



INTERNATIONAL ENVIRONMENT



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Peru

With Elections Looming, Peru Aims to Tackle Mining, Waste Treatment, Forest Preservation

LIMA, Peru—Peru faces a number of complicated environmental issues over the next 12 months that could complicate the country's already tense political landscape as it heads toward local elections this year and general elections in April 2011.

The state ombudsman's office, which monitors social conflicts, reported in November 2009 that there were 284 conflicts, up from 195 in the same month of the previous year. The bulk of those conflicts, 129, were socio-environmental in nature and linked primarily to extractive industries, such as mining, oil, and logging; solid waste and sewage disposal, and control over water resources. Several conflicts turned deadly in 2009, while others sent up red flags regarding the country's efforts to modernize the economy through the privatization of basic services.

Manuel Pulgar Vidal, executive director of the Peruvian Society for Environmental Law, told BNA that he believes "the principal issue in 2010 will be healing wounds and recuperating confidence in the laws regulating the environment and natural resources. We will not move forward on any front if citizens have no faith in the government."

At the heart of much of the discontent were two legislative decrees passed in 2008 by President Alan Garcia's government as part of the process to implement a free-trade agreement with the United States. Legislative Decree 1090 (June 28, 2008) created the Forestry and Wildlife Law and Legislative Decree 1064 (June 28, 2008) approved the legal framework for the use of agricultural lands. Indigenous and environmental groups maintained that these decrees would open up the country's 70 million hectares (173 million acres) of forests to logging and expansion of biofuel crops.

Congress repealed both norms in June 2009 through Law 29382, in the wake of violence near the northern jungle town of Bagua between police and indigenous and environmental protest groups that left 34 people dead.

Peru's Agriculture Ministry has started rewriting the forestry legislation, Vidal said. But new legislation has not yet been proposed and Vidal said a new law is unlikely to come soon, unless it is passed within the first few months of 2010. "I have doubts Congress will approve [the Agriculture Ministry's legislative rewrite] because we are heading toward elections. I think we will have to wait until 2012 before something is done," he said.

Financial Incentives to Protect Forests. The Environment Ministry (MINAM), in the meantime, has unveiled several efforts to begin protecting millions of hectares of forest through the National Forestry Conservation Program and Conserving Together, a soon-to-be-inaugurated program that will provide indigenous communities with cash to protect forests in their territories.

The ministry has received pledges of financial assistance for forestry programs from the Finnish, German, and Japanese governments.

Environment Minister Antonio Brack told BNA that "Peru has adopted a pro-active strategy to protect primary forests in the jungle and on the northern coast. We will reduce deforestation from 150,000 hectares [370,700 acres] of primary forests annually to zero in 10 years."

Brack said the Conserving Together program, modeled somewhat on neighboring Ecuador's Forest Partners Program, will not only protect forests, but will rebuild the relationship between the state and indigenous communities.

The thrust of the program is to provide indigenous communities with 10 Peruvian nuevos soles (\$3.46) per hectare annually of forest left untouched. Brack said this provides an opportunity to protect 10.5 million

hectares (26 million acres), while giving communities access to financial resources they never had in the past.

He said there is money in the budget for 2010 for Conserving Together, but it has been a battle. "It costs a great deal to convince other Cabinet ministers to fund programs because no one really understands the jungle," he said. A separate budget line includes about \$8 million for the conservation program on indigenous territories. Brack said this needs to increase to about \$25 million annually.

Brack, however, has been quite successful in demonstrating the importance of his ministry, which was created in 2008 and is almost fully implemented. One of the final pieces, the implementing legislation for the Environmental Evaluation and Oversight Agency (OEFA), was published Dec. 15, 2009, through an executive order (022-2009-MINAM).

The 2010 budget for the ministry is \$23 million, more than double the amount assigned in 2009.

Vidal said that while he may have differences with the Environment Ministry, it is attempting to fulfill its mandate. "The MINAM is a little like Rambo, having to fight an army of conflicting issues on its own. Civil society has to lend its support if it is going to be successful," he said.

Mining Requires Balance of Economics, Environment.

The large majority of social conflicts involve mining projects, both those already operating and many that are planned.

This is a dicey area for the administration, given that mining generates more than 60 percent of the country's export earnings. In 2009, mining brought in \$12.8 billion through October, according to statistics from the Central Reserve Bank.

The most serious conflict involves communities in northern highlands near the border with Ecuador that are opposed to the development of the Rio Blanco copper project by China's Zijin Corp. Local groups and elected authorities claim the project would destroy delicate cloud forest, including highland marshes which they say are the primary water source for the region. Five people, including three Zijin security guards, were killed in separate incidents in November.

Residents in the area voted overwhelmingly against mining in their communities in a nonbinding referendum in September 2007.

Greater Input on Environmental Impact Studies? Vidal said one of the top issues for 2010 will be debating legislation on how communities are consulted over access to and use of natural resources. "I think a start would be giving the MINAM control of environmental impact studies," he said.

Environmental impact studies for mining and hydrocarbon projects are overseen by the Ministry of Energy and Mines (MEM). The MEM also carries out the consultation process. But critics claim the ministry is geared primarily toward approving projects.

Legislation (Bill 00414-2006-CR) pending in Congress would create new procedures for consulting communities before extractive projects are approved.

Several other projects, including a major copper project by Mexico's Southern Copper Corp., have been seriously questioned because of their alleged impact on water resources.

Residents in several towns in the southern Arequipa department voted in a nonbinding referendum in Sep-

tember 2009 not to allow Southern's \$900 million Tia Maria project to move forward. The government has asked for new water studies, but says the project is necessary for the country's financial future. New hearings on the project are scheduled for early 2010.

Controls on Alluvial Gold Mining. Also in the extractive field, the government is looking for ways to control illegal alluvial gold mining in jungle regions, primarily in the Madre de Dios region on the southern border.

Alluvial mining (conducted in rivers or dry riverbeds) in Madre de Dios threatens to destroy large tracts of primary and secondary forests. This form of mining not only indiscriminately clear-cuts forests, but employs mercury to alloy the gold. The mercury is dumped directly into rivers, while some is released into the atmosphere.

"Deforestation in Madre de Dios is growing exponentially because of illegal mining," Brack said. He said that 18,000 hectares (44,480 acres) have been completely destroyed and "another 500,000 hectares [1.2 million acres] are in line for destruction if we do not act."

In November, the Environment Ministry created a formal working group (Ministerial Resolution 234-2009-MINAM) to design policies that could curb mining in Madre de Dios.

The ministry would like to see legislation in 2010 that would ban nearly all mining in Madre de Dios, as well as control the use of mercury and eliminate river dredges in the department. But the ministry faces stiff economic interests in trying to curtail mining in the region.

Madre de Dios produces an estimated 20 metric tons of gold annually, although there are no official statistics because it is all extracted informally or illegally. Peru's formal gold mines produce 180 metric tons of gold annually.

Landfill Construction, Recycling Projects in 2010.

Brack's office continues to work on public sanitation issues, primarily solid waste and wastewater disposal.

Peru has received an \$86 million loan from Japan to begin in 2010 to build landfills in 21 of the country's principal cities. The minister said that of Peru's 1,836 municipalities, only nine have landfills that properly treat solid waste for disposal. Most of the nine landfills are in Lima. Peru produces about 7.3 million metric tons of solid waste annually.

"This is a three-year program that will begin in 2010. When we are finished we will properly treat 60 percent of the country's solid waste, compared to less than 20 percent right now," he said.

Brack was also instrumental in lobbying Congress to pass legislation to regulate the work of informal recyclers.

Law 29419 (Oct. 7, 2009) outlined environmental and labor conditions for people in Peru who make a living sorting through solid waste to extract recyclable materials.

Untreated Wastewater Problems Persist. Addressing the problem of wastewater, most of which is dumped untreated into waterways or the ocean, is a more complicated problem.

The Ministry of Housing, Construction, and Sanitation is in charge of water and sewage. It bungled an earlier concession process to build Lima's first treatment

plant, known as Taboada. The \$400 million concession was awarded in March 2009, but the project stopped when questions were raised about the concession process. The concession was finally awarded in July.

Complications also contributed to the postponement of the concession for a second plant in Lima and raised questions about the transparency of the government program to privatize basic services.

While not in charge of these processes, Brack's office is working with local governments in other major cities, such as Arequipa, Cusco, and Puno, all major tourist destinations, to eliminate obstacles for the construction

of sewage treatment plants. More than 80 percent of sewage nationwide is disposed of untreated.

"Lake Titicaca, the great sacred lake of the Incas, receives all the waste produced by Puno and other cities. We are carrying out an inventory in all the districts to see what they do with solid waste and sewage to come up with an integral solution," he said.

The Housing, Construction, and Sanitation Ministry plans to spend \$245 million on water and sanitation projects in 2010, while Lima's water and sewage company, Sedapal, has \$360 million budgeted for expanding services.

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