective execution would come about, eventually, after the due date”. Finally, it is also indicated that Manhattan had not presented the joint and several guaranties from the PROPOSED ASSOCIATE regarding compliance with the obligations indicated in the contract.

In summary, once again the “Manhattan Style” of half truths and little transparency was evident, such as occurred with the Environmental Impact Study, the information about their share holders, and other statements and unfulfilled commitments to the population of Tambogrande and the Peruvian state.

4. The lessons of Tambogrande and the criteria to regulate Canadian mining investments.

The actions taken by Manhattan Minerals in Peru demonstrate the extent to which the mining companies contravene the focus of respect for the rights of local populations and also the laws of the countries receiving their investments. It also shows that the mechanisms of self-regulation of the mining industry²² are part of a fashionable discourse that is still very distant from companies’ practices.

Consider the possibility that investment receiving countries as well as those of origin of the mining companies should create new and better regulating mechanisms that would allow the preservation of financial, social and cultural rights for the affected populations.

Some of the components could address the following aspects:

□ Vigilance and monitoring of the investments (for the investments):

Canadian investments in mining have made a spectacular jump in different regions of the world during the last decade. The most important Canadian mining groups, as well as junior companies, have been participating in this exponential increase.

As has already been mentioned, Peru is a good example of this situation: before 1990 there was not one Canadian company operating in Peru and in a little more than ten years of expansion they achieved a predominant role, taking advantage of a favourable legal framework and the extent of regulations and controls for their practice. We have the impression that neither the authorities in Canada nor the diverse instances of civil society have been adequately prepared to observe this expansion of mining companies throughout different regions, producing as a result conflicts of large magnitude.

We believe that it would be ideal to create instances that would allow, with independence and capability, an adequate observation of and follow up on Canadian investments in mining, with the objective of the prevention of conflicts. Ideally, this would include the corresponding authorities as well as representatives of civil society.

²² For example the conduct and ethics codes.

Another aspect that could be tackled is related to the investment strategies that are followed by many Canadian mining companies, by which they can utilise branches located in countries that are known as fiscal paradises. According to official statistics, in Peru Canadian mining companies invest through these fiscal paradises such as the Cayman Islands, not allowing for adequate control and follow up²³.

□ **Ombudsperson for the mining area (conflict resolution):**

It would be equally important to create an effective mechanism for the receipt and consideration of complaints from communities, local authorities and other actors in the area of influence of the mining activity of Canadian companies. The absence of effective mechanisms for conflict resolution related to the mining industry has been one of the most evident faults during the last few years, and it has received intervention by the competent authorities many times with bad timing, without strategies or adequate capacity. The competence of each actor and the possibility to intervene is also not clear, showing the lack of effectiveness to resolve conflicts related to mining.

In the World Bank's report on the industry, the need to create a position for Official Complaints that would allow timely attention in order to channel conflicts, allowing for dialog and cooperation, is discussed. Some interesting experiences with offices for the mining area include the case of the Ombudsman for Mining in Australia, and OXFAM Community Aid Abroad that takes charge when Australian companies in the world are involved, and that played an important role in the case of the Dialogue Table for Tintaya in Peru. This is an interesting example that could be replicated for countries that already have companies investing in mining all over the world.

There are also subjects that require special attention from an office such as the one proposed. Even though conflicts in the area of influence of mining activities involve diverse populations, in a report from the World Bank there is a special emphasis on indigenous populations. These populations today perceive that one of the main threats is the advance of mining activity, for which they need to have real control mechanisms for the defence of their rights. After many years of mining expansion, it is evident that many projects were developed without an adequate evaluation of the financial, social, environmental and cultural consequences for land that is occupied by indigenous populations²⁴. Multicultural realities such as the Peruvian situation bring additional challenges to constructing an adequate relationship between the diverse interest groups in the area of mining, with relationships that would avoid any form of marginalization and reinforce strategies of agreement, tolerance, and promotion of the informed participation of the populations.

□ **To develop the intervention capacity of Canadian Embassies in the mining countries:**

The case of Tambogrande also reached the Canadian Embassy in Peru. In several occasions the population tried to contact the Embassy so it could intervene in the conflict, which was finally achieved in 2002.

However, in spite of the attention and the cordiality shown by many functionaries from the Embassy, it was evident that there was very little that they were able to do. It was clear that the commercial interests of Canada in Peru were primarily oriented to the mining sector, because the acting companies were very influential in the performance of the diplomatic representation in that country.

However, we should mention that between 1998 and 1999, the Canadian Embassy sponsored the creation of the Canadian Mining Table. This was the first reflection and multi-actor analysis space that

²³ For this reason some Canadian mining companies are registered in the official statistics as British investments.

²⁴ Recommendation of the World Bank's Extractive Industries Review re: indigenous populations (p. 188).

came into existence in Peru, since it had the participation of mining companies (mainly Canadian), representative from the Peruvian state, from Canadian cooperation organizations with offices in Peru, governmental and non governmental Peruvian organizations, mayors and community representatives.

The experience of the Canadian Mining Table allowed, for the first time, for all the actors to meet each other and exchange experiences. It also allowed the identification of potential conflicts that were hatching at the time.

Regretfully, this initiative was deactivated toward the end of 1999 due to pressure from the entrepreneurial sector. If the space had been maintained, it would have been an adequate mechanism to positively intercede in conflicts such as in Tambogrande.

Definitively, a recommendation would be that the Canadian Embassy develop these types of spaces in the countries where there is a strong mining investment component, so it could play a vigilant role to prevent conflicts and to promote rapprochement between actors, developing proactive initiatives to deal with problems related to mining.

❑ **Access to Canadian mining companies' share holders:**

Throughout the development of conflicts such as the Tambogrande, local populations and diverse support groups have searched to develop mechanisms for transfer of information to different groups of interest in Canada.

Following the example of Tambogrande, the population and their supporters realised that Manhattan Company was not keeping their shareholders adequately informed about the real magnitude of the social conflict that it faced in Peru. The intensification of the conflict, and the outcome of the neighbourhood consultation in Tambogrande had, for example, an impact on Manhattan's share prices in the Toronto Stock Exchange: the day following the public release of the results of the consultation, Manhattan's shares fell 28%. It is important to acknowledge that information about the conflict reached shareholders through activists and the solidarity network.

It is also important to mention Bre-X in Indonesia, which produced an explosion in the Toronto Stock Exchange (TSE)²⁵, set in motion the debate of protection for shareholders, and the need to regulate the companies to ensure that valid information is presented, specially about the quality of deposits. The focus for a team that was formed to make recommendation to the TSE was oriented to the creation of certain mechanisms to guarantee that information about the discoveries announced by companies, as presented to shareholders, was serious and genuine

Now, after ten years of investments by Canadian companies that are always followed by social and environmental problems of magnitude – that in some cases have prevented the development of mining projects by Canadian companies in different parts of the world – we believe that it would be important to incorporate mechanisms that would oblige the informing of the stock market and shareholders about these social and environmental aspects of the projects and the conflicts that are generated.

❑ **Role of cooperation for the development of Canada**

After Bolivia, Peru is one of the countries in Latin America that receives the largest assistance from the ACDI. According to their own statements, the programs have the following objectives: (1) to improve

²⁵ The company's fraud consisted in over dimensioning of one gold deposit in Indonesia that supposedly had quantities of gold. This happened in 1996.

the quality and relevance of basic social services to reduce poverty; (2) to contribute to the sustainable development of the most important natural resources for the economy of Peru, basically from the mining and hydrocarbon sectors and (3) to promote democracy and the reform of the public sector to strengthen the principles of the participative process, law and decentralization.

Presently, the main project developed by ACDI is called *Reform of the Mineral Resources Sector of Peru* (PERCAN) and takes place in Peru. It is related to the mining industry and has been promoting the development of activities oriented to the consolidation of the institutional capacity of the sector, which means the services provided by the Ministry of Mines and Energy, and to contribute to the generation of greater confidence in the Ministry and its regional offices. The PERCAN project has identified the following working areas: regionalization/decentralization, environmental affairs, social impact of mining activity, administration of conflicts, health and occupational safety' and small and handcrafted mining. The execution period is five years (2003-2007) and there are \$9.6 million dollars committed.

This project has undergone several crises so far, mainly due to disagreements between those responsible for Canadian cooperation and employees from the Ministry of Energy and Mines. It is worrisome that the main resources from Canadian cooperation are destined to a project with such characteristics and that it is not achieving major results in the public area of the Peruvian state sector.

It would be important to analyse what are the priorities for Canadian cooperation in a country such as Peru, where important mining activities are taking place. We consider that it would be very important for Canadian cooperation to be an effective link for the defence of rights and vigilance of behaviour of the mining companies in countries such as Peru.

Projects of support to the communities and organizations that work in areas of influence of mining activity, especially for Canadian companies, could help to generate balanced relationships that would avoid any form of marginalization and that would strengthen strategies for consensus and tolerance, and that would promote the informed participation of the population.

Translated from the Spanish by Frank Berinstein