IS RESOURCE EXTRACTION A CURSE OR A BONANZA FOR LOCAL COMMUNITIES? MINING CASE STUDY: QUIRUVILCA, PERU

by

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Abstract

Mining keeps making the news around the world due to its social and environmental impacts on local communities. Peru is no stranger to these types of social conflicts. In order to address my research question: ‘Is mining a curse or bonanza for local communities in Peru?’, I reviewed secondary literature where scholars such as Bebbington, Arellano, Veltmeyer, and De Echave question the perceptions of mining as bonanza for local communities, and suggest mining may instead be a curse for local communities. I also conducted primary research and explored this dichotomy from the perspective of a local indigenous community. In 2012, I conducted fieldwork for a case study on the mining town of Quiruvilca in the central Andes of Peru, surrounded by two large mines owned, until recently, by Canadian mining companies. I used an exploratory mixed research method to conduct and analyse 100 semi-structured interviews with local indigenous residents, in the urban area of Quiruvilca. In spite of scarce evidence of socio-economic development and limited employment opportunities, the majority of residents support mining in their community, mainly because of employment opportunities where few other options exist.
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List of Acronyms

APRA = American Popular Revolutionary Alliance

CARE = Cooperative for Assistance and Relief Everywhere

DP = Development Plan

CIDA = Canadian International Development Agency

CSR = Corporate Social Responsibility

INEI = National Institute of Informatics and Statistics

masl = metres above sea level

MBM = Barrick Misquichilca Mining Company (abbreviation in Spanish)

MCLCP = Poverty Reduction Round Table (Mesa de Concertación de Lucha Contra la Pobreza)

MEM = MINEM = Ministry of Mines and Energy – Peru (Ministerio de Energía y Minas – Peru)

NGOs = Non-governmental organizations

PASSAC = Pan American Silver Peru S.A.C

PDAC = Prospectors and Developers Association of Canada

SENACE = National Service of Environmental Certification for Sustainable Investment (Servicio Nacional de Certificación Ambiental para las Inversiones Sostenibles)

SNMPE = National Society of Mining, Petroleum and Energy (Sociedad Nacional de Minería, Petróleo y Energía)

SPAs = Structural Adjustment Programmes

WV = World Vision
Acknowledgements and Dedication

This research has been challenging but at the same time transformative. Although I had difficulty adjusting to the high altitude of the Peruvian Andes, as it was my first time living above 4,000 metres, I really enjoyed doing field research there and experiencing a new part of Peruvian culture. Locals were kind and welcoming, even though the sense of poverty was patent. On the day following my arrival, I met a little boy named José in the town square. He approached us, shyly trying to get introduced to my two boys. We said hi and asked him about his parents. He told us his father had died a couple years ago at the mine and the mining company never gave his family anything, so his mother had to leave to work in a big city and he lived with his aunt. This was not the only story I heard about tragedies at mines and complaints from people about the disappointment they face from transnational mining companies. I dedicate this research to José and all the poor children and people from Peru and around the world that, despite their difficulties, live life with enthusiasm and positivism and inspired me to return to school and to fight poverty together someday. I hope mining companies consider this evidence that their work in achieving true Corporate Social Responsibility is just beginning. I would like to thank people in Quiruvilca for their support and collaboration in telling me their experiences and sincerely discussing the social impact of mining they see in their community. Thank you to World Vision for welcoming me to this part of my dear Peru.

A special thanks to my research supervisor Dr. Catherine Nolin for her constant support and encouragement during my Master’s studies. She taught me a new way of seeing development, the impact of Western countries on the Global South. Thanks to UNBC for financial support, and to Dr. Neil Hanlon, Dr. Ajit Dayanandan, Dr. Paul Bowles, Dr. Fiona MacPhail, and Dr. Matias Margulis for sharing their knowledge and being supportive to all Master’s students.

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1.0 Introduction

Mining has been and is currently the main productive sector and principal contributor to the Gross Domestic Product of many Latin American countries, and especially Peru. I grew up in an agricultural town in the northern coast of Peru where a major mineral deposit lies under the beauty of a green valley surrounded by indigenous Peruvian communities. This reality made me question the advantages and disadvantages of mining for local communities. For years my hometown of Tambogrande has been in the eye of multinational mining corporations, but locals completely opposed the introduction of mining because of their expectation of negative impacts on local communities, their environment, their land, and their economic, social and political environment. Growing up in this little town and living most of my life in Peruvian culture sparked my interest in researching the contradictory perceptions of mining – either a curse or a bonanza for local communities.

My upbringing in the Global South, background in economics from a foreign university and current status as a Canadian citizen living in Canada, make me see the world from diverse perspectives. Previously, my way of thinking about the world was mainly based on what I was taught in economics: (1) that societies make decisions based on the allocation of scarce resources (Samuelson, 1981); and, (2) a country’s standard of living depends on its ability to produce goods and services by focussing on productivity and economic growth (Mankiw, Kneebone, McKenzie, & Rowe, 1999). It was not until I took Geography of International Development as part of my courses in the International Studies Graduate Program that my perception of how societies behave and make decisions changed. My view of social
behaviour, development, and my life perception took a shift. In this course, Dr. Catherine Nolin taught me that we have to see the history and geography of a town and its people in order to understand its current socio-economic and political behaviour. As I studied the theories of Rethinking Development in Dr. Nolin’s course, I learned to understand in a broader way the behaviour of Peruvian people in their economic, political and social development. When I read these lines in Power (2003, 5): "...we need to understand the variety of relationships between people and places by examining historical relationships at the global level", I came to see how important it was for me to understand the Peruvian historical background, especially its colonial past in order for me to do field research on Peruvian mining communities. But this aspect became even more important and clearer when I actually interviewed people from the mining town of Quiruvilca, where the Spanish conquistadores subjugated indigenous lands and continued their mining exploitation. I witnessed the colonial legacy encumbering its people and their political, cultural and socio-economic environment.

1.1 Why Mining Communities?

My interest in this topic started when I worked for a Canadian mining project in the town of Tambogrande (pop. 35,000 people) where I grew up on the coast of northern Peru. In the 1970s, a French company undertook exploration work in this town to evaluate a possible polymetallic deposit. In 1999, the Canadian junior mining company Manhattan Minerals began more intensive exploration of the deposit (MEM, 2002). It was a very controversial mining project as the ore body was mainly located under the town site, and surrounded by the agricultural valley of San Lorenzo. I worked in the "Tambogrande Exploration Project
Information Campaign", the purpose of which was to inform residents about the company's mine plan and to assess community opinion towards the company and the project. The mining project was rejected in a local referendum – 98% of people voted "NO" to the project and a film has even been released (Cabello & Boyd, 2007). I became very interested in researching communities affected by mines and their impact on the land and physical environment, as well as on people, their cultural beliefs, economy and social environment. I wanted to explore the dichotomy I saw in Tambogrande, where the local citizenry viewed mining as a "curse" while the company I had worked for claimed the mine would be a "bonanza" for the local communities.

Since I began my Master’s program, I have been immersed in the literature on the impacts of mining on local indigenous communities in Peru and Latin America. Although mining production in Peru in recent years is stable but stagnant (Vial, 2013), Canadian mining companies are still playing a lead role (FAITC, 2010). Yet, social conflicts in mining communities are increasing (Arellano Yanguas, 2011a) and local discontent is leading to the complete rejection of mining projects in Peru, often through violent protests (De Echave, 2008). I suspected that mining companies and governments tend to look at policies and social strategies on a short-term basis.

Indigenous communities are evolving socially and are now better informed about their rights. Despite the fact that many of the mining projects now in Peru are run by Canadian mining companies (De Echave, 2008), and many scholars are researching the negative impacts of mining on indigenous communities, their land, environment, and culture – even
naming mining a "curse" for local communities – I found limited research offering an analysis from the perspective of local communities.

1.2 Purpose and Scope

Based on my interest in exploring the socio-economic impacts of mining on communities, the purpose of my research is first to analyse whether mining communities are experiencing improvement and socio-economic development in their local community because of the mining industry, from the local community's perspective. Social conflicts, protests and radical positions from rural and indigenous communities against mining projects are current issues in the mining sector in Latin America and around the world (Bebbington, 2012; Arellano Yanguas, 2011a). When the price of metals rises, mining companies become more aggressive in developing and operating mining deposits. But what exactly is not working between mining companies and communities? Many mining projects fail because mining companies underestimate the importance of local communities; often mining companies ignore the need for social licence¹, and see the connection as a transaction instead of building and nurturing a positive relationship with their host communities (Thomson, Boutilier & Black, 2012).

¹ According to Thomson and Boutilier (2012, p. 1) a social license exists when "a project has ongoing approval from local community and other stakeholders, ongoing approval or broad social acceptance and, most frequently, [h]as ongoing acceptance".
A second purpose of my research is to assess whether local people consider corporate social responsibility (CSR\textsuperscript{2}) an effective tool for companies to approach their community and for the so-called "development" of local communities\textsuperscript{3}. Mining companies often try to associate CSR with the concern of communities for sustainability\textsuperscript{4}. I will make recommendations for mining companies, government and local communities based on my assessment about the main issues with regards to CSR strategies and tools used by mining companies to approach local communities.

\textsuperscript{2} CSR is a term that has evolved over time. For the purposes of this study, I will use Jenkins and Yakovleva's (2004) definition of CSR as the set of activities, policies and responsibilities that mining companies use to contribute to achieving economic, social and environmental sustainability. According to Jenkins and Yakovleva, the discovery, extraction and processing of mineral resources are one of the most socially and environmentally disruptive activities that any companies undertake.

\textsuperscript{3} I have "development" in quotation marks because, as Power (2003) notes, it is a difficult word to define. "Development" can have a different meaning for Western countries and different meaning for Global South countries. It is a word with little consensus in its definition around the globe. In my research, I try to find a meaning for "development" in the community of Quiruvilca.

\textsuperscript{4} Jenkins and Yakovleva (2004) describe sustainability (sustainable development) in the mining sector as follows:

The notion of sustainable development lies in progress within three dimensions: economic development, environmental protection and social cohesion... In the mining industry, progress within the three dimensions of sustainable development could be achieved through: economic development – investment of generated revenues to ensure the future development and long-term livelihood of the communities; environmental protection – the environmental impact of natural resource exploitation should be minimised and land rehabilitated to allow successive use; and social cohesion – minimisation of social and cultural disruption to the communities, maintenance of stakeholder dialogue and transparency of operation. Sustainable development in the corporate mining context requires a commitment to continuous environmental and socioeconomic improvement, from mineral exploration, through operation, to closure (Jenkins and Yakovleva, 2004, p. 271-272).
For my case study, I undertook field research on the impacts of two mines – *Lagunas Norte* gold mine and Quiruvilca polymetallic mine – both near Quiruvilca, Peru. *Lagunas Norte* is owned and operated by *Minera Barrick Misquichilca S.A.* (Barrick⁵), a subsidiary of Barrick Gold Corporation, and *Mina Quiruvilca* was owned (until June 2012) by Pan American Silver Peru SAC, a subsidiary of Pan American Silver Corp. (Pan American), and is currently owned by Southern Peaks Mining LP (Southern Peaks), a Cayman Island-based company. New on the horizon, Barrick and the government-funded Canadian International Development Agency (CIDA) are co-funding a World Vision project to support the sustainable economic development of the local community of Quiruvilca by maximizing the benefits of mining royalties and diversifying the economy (Barrick, 2012a).

### 1.3 Research Question and Objectives

My central research question is: Has mining been a curse or a bonanza from the perspective of local community members? Other questions arise as I analyze my central research question, such as: Has CSR been an effective tool for community development in the areas affected by these two mines?

**General Objective:**

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⁵ Minera Barrick Misquichilca is a subsidiary of Barrick Gold Corporation. In this report, Barrick refers to Minera Barrick Misquichilca (Peru) or Barrick Gold Corporation. I make no distinction between these two companies as the subsidiary is wholly owned and effectively controlled by the parent.
Giulliana Tamblyn
Introduction

- To gain a general understanding of the impacts of mining on local communities in Latin America

Specific Objectives:

- To document perceptions of community development and community-company relations between a typical mining community in Peru, mining companies, and government, and determine if the community considers mining a curse or bonanza.

- To assess whether a typical host indigenous community considers mining companies' CSR approaches and strategies effective.
1.4 Approach

As an International Development Master's student in the International Studies graduate program, I considered it important to have a broad and balanced understanding of the impact of mining in local indigenous communities around the world, but more specifically in Latin America. I was impacted by the critical analysis of academic researchers such as Anthony Bebbington (1997, 1999, 2008, 2009, 2011 & 2012), Liisa North, Timothy David Clark & Viviana Patroni (2006), Liisa North & Laura Young (2013), Henry Veltmeyer (2013) and José de Echave (2005 & 2008), who question the positive impact of mining on local communities' development. Javier Arellano Yanguas (2011a & 2011b) criticizes the new community engagement strategies of the extractive industry throughout Latin America in the last decade, and actually thinks these strategies might be the originating factors of social conflicts in local communities. On the other hand, Luc Zandvliet and Mary B. Anderson (2009) and Ian Thomson, and Robert Boutilier (2012) focus their research on the potential positive impacts of CSR for mining companies. Governments and mining companies both claim that mining is a great contributor to the economic growth of resource-based countries and consider mining a bonanza for local communities since they increase employment opportunities and contribute to the economic growth and socio-economic development of communities through their mining revenue (Collier & Venables, 2011; Deininger & Byerlee, 2011; World Bank, 2011).

The extractive industry is an important sector in the economy of many countries around the world. With increasing globalisation, many transnational corporations are heavily invested in extractive industries in the Global South, especially in mining. Canadian mining
companies dominate the industry, and the Toronto Stock Exchange lists more mining companies than any other exchange in the world (North & Young, 2013). Canadian mining investment is a strong player in the global mining sector with over 75% of the world's exploration and mining companies headquartered in Canada (FAITC, 2009) and almost 70% of its investment in Latin America, especially in Peru (De Echave, 2005). But is this mining investment benefiting the host communities where these mines are developed? Have local communities affected by mining projects experienced "sustainable development"? Perhaps the first question to ask is: what is development? The word "development" has such a broad and varied meaning that I will discuss it in more detail in the literature review below.

Mining has been an important sector in Peru at least since the Spanish conquest in the 1500s, and contributes to economic growth which is fundamental for the development and economic success of a relatively poor country. But has this economic growth from mining been channelled into economic development for local mining communities? My preliminary research suggested that many mining communities have not benefited from mining projects and have instead experienced net negative impacts. I examined the mining town of Quiruvilca in Peru as a case study to document the perceptions of community members as to whether the extractive industry is actually a curse or bonanza for local communities.

Interestingly, after completing my fieldwork in August 2012, I concluded that although Quiruvilca has not experienced significant socio-economic development as a result of mining, people still support the industry as they are dependent on it for employment.
1.5 Overview

I outline my research project in the following sections. First, I describe my literature review of key authors researching social conflicts, economic and social development in mining communities in Latin America, especially Peru, followed by a sketch of the general context of mining in Peru and its social impacts. I then describe the research methodology used in my case study to obtain empirical information. Next, I report on my findings and analysis of interviews conducted within the community, with community representatives, local government, mining companies' representatives, non-governmental organizations (NGOs) and civil society. Finally, I synthesise conclusions and provide some recommendations arising from my research.
2.0 Literature Review and Context of Peruvian Mining

From the Spanish conquest to today, mining has been an important sector in the Peruvian economy. The accumulation of wealth among foreigners and local social elites, together with the economic exploitation, repression, oppression, exclusion, discrimination and prejudice against local communities and peasants have been dominant characteristics of this sector. This chapter presents a literature review of what "development" is about, and the paradigm of mining as a curse or bonanza for socio-economic development of local communities. This is followed by a description of the general context of the mining sector in Peru by looking briefly at the history and current situation of this sector, the recent social conflicts in Peru as a consequence of the mining boom, the corporate social responsibility agenda of mining companies, and a brief overview of the legal framework of the mining sector in Peru.

2.1 What is "Development"?

Development is a concept with different meanings for different people in different contexts. Marcus Power (2003, p. 2-41) explores the concept in depth. The term "development" often simply refers to vague notions of "good change", an unquestionably positive phrase that in everyday parlance is practically synonymous with "progress" showed by Western countries.

Many major notions of growth, progress and development have been formulated, but it is important to think historically and geographically when we consider development. Colonialism is a key factor when we think about development, and many definitions have been assigned to this term through time in history until now. Looking at colonial
domination which varied enormously, as did the geographies and histories it created. South America was incredibly impacted by this period in history. As Peru was colonized by Spain during the 1500s, the arrival of a new European political, socio-economic and religious structure was imposed on an authentic Peruvian Indigenous population.

These European changes imposed on the South American indigenous population, specifically Peru, have sometimes been interpreted as development (Galeano, 1997). Power (2003) argues that colonial rule led to a development concept of "homogenising other spaces and their inhabitants" in the next centuries under the term of globalization. As we see in Table 2.1, the meaning of development has been through different stages in time.

It is with the Enlightenment era of European ‘learned’ individuals, who widely spread their ideas of progress and freedom, that the term development takes its origins.

Table 2.1 Evolving meanings of development over time.

<table>
<thead>
<tr>
<th>Period</th>
<th>Perspectives</th>
<th>Meaning of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1850</td>
<td>Latecomers</td>
<td>Industrialisation, catching up</td>
</tr>
<tr>
<td>1870</td>
<td>Colonial economics</td>
<td>Resource management, trusteeship</td>
</tr>
<tr>
<td>1940</td>
<td>Development economics</td>
<td>Economic (growth) – industrialisation</td>
</tr>
<tr>
<td>1950</td>
<td>Modernisation theory</td>
<td>Growth, political and social modernisation</td>
</tr>
<tr>
<td>1960</td>
<td>Dependency theory</td>
<td>Accumulation – national, autocentric</td>
</tr>
<tr>
<td>1970</td>
<td>Alternative development</td>
<td>Human flourishing</td>
</tr>
<tr>
<td>1980</td>
<td>Human development</td>
<td>Capacitation, enlargement of people’s choices</td>
</tr>
<tr>
<td>1980</td>
<td>Neoliberalism</td>
<td>Economic growth – structural reform, privatisation, deregulation</td>
</tr>
<tr>
<td>1990</td>
<td>Post-development</td>
<td>Authoritarian engineering, disaster</td>
</tr>
</tbody>
</table>

Source: Adapted from Pieterse (2010, p.7)
Power (2003, p. 71-94) talks about three approaches of development theory during the twentieth century: Modernisation, Dependency and Post-development.

The Modernisation approach describes development as what Morris Watnick (1952) called the modernisation of underdeveloped countries where modern lifestyles were better than traditional lifestyles and western culture was better than indigenous culture. Modernisation theory emerged during the 1950s and advocates the idea that people from the South should replicate and mimic the development of the USA and Western countries.

The Dependency approach emerged during the 1960s and 1970s and focused mainly on seeing development from a historical point of view where colonialism created dependent relations between core (e.g. Europe, North America) and periphery (e.g. Latin America, Africa). Dependency theorists argued that dependency on core countries increased underdevelopment in the periphery and that international trade relations between these set of countries were exploitative and benefiting the wealthy core while impoverishing the peripheral countries. The Dependency debate offered a neo-Marxist approach against capitalism as a way out, emphasising industrialisation by import-substitution and state interventionism as well as regional integration. Latin American countries such as Cuba and Chile tried socialist experiments while Marxist social scientists showed the West that development planning and aid was actually causing exploitation of the Third World countries.

Post-development thinkers focused their debates on the notion that Western countries see human beings as objects of development instead of the subjects. They seek to unveil the image that various developers and development international organizations have dominated
and controlled Third World countries under the umbrella of humanitarianism and foreign aid. Post-development Colombian writer Arturo Escobar (2000) suggests a rethinking of development in the contemporary world in terms of the power, place, and spatiality. Escobar writes: "For me, this is a journey of the imagination, a dream about the utopian possibility of reconceiving and reconstructing the world from the perspective of, and along with, those subaltern groups that continue to enact a cultural politics of difference as they struggle to defend their places, ecologies and cultures." (p. 14). Power (2003) states that this politics of difference that emerges from the struggles in other places is crucial for rethinking development, and it is not foreign to the current concerns for material differences and inequalities. Current resistance to transnational organisations, corporations and new forms of Western domination can be traced to the struggles against colonialism that for some, today is seen as globalisation. It is time, as Power says, to "listen to the other side of the development story, the views of women, the views of people in the South, the views of people who are excluded socially, and the views from below" (p. 41).

After Peru became a free country, free of colonialism, a new sense of responsibility for distant human suffering – in the concept of development – first emerged during the eighteenth and nineteenth centuries as Europe and North America engaged together within global networks (Haskell, 1985a, 1985b). After the Second World War, many countries from Europe and North America ‘supported’ Third World countries through foreign aid. International organizations such as the World Bank, IMF, and commercial banks gave ‘financial aid’ and ‘assistance’ through bank loans to countries of the South. These heavy debts accepted by Global South countries created an economic struggle that continues to this day, and a co-dependant relationship with international institutions in order to obtain
Giulliana Tamblyn
Literature Review and Context of Peruvian Mining

'development assistance'. Peru, as a Global South country, was part of these 'development assistance' strategies used by Western countries through their international organizations.

From 1980 to 2013, Peru has had an external average debt of US $27B, reaching an all-time high of US $62B in March 2013 (Trading Economics, 2013). Gonzales (2007) states that another important phase in the economic history of Peru was the neoliberal reforms implemented during the 1990s.

Peru, like many other Third World countries, implemented a series of neoliberal strategies suggested by the World Bank and IMF under the name of the Washington Consensus\(^6\) that was focused on Structural Adjustment Programmes (SAPs). These neoliberal SAPs allowed Peru to experience economic growth but without solving major problems of inequality, poverty and social exclusion.

\(^6\) The WHO (2013) outlines that The Washington Consensus consisted of ten neoliberal policies that the US government, and international financial institutions based in Washington agreed were necessary for Latin American countries to reform their economies, create macroeconomic stability, and integrate within the international economy. These policies included:

1. Fiscal discipline - strict criteria for limiting budget deficits
2. Public expenditure priorities - moving away from subsidies and administration towards previously neglected fields with high economic returns
3. Tax reform - broadening the tax base and cutting marginal tax rates
4. Financial liberalization - interest rates should ideally be market-determined
5. Exchange rates - should be managed to induce rapid growth in non-traditional exports
6. Trade liberalization
7. Increasing foreign direct investment (FDI) - by reducing barriers
8. Privatization - state enterprises should be privatized
9. Deregulation - abolition of regulations that impede the entry of new firms or restrict competition (except in the areas of safety, environment and finance)
10. Secure intellectual property rights (IPR) - without excessive costs and available to the informal sector.
Following post neoliberal strategies, the current trend in Peru’s economy is the promotion of foreign direct investment especially in the extractive industry to increase economic growth, minimize poverty and increase development, a strategy again suggested by the IMF as the current trend for Third World countries. Veltmeyer (2013) argues that irrespective of the varying interpretations of development, there is nonetheless broad concern that resource extraction in general, and mining in particular, is a challenging means to drive the process:

"From Latin American structuralism and the Marxist dependency school to neoclassical and neoliberal economists there is agreement that resource extraction provides a rather difficult path to development."
(Veltmeyer, 2013, p.81)

Mining is a major driver of the Peruvian economy yet local mining communities experience high rates of poverty and very limited signs of development. Multinational mining corporations and international organizations heavily invest in development projects in Peru, but these development projects have a Westernized focus of development, not a focus from the people from below, from the real needs of local communities.

2.2 Two Paradigms for Interpreting Mining Impacts

After reviewing the concept of development through time and its relationship to neoliberal strategies of promoting the extractive industry as the driver sector to generate economic growth and thus socio-economic development in Third World countries, I will discuss the paradigm of natural resource extraction as a bonanza or a curse for communities. The conflicting paradigms of curse and bonanza (or blessing) arise in the literature of Auty (1993), World Bank (2002), Bridge (2004), Bebbington (2012) and Veltmeyer (2013),
among others. The terms curse and bonanza should not be taken to refer to any author's actual characterization of the relationship between mining and local community development. In fact, all authors' views are more complex and nuanced, recognizing both positive and negative impacts of mining on local development. The terms bonanza and curse are used as archetypes to highlight the distinction between positive and negative impacts of mining, not to represent any author's actual opinion.

While some proponents of the extractive industry such as the World Bank (2002, 2011) and the Peruvian Ministry of Energy and Mines (2013) emphasise the consistent economic growth that Peru has experienced in the last decade, literature that highlights the 'resource curse' view of resource development describes the observable situation that Third World countries with extensive natural resources experience a negative relationship between economic growth and social indicators. Bebbington (2008, 2012) stresses the impact on indigenous communities of mining since colonizers took over Peru. The Spaniards' overwhelming drive to expand the mining industry in Peru exploited, subordinated, and abused indigenous people by making them work without remuneration. Criollos (local Spanish elites) continue this system of "economic exploitation and repression that embedded forms of discrimination and prejudice that remains powerful to this day" (p.31). The relationship between development and the mining industry in Latin America depends on "who one is and where one looks" (p.7). De Echave and Keenan (2006) highlight the chronic poverty that Peruvian mining communities have experienced, such as the community of La Oroya. Veltmeyer (2011, 2013) talks about the current era of neoliberal globalization policies through the 'new extractivism' (Gudynas, 2010) in Latin America, a reliance on foreign direct investment in natural resources led by Canadian mining
companies with the support of the Canadian government. This new extractivism has a new strategic shift based in a policy regime geared towards a more equitable sharing of the resource extraction wealth through the collection by all levels of government (national, provincial and municipal) of resource rents. This new social change policy is designed to ensure a more positive economic development and to protect the society and the environment from the well-known and well documented negative impacts of the natural resource sector by empowering the poor and seeing development from within and below rather than implemented from outside (such as via World Bank and international organizations) and above (governments). De Echave (2008, 2010) discusses the change in the Peruvian extractive industry since the 1990s. Driven by the Washington Consensus, the Peruvian government enacted structural reforms to promote foreign investment. Mining investment poured into Peru. However, clashes between the mining industry and host communities have dominated the map of social conflicts since the middle of the 1990s. The Canadian investment presence in the Peruvian mining sector is quite noticeable and not only in the mining sector but also in the Peruvian government decision to privatize mining companies, and to distribute technical and financial assistance to development projects. Svampa (2009) writes about the reasons behind social conflicts in mining communities, especially in the Andes regions of South America. She mentions territoriality7, direct

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7 Svampa explains: “Territoriality as opposed to territory refers to something not given to us by nature but it is a social counter-hegemonic construct. Territoriality is opposed to the vision embraced by large companies and governments who conceive territory as productive territory that can be used and exploited and converted into tradable value and capital. (The notion of) territoriality instead defends the need to build different social relationships in which human beings are part of the ecosystem.”
relationship between government institutions and mining companies, the lack of indigenous community consultations or authority from the government to promote mining investment in their indigenous lands, and lack of democracy. These social conflicts are nurtured from pre-existing negative experiences such as lack of development and exclusion around mining communities. For Peru, De Echave (2010) concludes that the initiatives to mitigate social conflicts such as the dialogue tables, voluntary mechanisms and interventions by the Peruvian government and international agencies such as the Canadian International Development Agency (CIDA) have failed to improve the systematic and structural problems that are the roots of social conflicts in Peru.

As Nolin and Stephens (2010) state, it is important to understand issues of rights and global forces such as the implementation of neoliberal policies by the IMF in many countries around the world. While Guatemala, Peru and other Third World countries in Latin America have experienced the struggles of rights violations, neoliberal mining developments and social resistance movements, we should recognize that this is not just happening in Latin America but also First nations communities in Canada, who struggle against the development plans of Canadian mining companies (Laplante, 2008; Nolin, 2008, 2009; Tsilhqot’in National Government & Elkins, 2009). Place and Hanlon (2009) conclude that if there is a connection with mining development worldwide it is that even in

For a detailed explanation, please follow this link: http://commonsblog.wordpress.com/2013/07/10/commons-territoriality-and-comunal-ethos-vs-commodity-consensus/
post-colonial and developed countries where you may expect the environmental assessment process to be more fair and generous, the dominant culture still mainly determines land use.

While this 'resource curse' directly affects local people in mining communities, especially indigenous communities, the 'resource bonanza' benefits transnational mining corporations and governments through direct profits and taxes (macro scale). A number of economists from the World Bank suggest that success in large-scale foreign investments in land and the extraction and exploitation of natural resources under current condition have many positive impacts in Third World countries of the Global South. International organizations controlled and financed by Western countries continue to promote the extractive industry as a source to generate economic growth. In its 2002 report, the World Bank states that a vibrant extractive industry tends to generate large amounts of fiscal income and a large part of this fiscal income is export-based, by mining export constituting a major contributor in Third World countries. In Peru, mining is the largest contributor, providing 57% of total exports (MEM, 2013b; SNMPE, 2013a). International organizations such the International Monetary Fund constantly research tools to help Third World countries to improve their fiscal policies to maximise the benefits that natural resource wealth generates. Geiregat and Yang (2013) suggest that developing countries rich in natural resources should learn from experiences from other countries' challenges to manage volatile revenue from the abundant natural resources and policymakers can promote growth and fight poverty by increasing investment spending as long as they are aware of the capacity of their economies to absorb such investments. The World Bank (2013) states that the private sector continues as the main engine of job creation in the world and that although in many countries in the Middle East and North Africa the government is one of the major employers, this can be linked in
some cases to the abundance of oil revenue. As researchers such as Andrew Berg, Rafael Portillo, Shu-Chun Yang, and Luis Felipe Zanna (2013) analyze how governments can use the large revenues from the natural resource sector through policy instruments such as the "Sustainable Investing Tool", others such as Thomson and Boutilier (2012), and Zandvliet and Anderson (2009) work on finding strategies on how transnational mining corporations can improve their corporate social responsibilities and promote sustainable development in mining communities around the world.

Despite of the different approaches about the extractive industries being a curse or bonanza for local communities, the fact is that most indigenous communities, especially in Third World countries, are still either experiencing signs of socio-economic development or violations of their rights with regards to their land, environment, people and culture. As Place and Hanlon (2009) say, it is time to include indigenous communities’ voices in the planning and risk assessments around large scale extractive projects in their vicinity.

2.3 Historical Context of the Mining Sector in Peru

In order to understand the current development issues facing Third World countries such as Peru today, Power (2003) suggests beginning with an examination of their historical roots. The Inca Empire (Tahuantinsuyo) was the most important and powerful state that existed in the pre-Hispanic Andes. Paredes Galvan (2006) explains that Tahuantinsuyo covered an area of two million km² (Colombia, Ecuador, Peru, Bolivia, Argentina and Chile) and its population of approximately ten million people had a well-established social, political and economic organisation. Labour groups were administered and organised by intermediaries (curaca). The Inca Empire had abundant agricultural, livestock and manufacturing
production and these activities were ruled by principles of reciprocity and fair redistribution of goods between political and social units (*aillus*). The Inca empire used mining to produce materials for their own use, such as art to decorate their temples, jewelry for nobles, and offerings to their Gods. The mining of gold and silver was controlled by the Inca state. The Inca tribe itself had limited metallurgy skills, but it imported craftsmen from conquered or assimilated tribes, notably the *Moche* and *Chimú* (both centred near the coastal city of Trujillo), to come to Cusco in the Andes to work. The *Chimú* used advanced techniques using alloys and plating. Most gold mining was carried out by panning, placer, and hydraulic methods, separating nuggets from sand and gravel deposits by streams.

Keoke and Porterfield (2009) document the Inca innovations in mining:

"Of all the indigenous Americans, only the Inca actually mined for gold, excavating underground shafts and pits to pull gold and silver ore from the earth, in mines located high in the Andes" (p.120-121).

They also documented how access to the mine sites was reportedly controlled by armed guards, and non-nobles were not permitted to own gold and silver. None of the reviewed literature indicates any special social status for mine workers. It appears that having a gold mine in your community may not have been a bonanza for the locals even under the Inca empire. It is noteworthy that the centre of metallurgical excellence in pre-Incan Peru was the *Chimú* valley near present-day Trujillo, only 150 km west of Quiruvilca.

Hemming (1993) explains that in 1519 the European conception of the Americas, or Indies as they called America, took a turn when the Aztec empire in Mexico was discovered. When Spaniards commanded by Hernán Cortes conquered the Aztec empire in Mexico,
sons from all types of families in Spain started to sail eagerly to seek adventure and explore the Pacific Coast of South America. In 1526 three partners, Francisco Pizarro, Diego de Almagro and Hernando de Luque (a priest), entered into a contract and sailed to the Pacific Coast of South America. One of Pizarro's ships encountered and captured an "ocean-going balsa raft fitted with fine cotton sails...they were carrying pieces of silver and gold as personal ornaments including crowns and diadems, belts and bracelets" (p.25). The Spaniards had no doubt that this balsa was the product of an advanced civilization. Pizarro sailed south in a voyage of true exploration entering the gulf of Guayaquil and sighted the Inca city at Tumbes – a well-organized town in northern Peru. After two landings along the coast of Peru, Pizarro confirmed the magnitude of the Inca empire. The expedition returned to Panama with evidence such as llamas, pottery and metal vessels. Pizarro was sent to Spain to seek approval from the King Charles to discover and conquer Peru.

From the first days of the conquest, the Spanish conquistadores showed no mercy in mistreating and oppressing the indigenous Peruvians. Paredes Galvan (2006) describes the conquest led by Francisco Pizarro in 1532 and subsequent organisation of the new Spanish colony. As an early sign of strength, Pizarro burned to death 13 curacas loyal to the Inca. Many indigenous people opted to collaborate with the conquistadores. Pizarro shrewdly established alliances with local populations who disliked Inca rule. He learned that the Inca Empire was in disarray after a long civil war. Pizarro took the Inca ruler Atahualpa hostage, and the Inca subjects paid a ransom of two rooms full of silver\textsuperscript{8} (11,793 kg) and a

\textsuperscript{8} At today's prices, this would be worth almost US$10 million.
room of gold\(^9\) (6,087 kg) to secure Atahualpa’s release. The \textit{conquistadores} killed Atahualpa anyway. Despite decades of indigenous resistance, the Inca Empire fell completely under Spanish authority by 1572.

Spanish was the basic instrument of Spanish exploitation of indigenous labour and products during the post-conquest period (Lockhart, 1994). Francisco de Toledo established this pattern of Spanish colonial rule that was to last until the nineteenth century (Hemming, 1993). The dominance of local indigenous Peruvians by powerful outsiders has continued from the colonial period through independence, and on to today. Bebbington (2012, p. 35) argues that mining was also fundamental to the Peruvian economy during the 1900s:

"...from 1930 onwards major international events such as the trajectory of the international economy over the middle decades of the century; the growth of the global and Latin-American drugs economy; the shift in paradigm towards neoliberalism and market-based policies across most Latin America; and the boom in primary product prices during the 1990s

\(^9\) At today’s prices, this would be worth over US$300 million.

\(^{10}\) \textit{Encomienda}. The \textit{encomienda} was a legal system that was employed mainly by the Spanish crown during the Spanish colonization of the Americas to regulate Native American labour. In the \textit{encomienda}, the Spanish crown granted a person a specified number of natives for whom they were to take responsibility. In theory, the receiver of the grant was to protect the natives from warring tribes and to instruct them in the Spanish language and in the Catholic faith; in return they could extract tribute from the natives in the form of labour, gold, or other products.
and especially the first decade of the twenty first century influenced the Peruvian political economy."

Bebbington (2012) also states that the Peruvian business elite learned to work closely with the state on legislation that favours their foreign partners, and the capital of Lima has always been the administrative hub for conducting mining business. Although the national government has worked on decentralising the power of government, major decisions, especially in the extractive industry, still take place in Lima.

2.4 The Last 20 Years of Mining in Peru

In the last 20 years, the mining sector has played an increasingly important role in the Peruvian economy. In 2012, almost 60% of the total value of Peruvian exports came from the mining sector (see Figure 2.1).

![Figure 2.1 The dominant position of mining in Peruvian exports, 2012](source)
China is the biggest national mining investor in Peru, with Switzerland second and Canada third (SNMPE, 2013b), with 85 mining companies active in Peru (Fairlie Reinoso, 2013). New structural reforms undertaken in the 1990s, such as privatisation that ended the participation of state mining companies, facilitated the accelerated expansion of the mining industry in Peru. Existing and new mining projects in the northern and southern parts of Peru captured almost 30% of the mining investment in Latin America by the end of the 1990s (De Echave, 2008).

With the growth of the mining sector, social conflicts around mining communities increased due mainly to the poor relationship between mining companies and affected communities. During 2000 to 2008, the mining industry was responsible for exceptional economic growth rates as well as increases in social conflicts that threaten the political stability in Peru (The Economist, 2008; Arellano Yanguas, 2011a). During this period, the Peruvian economy grew at an average annual rate of 7% (INEI, 2009). The expansion of the extractive sector was the key factor for the macroeconomic success (Macroconsult, 2012). The economic growth also had a generally positive effect on social indicators and the percentage of people living in poverty dropped from 54% to 36% between 2001 and 2008 (INEI, 2009). However, despite such positive data, active social conflicts, frequently violent, grew from 65 to 175 between 2008 and 2013 (Defensoría del Pueblo, 2013 and Figure 2.2).

Most of these conflicts were related to mining or took place in mining areas (Arellano Yanguas, 2011a). Clashes between mining protesters and police cause social instability in communities surrounded by extractive projects and sometimes even death (Kopecky, 2012). In August, 2011 while I was in Peru, I had the opportunity to interview a
representative of CooperAcción, a Peruvian NGO that promotes social, environmental, and political rights in communities with extractive projects. I asked her if there was any mining community in Peru that has experienced positive impacts from mining, and she stated that while many communities have negative experiences with the development of mining projects, other communities experience more positive impacts, such as Antamina near Huaraz, Ancash, Peru\textsuperscript{11} but even communities around this mine experiment negative impacts. Many mining corporations have a CSR department as a strategy to approach local communities, but conflicts between the community and the company remain present. I will review social conflicts in Peru in my next section.

\textsuperscript{11} Even mines that generally have good community relations are subject to setbacks. Antamina was fined US$77,000 for spilling 45 tonnes of toxic copper concentrate slurry following a pipeline rupture on July 25, 2012. The spill killed vegetation and affected the health of dozens of villagers including children. The fine was originally set at US$13M, but was lowered by retroactive legislative fiat (El Comercio, June 4, 2013).
2.5 Mining and Social Conflicts in Peru

As mentioned above, during the last decade, mining has been responsible for both exceptional economic growth in Peru and for the increase in social conflicts\(^\text{12}\) that threaten its political and social stability (Arellano Yanguas, 2011a). Veltmeyer (2013) explains that the "agents of resistance" (p. 88) to the imperialism of natural resource extraction, at least in Latin America, are indigenous communities where governments have conceded their lands to foreign mining corporations to develop resource extraction. These agents are also formed by civil societies, NGOs, and social movements that one way or another participate in the conflict between resource extraction capital and local communities. Social movements such as CONACAMI (National Confederation of Peruvian Communities Affected by Mining – Spanish version) protest the damage to the environment, land, water,

\(^{12}\) Arellano (2011) defines social conflict to refer to confrontations and disputes that may or may not include violence.
health, and livelihoods of local people, and the miners themselves, who face unhealthy to life-threatening working conditions (Veltmeyer, 2013). According to North and Young (2013, p.97), new mines usually involve low grade deposits and occasion a shift from underground mines to open pits that degrade vast landscapes with potentially devastating environmental impacts when uncontrolled.

Veltmeyer (2013) also explains that issues raised by indigenous groups include the collaboration of religious groups and NGOs with the mineral extraction business to secure the consent of local communities for their mining projects. At a National Forum in Lima in 2010, CONACAMI denounced that the vast majority of ancestral Peruvian sites were in the hands of mining, and oil and gas companies; and that "up to 72% of Peruvian's territory" (p. 89) had been conceded to natural resource exploration or exploitation purposes. The current focal point in the Peruvian mining environment is the Conga mine in the northern region of Cajamarca, Peru (Veltmeyer, 2013), approximately 150 km north of Quiruvilca. The mine is financed by the US transnational corporation Newmont Mining Corporation – planned to be the largest extraction operation in Peru and one of the largest in the hemisphere. Mine development is on hold because of community resistance and at least three deaths occurred in the city of Cajamarca on July 2012 (BBC, 2012; El Comercio, 2012; Campos, 2012).
Defensoria del Pueblo (September, 2013) reports that the total number of social conflicts\textsuperscript{13} is 223 with 175 active conflicts, and 48 latent conflicts. Socio-environmental problems continue to be the main reason for these conflicts, with 72\% of active conflicts being related to socio-environmental issues, and 75\% involved mining operations. Most socio-environmental active conflicts involved mining (Figure 2.3), and most took place in the central Andes of Peru (see Table 2.2, and Figure 2.4).

Arellano Yanguas (2011b) cites what he calls the New Strategies of the Extractive Industries (\textit{Nuevas Estrategias de la Industria Extractiva} - NEIE from the Spanish) as the reason for the expansion of social conflicts during the decade of 2000-2010. NEIE include two seemingly progressive innovations: (1) redistribution of important fiscal income generated by the mining sector to the provincial and local municipalities; and (2) the promotion of mining company participation in social development activities. Arellano Yanguas (2011b) blames the adverse outcomes on the lack of technical capacity of regional and local governments and their inability to manage these new funds competently and without corruption.

\textsuperscript{13} Defensoria del Pueblo (2013) defines the following terms: Social conflict, a complex process in which sectors of the society, state, and companies perceive that their objectives, interests, values, and necessities are contradictory and this contradiction can lead to violence. Conflict and violence are not the same. Violence is the destructive manifestation of a social conflict. Active Conflict is a social conflict expressed by some of the parties or by third parties through formal or informal public claims. Latent Conflicts, are social conflicts not publicly expressed. They remain hidden, silent or inactive.
Figure 2.3. Socio-environmental conflicts in Peru by sector (September 2013) dominated by extractive industries

Mining Watch Canada's Catherine Coumans (2010) cites a leaked report by the Prospectors and Developers Association of Canada (PDAC) (PDAC, 2007) documenting that Canadian companies were involved in one third of 171 cases of conflict between mining and exploration companies and local communities in Third World countries between 1999 and 2009. This unfortunate reality must be kept in mind when considering the positive CSR rhetoric spread by mining corporations and government publications.

2.6 Mining Corporate Social Responsibility

In the face of mounting social protests, the response of transnational mining companies has been widespread commitment to "corporate social responsibility" (CSR). However, as with other buzzwords such as sustainable development, the operational outcomes of this
commitment have not always lived up to the promise. Domestic and international regulations, trade agreements, and CSR strategies are becoming more important around the Canadian extractive industry, international organizations, and the Canadian and commodity-producing country's government. In place of state regulation, social and environmental problems may be addressed by using voluntary codes and CSR programs which are supported by the Canadian and other governments (North and Young, 2013; De Echave, 2010). In May 2013, the Canadian government donated US $53M (million) to support mining-related initiatives and education in Peru (National Post Canada, 2013).

Mining companies use mitigating strategies to minimize the discontent of local communities, strategies such as developing new forms of governance, with the support of governments and international development agencies, especially the development of CSR strategies (Studnicki-Gizbert & Bazo, 2013). In Latin America, and specifically Peru, CSR practices have portrayed the Canadian mining industry as modern and sustainable, promising a new form of mining, different from the American, British or Spanish mining of previous generations and centuries. While CSR has legitimated transnational mining for certain audiences, it has been ineffective in addressing issues raised by the affected communities (North and Young, 2013). Keenan (2013) argues that the Government of Canada's CSR framework and the federally appointed office of the CSR Counselor have demonstrated an inability to carry out independent investigations of alleged corporate violations of various sets of rights (human, labour, environmental or indigenous).
Table 2.2. Social conflicts by location in Peru occurring in only one department (region) (2013)

<table>
<thead>
<tr>
<th>Department</th>
<th>Active Conflicts</th>
<th>Latent Conflicts</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazonas</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Áncash</td>
<td>21</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>Apurímac</td>
<td>22</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>Arequipa</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Ayacucho</td>
<td>9</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Cajamarca</td>
<td>10</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Cusco</td>
<td>11</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Huancavelica</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Huánuco</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Ica</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Junín</td>
<td>7</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>La Libertad</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Lambayeque</td>
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<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Lima Metropolitana</td>
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<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Lima Provincias</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Loreto</td>
<td>9</td>
<td>3</td>
<td>12</td>
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<tr>
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<td>1</td>
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<tr>
<td>Moquegua</td>
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<td>3</td>
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<tr>
<td>Pasco</td>
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<td>7</td>
</tr>
<tr>
<td>Piura</td>
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<td>Tacna</td>
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<td>6</td>
</tr>
<tr>
<td>Tumbes</td>
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<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Ucayali</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>159</strong></td>
<td><strong>42</strong></td>
<td><strong>201</strong></td>
</tr>
</tbody>
</table>

*(Defensoría del Pueblo, September 2013 p. 6)*
Table 2.3. Social conflicts by locations in Peru occurring in multiple regions\(^4\) (2013)

<table>
<thead>
<tr>
<th>Departments (Regions)</th>
<th>Active</th>
<th>Latent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ancash/ Arequipa / Ayacucho / Huancavelica / Junín / Lambayeque / La Libertad / Loreto / Piura / Pasco</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Ancash / Ayacucho / Cusco / Junín / Lima / Piura / Puno</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
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<td>Ica / La Libertad / Madre de Dios / Moquegua</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16</strong></td>
<td><strong>6</strong></td>
<td><strong>22</strong></td>
</tr>
</tbody>
</table>

\(^{4}\) Defensoria del Pueblo distinguishes conflicts involving only one region from those involving multiple regions. There are a total of 175 active social conflicts in the year 2013: 159 limited to only one region plus 16 spanning multiple regions.
Figure 2.4. Social conflict map of Peru dominated by the Andes (2013)
This follows in the context of the defeat of the 2010 private member's bill aimed at encouraging Canadian mining firms to act ethically in their overseas operation (Laplante & Nolin, 2011), following a fierce battle between industry lobbyists and international and domestic critics. Subsequent court rulings (Choc v. Hudbay Minerals Inc., 2013) may force mining companies to accept corporate responsibility, in some circumstances, for their actions in developing countries.

According to a recent report of the Parliament of Canada - House of Commons Standing Committee on Foreign Affairs and International Development (Parliament of Canada - House of Commons, 2012), the role of the private sector in international development is as the driver of this process. NGOs such as World Vision, which serve the government's agenda in support of extractive capital (including pacifying the resistance from the affected communities), have received additional funding to mediate between the mining companies, the communities negatively affected and the local governments, whose support is needed for these companies to be granted a social license to advance these operations (Veltmeyer, 2013).

### 2.7 Legal Framework for Mining

Lujan (2012) explains that the Peruvian mining regulatory framework assigns ownership of mineral resources to the Peruvian state, and although the state gives rights to explore and produce mineral resources, it does not grant any surface property rights. Foreign investors have the same rights with respect to acquiring or holding mining concessions as local investors. Since 1990, 89% of mining claims have been given as concessions, and active
mining claims cover 14.76 million hectares of land in Peru, 11.53% of the country (SNMPE, 2012).

Bebbington and Bury (2009) suggest that the pressures of mining expansion on water resources, land, and social relations are a result of institutional conditions that separate the governance of mineral extraction, water resources, and local development and prioritize large scale investment over livelihood and environment. Communities do not trust the Peruvian government to protect indigenous rights, environment, and other harms that mining can cause (Slack, 2009). This lack of trust in government regulations and environmental protection has triggered protests and social conflicts in mining communities. Furthermore, Peruvian communities lack adequate information about the implications of mining concessions, which creates uncertainty, and what information these communities do receive has problems of "salience, legitimacy, and credibility" (Bebbington & Bury, 2009, p. 17299).

I will next briefly review key elements of the Peruvian legal context regarding mining taxes and royalties, indigenous communities' prior consultation, and Environmental Impact Assessment (EIA).

### 2.7.1 Mining Taxes and Royalties

According to KPMG (2013) mines pay three main types of taxes and fees: Corporate income tax (impuestos), royalties (regalias) on net profits, and concession rights. Mines pay 30% income tax; the tax rate on dividends is 4.1%. Mining companies pay royalties from 1% to 3% on revenues. The rate increases with profit level, with the highest being 3% on annual revenues exceeding US$120M. These monies accrue to the federal government.
Concession rights are granted by the Peruvian government for mining, exploration, production, refining, and transport of mineral by people or companies. Foreign and domestic mining investors, who enter into an agreement with the government and guarantees free access, possession, and disposal of foreign currency, have equal protection. Many large mining operations investors are protected by historical tax law stability agreements with the Peruvian government.

In 2004, Peruvian Law 28322 known as the Canon Minero was passed prioritising the distribution of mining revenue to local mineral producer municipalities. This law distributes 50% of mining tax revenue to the national government, and apportions the remaining 50% as follows: 20% to regional government, 5% to public universities, 10% district municipality, 25% to municipalities of the province, and 40% to other municipalities of the region – see Figure 2.5. Factoring in the increase in the world mineral prices, transfers of mining revenue and mining royalty to local governments increased 13-fold from 2006-2009 to US$90 million (Arellano Yanguas, 2011a).

15 Mining companies who have an existing tax stability agreement with the Peruvian government are subject to the tax regime valid on the date of approval of the investment program. Barrick has a tax stability agreement with the Peruvian government signed in 1993.
Giulliana Tamblyn  
Literature Review and Context of Peruvian Mining

Pre-Tax Profit  
3% Royalties  
30% Income Tax  
67% Shareholders  

PMSP  
3.0% Federal  
15.0% Federal  
3.0% regional government  
0.8% public universities  
1.5% district municipality  
3.8% province municipalities  
6.0% regional municipalities  

Community Development  
2.51%  

Figure 2.5. Distribution of mining profit.

In 2006, the federal government announced the Program for Mining Solidarity with the People (PMSP for its abbreviation in Spanish), otherwise known as the "Voluntary Contribution". PMSP is an agreement between the Peruvian Government and mining companies whereby in lieu of royalties, the companies commit to investing in social development projects in the areas influenced by their operations for the next five years. Mining companies are responsible for the management of these funds following some minimum government rules (Arellano 2011a). Late in 2011, the Peruvian Government announced new mining taxation and increase in royalties but abolished the PMSP (El Comercio, 2012). In 2008, the Peruvian government created the fondos sociales (social funds) - known before as fideicomiso (trust) which was previously managed by the government institution PROINVERSION to support social development programs around communities affected by that mining concession – which is a trust to be transferred to a non-profit legal entity formed by the mining company who bought the mining right, civil society, NGOs and regional and municipal governments (Mendoza, Franke & Cruzado, 2008). Specific to Quiruvilca, Barrick has signed a commitment to fund the Alto Chicama Social Fund with 2.51% of net profits. The approximate distribution of pre-tax mine profit from Lagunas Norte is summarised in Figure 2.5. The values in Figure 2.5 are based on the existing tax laws and subject to change as the Peruvian taxation regime evolves. As per
KPMG (2013) there are new laws coming into effect that should increase the tax revenue from Peruvian mining companies by US$5.5 billion annually. How these laws will affect particular mines will depend on details specific to each mine which are beyond the scope of the present report.

2.7.2 The Consultation Process in Peru

Prior consultation with indigenous and native communities is mandatory on the state but not on mining investors. The purpose of the consultation is to reach an "agreement or consent" between the state and communities (Lujan, 2012).

In order to deal with the many social conflicts occurring in communities affected by mining projects, the current Peruvian government recently passed Law 29785, the Law of Prior Consultation for Indigenous and Native Communities (Prior Consultation or Consulta Previa in Spanish) (Ministerio de Cultura, 2013). This law incorporates Peru's 1995 ratification of the International Labour Organization (ILO) Convention 169 (see Appendix 1). A regulation to support Prior Consultation was published in 2012 (DS-001-2012-MC). This is an important achievement to facilitate Prior Consultation between the government and the indigenous people of Peru. According to the Peruvian Ministry of Culture, the main purpose of this law is to develop contents, principles and procedures to affirm and make operational the right of indigenous people in Peru to be consulted about legislative and administrative rules affecting them. Unfortunately, the process has been gradually modified to the disadvantage of the indigenous communities, and the Peruvian government shows a lack of willingness to work in favour of Peruvian indigenous communities.
(CNDDHH, 2012), as evidenced by the difficult criteria used to qualify as indigenous communities (see Appendix 2).

CooperAcción (2013) also criticises the Ministry of Culture for slow progress on a database to identify all indigenous communities in Peru when mining concessions are approved. This delay could be an indirect method of restricting the number of indigenous communities with a right to Prior Consultation. Furthermore, the Ministry of Culture establishes that to be identified as indigenous community, people must prove they are direct descendants of indigenous Peruvians prior to Spanish colonization, and also maintain a native language, even though this criteria is not included in ILO Convention 169. The entire consultation process of publicity, information, internal evaluation and dialogue must be completed in 120 days or less. During this consultation process there are three types of meetings: preparatory meetings, informative meetings (informative step) and dialogue meetings (dialogue step). In a controversial move that appears to "grandfather" all existing mines, the Ministry of Culture (2013) declared that prior consultation will not apply to administrative measurements that approve the re-initialization of an activity, in the sense that no variation in the original authorized terms is implied.

Anaya (2013), who just recently presented a preliminary report on the extractive industry and the rights of indigenous people in Peru, states that although Peru has a Prior Consultation Law in place, this law is still in its initial stages of implementation according to the Peruvian government and indigenous communities. Many Indigenous groups and NGOs complain that, apart from being an information process rather than a consultation process, Prior Consultation is designed to work in favour of the mining sector and not the indigenous communities – a continuation of the colonial legacy of the central government.
promoting foreign investment at the expense of local indigenous communities, the interests and benefits of the private sector (mining investment) have always tended to be prioritised over the interests of indigenous communities.

### 2.7.3 Environmental Impact Assessment (EIA) Approval

The Environmental Impact Assessment approval process is another case in Peru where ILO Convention 169 is not followed. Although in 2008 the Ministry of Environment in Peru was created, the Ministry of Energy and Mines (MEM) is still the government body who promotes mining projects and at the same time approves EIAs – an apparent conflict of interest (Campodonico, 2013). In 2012 the creation of the National Service for Environmental Certification for Sustainable Investment (SENACE - Servicio Nacional de Certificación Ambiental para las Inversiones Sostenibles) was announced. SENACE will evaluate and approve EIAs, starting in April 2014. During the approval of EIAs, either for exploration or mine development, there is no Consulta Previa with affected indigenous communities, and the government simply imposes mining projects in their territories (CNDDHH, 2012). Currently, the Ministry of Environment reviews the EIA but it is MEM who makes the final decision. The outcome is predictable and unsatisfactory (see Figure 2.6).
Figure 2.6. Poor early communication with local indigenous communities results in frequent social conflicts at Peruvian mining projects.

After reviewing the paradigms of mining as either a curse or a bonanza for local communities, the long history of mining in Peru including recent social conflicts, the response of mining companies (CSR), and concluding with a review of the legal framework for mining in Peru, I will evaluate the specific setting of the case study subject of the present research report: Quiruvilca, La Libertad, Peru.
3.0 Quiruvilca: The Silver Tooth of the Peruvian Andes

After reviewing the mining situation in Peru, in this chapter I would like to focus my analysis on the district of Quiruvilca, my case study. The name Quiruvilca comes from Quechua: *kiru* (Spanish *diente*, tooth) and *vilca* (Spanish *plata*, silver). Quiruvilca belongs to the department of La Libertad, in Northern Peru. Next, I will briefly describe the regional setting of La Libertad, followed by a general context of the town of Quiruvilca, its mining history, and current mining situation.

3.1 Regional Setting: *La Libertad*

*La Libertad* is a region (department) in northwestern Peru (see Figure 3.1), a political division that generally corresponds to a province in Canada. Its capital is Trujillo, which is the nation's third largest city. *La Libertad* is divided into 12 provinces (*provincias*), political divisions that generally correspond to counties in the United States. Each province is divided into several districts (*distritos*).

*La Libertad* is the only Peruvian region that reaches all three Peruvian natural regions of *costa* (coast), *sierra* (mountains), and *selva* (rainforest). The name of the region is Spanish for freedom or liberty.
3.1.1 **Regional Development Plan – La Libertad**

A regional Development Plan (DP) is an instrument for regional governments to orient and articulate public and private initiatives to lead and generate processes that solve social and economic problems by using available human, natural, financial and institutional resources. This plan identifies and prioritises programs and projects (Regional Government of La Libertad, 2009).

The following summarises key elements of the 2010-2021 La Libertad Regional Development plan. The region of La Libertad has a population of 1.6 million people distributed in 12 provinces and 83 districts. Mining is a very important economic sector in
La Libertad. The *Lagunas Norte* mine in Quiruvilca district is cited as a principal contributor to regional GDP. In 2008, 37% of the population lived in poverty and 15% in extreme poverty. Cases of extreme poverty are higher in rural areas of the region. The life expectancy is over 8 years shorter in the Andes than on the coast. In 2007, 6 out 10 people in La Libertad did not have access to any type of health insurance, and 26% of children under 5-years-old had chronic malnutrition. 34% of the population of La Libertad lack access to potable water, and in the province of Santiago de Chuco (which includes Quiruvilca District and the Town of Quiruvilca), 67% of population has no access to potable water (INEI, 2012).

The economic strategies of the regional DP aim: to diversify crops and livestock in rural areas; to reduce informal mining; to reduce active social conflicts related to mining; to eliminate environment liabilities; to promote fishing as a sustainable sector; to promote small businesses; to promote regional tourism circuits; and develop science and innovative technology in areas such as bioscience, and renewable energy. Agriculture, forestry, ranching, water resources, and mining are cited as potential sectors for development in the province of Santiago de Chuco, which contains Quiruvilca.

At the social level, the regional plan focusses on: the quality of basic education, access to housing, water, sewage and health services, chronic malnutrition, gender equality, domestic violence, and social security. Regional environmental themes include: watersheds, solid waste, wood plantations, woodlands, and natural disasters.
3.2 Quiruvilca's General Context

Peruvian Caballero Rojas (2005), born in Quiruvilca, describes his town as a historic mining town located in the north-central highlands of Peru, at 4,008 metres above sea level (masl). Quiruvilca is one of eight districts in the province of Santiago de Chuco, department of La Libertad (see Figure 3.2). Trujillo is the capital of the region of La Libertad. To drive from Trujillo to Quiruvilca, take the paved road to Otuzco (75 kilometres), then the dirt road to Shorey (46 kilometres), and on to the town of Quiruvilca (6 kilometers, paved). Quiruvilca refers to both the urban town and also to the surrounding district including 22 caseríos (hamlets) (see Figure 3.3). Most streets in the town are paved.

Because of its high elevation, Quiruvilca's climate is semi-dry and quite cold, with winds, sunny days and rain. The average temperature is 8.2°C, with sub-zero temperatures common at night. Locals divide the year into the warmer, rainy winter season (December to April) and the colder, dry summer season (May to November). Torrential rains, and occasional snow and hail, may occur from around December to April. April to September is generally dry with sporadic rains and locals call this period "Andean summer". During June to September, there are strong winds with intermittent sunny days and precipitation, with extremely cold nights that can freeze water on lakes and rivers. Most first time visitors to Quiruvilca will experience "soroche" or altitude sickness, which may involve headaches, nauseas, vomit and breathing problems because of the lack of oxygen. Most visitors become acclimatised and lose all symptoms of soroche within a week of arrival.
Education services in the urban area of Quiruvilca comprise two pre-schools, four elementary schools, two high schools, and a post-secondary institution. One of the pre-schools and two of the elementary schools are private, for children of Southern Peaks employees only.

Although Quiruvilca has sewer and electricity service, tap water is free but not potable, provided by Southern Peaks at no cost. Even the poorest families in Quiruvilca seemed to have a cell phone. Land line, and public phone services are also available. Cable TV

Figure 3.2. Location of Quiruvilca in the Province of Santiago de Chuco, Department of La Libertad

Modified from: Fitzgerald et al. (2012)
services are limited. A public address loudspeaker broadcasts news and updates about Quiruvilca. Internet is accessible at a few public cafés.

Figure 3.3. District of Quiruvilca showing rural caseríos

Source: Caballero Rojas (2005)
Other services in the urban area of Quiruvilca are very basic; there are three run-down hotels, a few restaurants, corner stores, and a farmers' market building. Two financial institutions in Quiruvilca offer saving accounts, money transfers and micro loans, but no bank machine.

Caballero Rojas (2005) describes Quiruvilca as a predominantly Catholic town due to the influence of Spanish colonization. Overt signs of Christianity such as statues, crosses, public processions, and religious holidays are openly accepted and celebrated. *Virgen de la Puerta* (Virgin Mary of the Mineshaft) is honoured as the patron saint of miners. Many archeological areas are not completely explored and the community maintains many of its historical culture. Folklore is considered a fundamental social activity among people from Quiruvilca. Religious and folklore dances and festivities are common events around the community. Attire varies according to the weather, economy, and nature of jobs, and sometimes to fashion. Because of the cold weather in Quiruvilca, people tend to wear thick clothing and many people still maintain their traditional style of clothing with vibrant colours. Women dress in colourful skirts made of sheep wool with different layers, and a cotton blouse. Men still wear a traditional poncho to protect against the cold weather.

People from Quiruvilca practise natural medicine, using local or regional plants, herbs, and earth as medicine to cure illness. They also have their own customs and beliefs, such as beliefs in the supernatural properties of animals, plants, hills or mountains. Their music and poems relate to their daily lives and the legacy and influence of the Spanish colonization in their lifestyle and how they see the world.
3.2.1 Urban Areas of Quiruvilca

The district of Quiruvilca comprises the urban and rural areas. Caballero Rojas (2005) divides the urban area of Quiruvilca into the town and the Southern Peaks camps, but the urban area is actually formed by ten neighbourhoods (see Figure 3.4):

1. Barrio Trujillo  
2. Barrio Miraflores  
3. Barrio El Bronce  
4. Barrio San Andrés  
5. Barrio San Pedro  
6. Barrio Central  
7. Barrio San Carlos  
8. Barrio Bellavista  
9. Barrio 12 de Julio  
10. Barrio Leoncio Prado

Poverty is more apparent further from the town square.

3.2.1 Socio-Economic Indicators in the District of Quiruvilca

According to the census of 2007, Quiruvilca district has a population of 14,060. Fifty two percent of the population are men and 48% are women (INEI, 2011), and the average life expectancy at birth is only 70.8 years (Neciosup Obando, 2009). Fifty eight per cent of the population live in the urban village and 42% in the rural caserio. (Caballero Rojas, 2005, p.32). During the 1975-85 economic crises in Peru, and the related reduction in metal prices, Northern Mining then owner of Mina Quiruvilca, laid off many people, reduced the work time of their employees, and offered retirement packages to senior employees. Figure 3.5 illustrates the sharp drop in Quiruvilca's population. During this time many people had to emigrate from Quiruvilca "with tears in their eyes, not knowing where to go, and leaving

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16 Although the municipality of Quiruvilca has nine neighbourhoods in its city map, the community and municipality consider main street, Leoncio Prado, as a neighbourhood.
behind their hometown, where they had learned to love mining as something that would never end" (translated from Caballero Rojas, 2005, p. 27).

As of 2009, the labour force participation of Quiruvilca is 63%: 39% work in mining; 24% in agriculture and animal husbandry (INEI, 2011). Only 13% of the female labor force was employed. Gross indicators of socioeconomic development show Quiruvilca lags behind national and departmental averages. Although the level of poverty decreased in La Libertad (department) from 48.5% in 2004 to 36.7% in 2008, the poverty rate in Quiruvilca (district) actually increased from 53% to 65%, with a significant increase in extreme poverty from 14% to 33%.

The degree of income equality in Quiruvilca is above than the national average based on the GINI coefficient; however, people are uniformly poor. Monthly per capita income is US$116, and 79.5% of the total poor population has at least one unsatisfied basic need. Quiruvilca's Human Development Index (HDI) also lags below the national average (INEI, 2012).

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17 Gini index measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution (World Bank, 2013).

18 The Human Development Index (HDI) is a composite measure of health, education and income (UNDP, 2013).
As previously mentioned, mining is the main economic activity. Although agriculture is very rudimentary in this region, many people work in this sector, especially during the warm, rainy season. Among the agricultural products are: potatoes, corn, wheat, barley, oca (New Zealand yam), olluco, quinoa, vegetables, medical plants, etc. Livestock includes cows, bulls, sheep, goats, alpacas, vicuñas, horses, donkeys, pigs, chickens, ducks, and turkeys (Caballero, 2005). Many people work in the local and regional farmers' markets, which sell agricultural, artisanal, and manufactured products. There are two local markets in the town of Quiruvilca, one permanent and one ambulatory, where people from the different rural areas around Quiruvilca bring a wide range of products to sell. This ambulatory market is run Saturdays, Sundays, Mondays and Wednesdays. Sanitation and lack of organization and planning are the main concerns in ambulatory markets.

With respect to education in the district, 14% are illiterate and 17% have no formal education. Most of the illiterate are women. There are 27 elementary schools and 6 high schools.
schools in the district, and one post-secondary school that offers programs in nursing, metallurgy, computers, and secretarial. Quiruvilca has a rural health clinic with a nurse but no doctor.

Housing in Quiruvilca is mostly owned by their occupants, with 16% of units being apartments provided by Southern Peaks. The average occupancy is 4.8 occupants per house. 86% of houses are rustic, built with local construction material such as ichu grass, wood, and mud (see Figure 3.6), 9% are made of brick and concrete.

![Figure 3.6. Typical house construction in Quiruvilca: row housing, mud walls, grass roof.](source)

### 3.2.2 Development Institutions in Quiruvilca

The following institutions contribute to the socio-economic development of the district of Quiruvilca.
3.2.2.1 Municipal Government

Town council is democratically elected every five years and consists of an Alcalde (Mayor) and five Regidores (Councillors). Walter Josue Diaz Ramos has served as Mayor since 2004. The sources of funds for the municipal (District) government include Canon Minero, mining royalties, and direct sources such as municipal property taxes, licenses, certificates, and so forth.

3.2.2.2 NGOs

Currently, two main international NGOs working in the district of Quiruvilca, including World Vision International (WV) which works in the urban area, and Cooperative for Assistance and Relief Everywhere (CARE) which focuses in the rural zone. World Vision International (WV), founded in 1950, is one of the largest aid, development, and advocacy organisations in the world. WV is explicitly sectarian (Evangelical Christian Humanitarian) and dedicated to working with the world's most vulnerable people to overcome poverty and injustice. It serves all people regardless of religion, race, ethnicity or gender (World Vision, 2013). CARE is a major non-sectarian international humanitarian agency founded in 1945 to deliver emergency relief and international development projects around the world. CARE Peru has worked with the poor in Peru since 1970, focusing on education, health care, access to safe water, reduction in poverty, hunger, and inequality, and recently, promotion of Millennium Development Goals (MDG). In 2012, CARE began a project funded by CIDA and Barrick, called Promoviendo el Desarrollo Económico Local con Transparencia y Diálogo (Promoting Local Economic Development with Transparency and Dialogue) between municipalities, community and mining company. This project was directed at zones which are affected by Barrick's operations with caseríos and 1000 families being
helped with this project. This project focuses on increasing capacity in developing economic activities such as livestock and infrastructure (CARE, 2013).

3.2.2.3 Alto Chicama Social Fund

The Alto Chicama Social Fund is fully funded by mining royalties and covers three areas of influence: Santiago de Chucó, Otuzco, and Sanchez Carrion. The fund is overseen by the six mayors of districts and provinces affected by the Lagunas Norte mine, and two representatives of Barrick. Projects relate to Water and Sanitation, Education, Energy, and Health (Priority 1) and Employment (Priority 2). As shown in Table 3.1, Quiruvilca (district, including the town) receives about 13% or \(\frac{1}{8}\)th of the mining royalty funds. Although citizens have no direct input into the project development or selection process, they are represented by their mayor. Project descriptions, budgets, and priorities are published on-line and on social media and freely available to interested parties (Alto Chicama Social Fund Civil Association, 2013).

<table>
<thead>
<tr>
<th>Quiruvilca (District)</th>
<th># Projects</th>
<th>Budget</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>28 (13%)</td>
<td>US$ 20,847,394 (13%)</td>
</tr>
<tr>
<td>Others</td>
<td>180 (87%)</td>
<td>US$ 145,065,576 (87%)</td>
</tr>
<tr>
<td>Total</td>
<td>208 (100%)</td>
<td>US$ 165,912,970 (100%)</td>
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</tbody>
</table>

As mentioned previously, by agreement with the federal government, Barrick fully funds the Alto Chicama Social Fund through mining royalties (2.5\% of net profits).

Significantly more money (about six times more money: 15\% of net profits of 2.5\%) flows to local governments via the Canon Minero. These monies go into the general revenue of the municipalities and are not directly linked to the mine. This may explain many people's
perception that the local government does more than the mines in supporting local
development – but without the mines, the local governments would have much less revenue.

3.2.2.4 Poverty Reduction Round Table (MCLCP)

According to its website, the national Poverty Reduction Round Table (MCLCP) program
was created in 2001. It is a space where government institutions and civil society interact to
adopt agreements and coordinate actions that seek efficient ways of fighting poverty,
inequality and social exclusion in each region, department, province and district of Peru.

At the district level the Round Table is presided by a coordinator and is formed by
government representatives and civil society representatives. It can have a minimum of 13
members and maximum of 17 members (MCLCP, 2004). The Round Table of Quiruvilca
was implemented four years ago and is led by regional and local government, community
representatives, and civil society including World Vision.

3.3 History of Mining in Quiruvilca

Caballero Rojas (2005) states that during the colonial period, around the year 1610, a group
of Spanish miners, including a Spanish priest, settled in the area of Santiago de Chuco to
mine silver and gold and to grow wheat and other agricultural crops, especially in the area of
Quiruvilca. The resulting imposition of culture, religion, and race led to subordination and
colonization of the indigenous people of Quiruvilca. This subordination was transmitted
generation by generation and can be found in the lyrics of songs, poems and stories.
Mining continued after Peruvian independence in 1821, and in 1922 the Northern Peru
Mining and Smelting Company (Northern Mining) started the construction of roads from the main city Trujillo to the town of Quiruvilca, as well as the construction of camps, offices, and houses for their employees at the polymetallic underground Mina Quiruvilca west of town. The company's policy to support the community and its employees was to train employees in trades such as electricity and heavy duty equipment operation, provide employees with health services at the company hospital, and provide employee housing. Quiruvilca experienced a mining boom and started to grow haphazardly. After a shut down from 1931 to 1940, mining operations have been continuous (see Figure 3.7).

The copper-silver smelter, water treatment and tailings pond are located at Shorey, three km west of the mine site at Shorey Chico. Extensive environmental damage from acid mine drainage at the San Felipe Tailings Dam is visible (see Figure 3.8). At the time of my field work in August 2012 for the present research report, Mina Quiruvilca had just been sold to Southern Peaks (see Section 3.4.1.2 and Figure 3.7 below).

Figure 3.7. Timeline of Mina Quiruvilca operations (1789-2013)
3.4 Quiruvilca's Current Mining Situation

Caballero Rojas (2005) also highlights mineral wealth as one of the main features of the district. This mineral wealth is found in different areas around Quiruvilca: Quiruvilca, Cerro Negro, San Felipe, Callacuyan, La Victoria, Quesquenda, Tres Amigos, and Huacamarcanga. Figure 3.8 shows the two most important mines in the area of Quiruvilca, *Lagunas Norte*, within former Callacuyan coal mine, and Quiruvilca mine.

Almost the entirety of the district of Quiruvilca is a polymetallic deposit surrounded by tertiary volcanic rocks. The different metals include: copper, silver, gold, lead, and zinc. Quiruvilca also has non-metallic minerals such as coal, quartz, barite (barium sulfate), silica, pyrite and clay. Mining is the main activity that drives the economy of Quiruvilca, followed by agriculture, livestock, and trade (INEI, 2011).
Figure 3.8. Satellite image showing Quiruvilca and both active mines
Figure 3.9 documents the trends in production of gold and silver in La Libertad, showing the increase in gold production after Barrick's Lagunas Norte began production in 2005.

![Graph showing production of gold and silver in La Libertad (1996-2009)](image)

Figure 3.9. Production of silver and gold in La Libertad (1996 - 2009)

### 3.4.1 Mining Companies in Quiruvilca and their CSR Strategies

Barrick and Southern Peaks are the two main international mining companies operating in Quiruvilca, Peru.

#### 3.4.1.1 Barrick Gold Corporation

Barrick Gold Corporation (Barrick) touts itself as the world's leading gold producer (Barrick, 2013a). Their stated vision is: "to be the world's best gold mining company by operating in a safe, profitable and responsible manner." Barrick directly employs more than 25,000 employees around the world (Barrick, 2012b). They operate ten gold mines in North
America, three gold mines in South America, and nine gold mines in Australia, as well as two copper mines. Of the three gold mines in South America, two are in Peru (Lagunas Norte in La Libertad and Pierina in Ancash) and are operated by a wholly owned subsidiary, Minera Barrick Misquichilca S.A. (MBM). Barrick's Peruvian head office is in Lima.

Barrick's website (2013b) describes the Lagunas Norte mine near Quiruvilca as follows:

"Lagunas Norte is located on the Alto Chicama property in north-central Peru, 140 kilometers east of the coastal city of Trujillo, and 175 kilometers north of Barrick's Pierina mine. The property lies on the western flank of the Peruvian Andes and is at an elevation of 4,000 to 4,260 meters above sea level. The Lagunas Norte mine is an open-pit, crush, valley-fill heap leach operation.

In 2012, Lagunas Norte produced 754,000 ounces of gold at total cash costs of $318 per ounce. Lagunas Norte is expected to produce 0.56-0.60 million ounces of gold in 2013 at total cash costs of $380-$420 per ounce. Proven and probable gold reserves as of December 31, 2012, were 5.8 million ounces".

Barrick produced 31,335 Kg of gold in 2009 which made Barrick the leading gold producer in Peru. By 2012, Lagunas Norte’s gold production fell to 21,375 kg, and is expected to continue declining (Barrick, 2013b). Proven and probable gold reserves represent 7.7 years of production at 2012 rates. The high output and low production cost – total cash costs of $318 per ounce, compared to $1156 per ounce at Barrick's other Peruvian gold mine, Pierina (Barrick, 2013b) – make the Lagunas Norte mine extremely profitable. As a rough indication, the Lagunas Norte mine generated approximately US$1.1 billion in profit in 2012 – over US$76,000 per person in the district of Quiruvilca, based on an average market price of $1832 per ounce in 2012 (Williams, 2013).

Barrick (2013c) states its commitment to CSR as follows:
Barrick is committed to making a positive difference in the communities in which we operate. Through our Corporate Social Responsibility Charter, Barrick outlines its commitment to business ethics, the environment, employee health and safety, and community development. The company publishes an annual Responsibility Report that describes our activities and achievements. From exploration to reclamation, Barrick conducts itself with the highest ethical standards and a strong commitment to corporate social responsibility.

Barrick projects bring employment opportunities to the areas around mine sites, which are typically in isolated areas. These communities benefit from jobs, salaries, capital expenditures, local purchase of goods and services, and payment of taxes and royalties.

In these places, Barrick often funds construction of needed infrastructure like roads and power lines. In addition, working through local groups and non-governmental organizations, Barrick funds schools, hospitals, skills training, and small business development opportunities that bring sustainable economic well-being to people in the region.

Our environmental professionals are focused on protecting land, water, air and wildlife. Barrick has an award-winning track record of responsible environmental performance.

The full text of Barrick’s CSR Charter (Barrick, 2013d) is found in Appendix 3: . For the Lagunas Norte mine, Barrick is undertaking the following CSR activities (Barrick, undated):

**Sierra Productiva:** This project includes 18 farming technologies that are taught from "campesinos to campesinos". Barrick has implemented this project in one of the rural area of the Santiago de Chuco province, Cahuide.

**Poverty Reduction and Relief Project:** This project focuses on improving the commercial articulation of small agricultural producers from the areas of influence of the mine. This project identifies products that have certain demand and offers technical assistance and information to farmers to solve bottlenecks in access to markets and private investment in rural areas.
Math for Everyone: Promotes the understanding of Math and is directed to school population in the areas of influence of the mine. This project benefits students and teachers from elementary and secondary schools through teaching tools, educational material for students, educational guides and training for teachers.

Reading Gets You Ahead: According to international studies, Peruvian elementary and secondary students suffer severe deficiencies in reading comprehension. The implementation of this project includes the elaboration of school books appropriate to the reality of each area, training of teachers on how to use these educational books, and classroom monitoring.

Socio-Economic Development Alliances: This project is undertaken in partnership with WV to improve the socio-economic development of the district of Quiruvilca. This project targets women, young adults, and vulnerable groups and works in the areas of human, social and institutional capacities through the strengthening of the Round Table. This project also works in the implementation of a Community Investment Fund that works as a financial counterpart to economic development initiatives.

Artisanal Textile Workshops: This project is run in partnership with the textile company Wayra and is implemented with the purpose of contributing to the improvement of quality of life of families from Quiruvilca and Shorey. This project works on improving the quality of textile products that families produce in these areas for local sale and export by promoting micro business organizations.
3.4.1.2 Southern Peaks Mining Corporation

Southern Peaks Mining Corporation (Southern Peaks) is an asset management company registered in the Cayman Islands. It is a private company owned by management and Barclays Natural Resource Investments, with 20 corporate employees worldwide. As a relatively small company, there is less information available on Southern Peaks than on the larger Barrick. The three assets it owns are all mines or mining projects in Peru (Southern Peaks, 2013a) – Ariana polymetallic exploration project (Junin), La Virreyna, a polymetallic mine (Huancavelica), and Mina Quiruvilca polymetallic mine (La Libertad).

Southern Peaks does not have a specific CSR department, but it includes environment, community, and occupational health and safety as corporate principles (Southern Peaks, 2013b; see also Appendix 4).

Southern Peaks (2013c) describes Mina Quiruvilca as follows:

The Quiruvilca mine is an underground polymetallic mine located in the Santiago de Chuco Province in the La Libertad region in Northern Peru. SPM [Southern Peaks Mining] acquired the mine from Pan American Silver in June 2012. ... The Quiruvilca mine is mined through conventional means, mainly utilizing the cut and fill method. Ore is processed at the mine's own 1,725 [ton per day] capacity concentrator plant, where copper, lead and zinc concentrates with payable silver and gold contents are obtained.

Southern Peaks plans for social outreach to the local community in Quiruvilca have not been publicly announced as of December 2013. But based on discussions during field work, social supports provided by the previous owner of Mina Quiruvilca, Pan American, will be continued by Southern Peaks, include the provision of free housing, coal for heating and cooking, transportation to and from the mine, elementary school, and training in jewellery
and crafts for families of employees only. Southern Peaks also provides pre-treatment and
distribution of domestic, non-potable water to the entire urban community.

Comparing the two major international mining companies operating in Quiruvilca we have a
large, widely-held public mining company with an explicit commitment to CSR (Barrick)
and a smaller, privately-held asset management company with a rather vague commitment to
CSR (Southern Peaks). It would be interesting in coming years to compare and contrast
their CSR outcomes in this community – does corporate structure and CSR commitment
actually affect outcomes? For now, I decided to focus my field research on documenting
Quiruvilca’s urban community’s opinions about mining in general and mining companies’
CSR approaches.

In this chapter I provided a review of the socioeconomic aspects of Quiruvilca, as well as its
historical and current mining situation. In the next chapter, I will describe the specific
research methodology employed in this study.
4.0 Research Methodology

After reviewing secondary research about the impact of mining on communities in Third World countries, specifically Peru, and in order to achieve the purpose of my research of critically analysing whether mining communities are experiencing improvement in socioeconomic development from the perspective of local communities, I decided to undertake a field investigation to verify whether the literature reviewed was accurate using empirical evidence. As mentioned in the introduction, I chose to research the community of Quiruvilca in the department of La Libertad in Peru because it is a typical mining town with a long mining history and two Canadian mining companies were operating in this area. In order to gather first-hand information from the community, I travelled to the Peruvian Andes and applied semi-structured interviews in Quiruvilca's various urban neighbourhoods.

In this Research Methodology chapter, I will cover the research design, sampling and operationalization, research participants, ethical considerations, data collection, data analysis, and limitations and challenges.

4.1 Research Design

After reviewing secondary research, including Anthony Bebbington, Javier Arellano Yanguas, Henry Veltmeyer, Liisa North and Laura Yong, and Jose De Echave, I wanted to compare the findings with my own primary research.

Yin (2009) states that a case study is preferred when we examine contemporary events without being able to explain relevant behaviour. When choosing between a single-case and multi-case approach, Yin suggests a "rationale for a single case is the representative or
typical case. Here, the objective is to capture the circumstances and conditions of an
everyday or commonplace situation. ... The lessons learned from these cases are assumed to
be informative about the experiences of the average person or institution" (p.48).

In order to evaluate the impact on the community of mining projects, and taking into
consideration Yin's advice on case studies (2009), I decided to employ a single case study
and chose the indigenous mining community of Quiruvilca, located in the north central
Andes of Peru. A research design is a "logical plan for getting from here to there, where
here may be defined as the initial set of questions to be answered, and there is some set of
conclusions (answers) about these questions " (Yin, 2009, p.26). An embedded single-case
study design entails studying multiple sub-units (p.48-53). In my research, I identified
neighbourhoods of the urban area of Quiruvilca, mining companies' representatives,
government representatives, and NGOS's representatives as the sub-units of analysis within
the context of a single case, here, the urban community of Quiruvilca. I chose to focus on
the urban area of Quiruvilca and not the rural caserios due to time constraints and logistical
concerns with travel in the countryside. Qualitative data were collected neighbourhood by
neighbourhood in order to assess the geographic variability of attitudes towards mining.

Yin (2009) also states that case study evidence can come from different sources such as
documentation, archival records, interviews, direct observation, participant-observation, and
physical artifacts. Any case study finding or conclusion is more convincing and accurate if
we use a process of triangulation (p.99). As triangulation refers to assessing a phenomenon
by using multiple sources of evidence, in my case study these sources of evidence are
secondary research, and field research such as semi-structured interviews and observatory participation.

The combination of qualitative and quantitative methods increases the reliability of comparative research (Wolf, 2010) because each approach provides an independent check on the validity of the other. Qualitative and quantitative research approaches are complementary and mutually reinforcing. Just as multiple lines of evidence strengthen a lawyer's case in court, triangulating multiple approaches makes academic research more convincing due to its weight-of-evidence. I used a multi-method and/or mixed method analysis (Johnson, Onwuegbuzie, and Turner, 2007) that increases validity and reliability through the triangulation of semi-structured interviews (primary research), participant observation and secondary research, such as articles from journals, books, newspapers articles, media, news, and websites. I chose an ethnographic method of research for the fieldwork. I selected the indigenous, Peruvian Andean community of Quiruvilca for my exploratory research.

In this research report, I emphasise the Lagunas Norte Mine, as World Vision is undertaking community development programs funded by Barrick Gold and CIDA.

Yin (2009, p.28) advises that exploratory design should state the purpose and criteria by which an exploration will be judged successful. As stated previously, the purpose of my research project is to analyse whether mining communities are experiencing improvement and socio-economic development in their local community because of the mining industry, from the local community's perspective, and if CSR has been an effective tool for community development in areas affected by mines, again from the community's
perspective. The criteria by which my exploration will be judged successful are the willingness of participants to be interviewed and the apparent truthfulness of their answers. Each interview was transcribed, and translated from Spanish to English. I transcribed and translated interviews from my notes. If I was not able to understand some quotations or for a better understanding of the interview I would listen to the taped interview. I used an Excel spreadsheet to enter all interviews. I coded every participant, neighbourhood, interview question and answers’ patterns and themes. Once the coding was complete, I graphed key themes and patterns found in the answers for a better analysis.

4.1.1 Sampling

Hay (2005) states that it is the researcher who must decide the number of participants and what types of participants that are relevant for research. He quotes Patton's advice (1990, p.184-5):

"There are no rules for sample size in qualitative inquiry. Sample size depends on what you want to know, the purpose of the inquiry, what's at stake, what will be useful, what will have credibility and what can be done with available time and resources..."

Yin (2009) also suggests leaving sample size to the researcher's discretion. Patton (1990, p.182-3) states that there are different strategies for the selection of participants for purposeful sampling. I used Typical Case Sampling which seeks to illustrate or highlight what is considered "typical", "normal" or average.

For my field research I used "typical" or "normal" participants from each neighbourhood. I went to each neighbourhood and picked ten "typical" houses. In the Andes of Peru, people often leave their doors open as a sign that somebody is at home, but there were also closed
doors that I knocked on and found people home. If I saw an open door I tried to interview that family. I tried not to interview the next neighbour, but instead chose the second, third or fourth neighbour to avoid possible serial correlation and to ensure adequate spatial coverage of the neighbourhood. I knocked at each potential participant door, introduced myself and asked an adult member of the house if they would be willing to join me in an interview. If unwilling\textsuperscript{19}, I would move to the next open door. The first eligible and willing participant was interviewed regardless of their gender or employment status. If a child answered the door I asked to speak to one of their parents; if parents were not home I went to next door.

4.2 Research Participants

Kirby and McKenna (1989, p.97) state that the primary source of information when "researching from the margins" is the people who have the experience you are looking to understand. Taking this into account, I chose to interview people from Quiruvilca because this is the community closest to the mine. There are 12 kilometers from the town of Quiruvilca to the mine. I interviewed the following participants:

- Individuals from ten neighbourhoods in the urban area of Quiruvilca, all adults from 18 to 70. People from the ten neighbourhoods in Quiruvilca shared similar characteristics. I found that all interviewees had at least a basic level of education;

\textsuperscript{19} Relatively few (<5\%) prospective participants declined to be interviewed. The reasons given included: no time; lack of knowledge about mines; lack of familiarity with Quiruvilca.
they understood questions in my interviews and expressed an opinion on the impact of mines on their lives. I lowered my level of Spanish to facilitate understanding.

- Community and government representatives. At the government level I interviewed the Mayor and the City Manager, whose political party is the centre-left American Popular Revolutionary Alliance or Peruvian Aprista Party (APRA). The current Mayor has been in power since 2005 and his second period will end in 2014. I also interviewed two members of the Round Table (Mesa de Concertación) of Quiruvilca: The Coordinator of the Round Table, and the Coordinator of Quiruvilca’s neighbourhoods. They have been with the Round Table for four years. World Vision supports the Round Table via capacity building. I also interviewed the Secretary of the Quiruvilca Workers Union.

- NGOs and mining company representatives. I interviewed three NGOs representatives, two from World Vision and one from CARE PERU who I met while WV took me on a trip around the rural area of Quiruvilca to help the Round Table Coordinators recruit people for the Round Table meeting. I interviewed three mining company representatives from Barrick, all based in Lima and one from Mina Quiruvilca. Being Quiruvilca Barrick’s main district office I requested a visit to the mine and an interview with a mining company representative in Quiruvilca, but I was turned down, citing time issues.

Before my fieldwork in Peru, I contacted people from one of the mining companies operating in the Quiruvilca community by email and arranged interviews with them.
During each interview with participant from the community I presented myself as a Master's student doing academic research. I believe that many people assumed that I was with government, a mining company or NGO, so I clarified with each individual that I had no connection with any mining company, government, or NGO. I also stated the purpose of my research. At the beginning of my interviews I always pointed out the fact that these interviews were completely confidential and I did not need their names or any personal information. When I arrived in Quiruvilca, I contacted a WV representative in town, who informed me that all the WV team knew about my arrival. I should state that before my arrival in Peru, I contacted this NGO to get permission to do research in one of their projects in Peru. I was a volunteer for WV in Canada, so this facilitated my communication with WV, and my knowledge was that WV had been funded by CIDA and Barrick Gold to do development programs in Peru.

4.2.1 Ethical Considerations

Before I embarked in my field trip to Peru, my proposal was reviewed by the Research Ethics Board of the University of Northern British Columbia to conduct research with human subjects. For each interview in the community's neighbourhoods I obtained verbal consent from the participants. As well, I explained the purpose of my project, discussed potential risks and assured that their participation was completely voluntarily. I also informed participants about their confidentiality. Most community participants were happy to be interviewed; in fact some households were excited about being interviewed for the first time ever. Following the interview, I thanked each community participant for their time and gave them a wooden pencil with the Canadian flag on it as a gesture of thanks.
I provided the mining company's representatives with an interview request letter (see Appendix 5) outlining my information and the purpose of my research, as well as a consent form. One of the mining companies requested a brief written description of my research which I provided.

4.3 Data Collection

In order to follow the triangulation method for a more accurate research, I collected data from three sources: review of secondary research, interviews with participants, and direct participation.

For my primary research, I used Luker's (2008, p.100) "systematic random probability sample", where each element of the population at home during the day had a statically equal chance of being interviewed. I applied in-depth semi-structured interviews with open-ended questions to participants. All notes from my interviews are stored in notebooks, Excel files and voice recorders and kept with myself.

4.3.1 Semi-Structured Interviews

I had three types of participants and interviews:

- Neighbourhood participants: The interview consisted of ten open-ended questions to each individual (see Appendix 6).
- Government and two Community Leaders: The interview consisted of two to three open-ended questions.
- Mining Company Representatives and NGO Representatives: The interview consisted of two to three open-ended questions.
At the beginning of my field research it took me around one hour to finish an interview but as I became more familiar and memorised my questions, these interviews lasted approximately 20 to 30 minutes.

I delivered a consent form to companies, and organisations before the interview together with a recruitment letter introducing myself, explaining the purpose of the project and requesting consent for the interview. When interviewing people in the community I obtained verbal consent at the beginning of my interviews.

The information obtained from these interviews is confidential and in order to protect the identity of the interview participants, I did not record personal information such as gender, age, name, last name, phone number, address, and so forth. Each interview is identified by a unique alpha-numeric code.

My questions to the neighbourhoods were focused on the participants' own opinion about the impact that mining has had on their lives, a brief assessment of mining in the economic-social development of their communities, the community's experience with development and improvements, the community's level of agreement with mining companies' strategies to approach the community, alternative productive sectors for Quiruvilca, and the community's trust in mining companies and government. In general my questions were targeted to answer my main research question about resource extraction being a curse or bonanza for their community.

My open-ended questions to government and community representatives focused on their satisfaction with social strategies applied by the mining companies in the community, as
well as the international NGO World Vision. I also asked the government representatives about their mining revenue and their strategies towards community development. I should mention that the local government representatives refused to be taped.

The interview guide for mining companies' representatives was focused in their Corporate Social Responsibility (CSR) strategies and their community relations.

It took me around two weeks to interview Quiruvilca's neighbourhoods, community representatives, local government, and NGO's representatives. I traveled to Lima to interview mining companies' representatives.

4.3.2 Participant Observation

During my field research in Quiruvilca, I had the opportunity to attend a Round Table meeting, which is a national government initiative. World Vision is supporting this Round Table by building community members capacity in Quiruvilca. This meeting was attended by the Quiruvilca's Mayor, Regional Round Table Representative, local community representatives and most of the attendees were from the rural areas of Quiruvilca. At this Round Table meeting they discussed the purpose of the round table, members and roles and responsibilities of members, and basically problems that the community was facing with respect to mining company's promises and needs for infrastructure in their communities.

4.4 Data Analysis

After collecting all data in a notebook and tape recorder (iPhone), I used Microsoft Excel 2010 to do my data entry. Coding was the main part of initiating my analysis. Hay (2010) discusses the purposes of coding and one of them is analysis. Hay also talks about the types
of coding such as content analysis\textsuperscript{20}. I used descriptive and analytic codes which reflect themes or patterns that my participants stated during their interviews. Once I came back to Canada from my Peruvian field research trip, I went through my interview notebooks and when I needed to clarify something I went to my voice recorder, and translated and transcribed all interviews into an electronic spreadsheet. Given the massive amount of data that I collected from 100 interviews in the community, I used data abstraction. I coded each neighbourhood as N1, N2,...etc., each question as Q1, Q2,...etc. and each interviewee as I1, I2,...etc. After all interviews were entered, I created a codebook for themes that I found among the answers in my interviews. Each theme was assigned a letter or group of letters as codes. In total, 67 themes emerged from the interview's answers, but I group them into general categories for purposes of analysis. I also created three options to classify the answers for each theme: 0=no, 1=somewhat, and 2=yes (see Figure 4.1). Qualitative data were analysed neighbourhood by neighbourhood in order to assess the geographic variability of attitudes towards mining. I also carried out a basic quantitative analysis of community responses.

\textsuperscript{20} Content Analysis, which is essentially a quantitative technique and by no means represents the full extent of coding for qualitative research. It is a system of identifying terms, phrases or actions that appear in a document, audio recording or video and then counting how many times they appear and in what context (Hay, 2009 p.282)
Once I finished coding, I created another spreadsheet where I recorded each interviewee's answers with their respective codes for each interviewee in each neighborhood (see Figure 4.2).

Yin (2009) discusses four general strategies to analyze data, one of them is using both qualitative and quantitative data (p.133). The reason why I consider quantitative data
relevant in this case study is because it covers the behaviour or outcomes of my unit of analysis (Yin, 2009). After I coded all answers, some cumulative coding was done to create categories (Yin, 2009) such as classifying groups of responses to various questions as either positive or negative towards mining (see Figure 4.3). In some cases, I use the number of respondents for my analysis (e.g., x% of respondents gave positive responses to question y); in other cases, the number of responses themselves (e.g. a% of the responses mentioned theme b).

<table>
<thead>
<tr>
<th>Themes</th>
<th>Question</th>
<th>Category</th>
<th>Code</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining brings employment</td>
<td>Q1</td>
<td>+</td>
<td>A</td>
<td>0</td>
<td>0</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Mining supports community / brings development</td>
<td>Q2</td>
<td>+</td>
<td>B</td>
<td>2</td>
<td>1</td>
<td>56</td>
<td>59</td>
</tr>
<tr>
<td>Community initially supported new mine</td>
<td>Q1</td>
<td>+</td>
<td>C</td>
<td>2</td>
<td>0</td>
<td>50</td>
<td>52</td>
</tr>
<tr>
<td>Current community support for new mine</td>
<td>Q1</td>
<td>+</td>
<td>D</td>
<td>1</td>
<td>3</td>
<td>70</td>
<td>73</td>
</tr>
<tr>
<td>Community unhappy with mining company</td>
<td>Q1</td>
<td>-</td>
<td>D.1</td>
<td>0</td>
<td>0</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Mining causes environmental contamination</td>
<td>Q1</td>
<td>-</td>
<td>E</td>
<td>0</td>
<td>0</td>
<td>39</td>
<td>39</td>
</tr>
</tbody>
</table>

Figure 4.3 Categorizing the Themes

Once I finished classifying some of the themes into categories, I sought out meaningful patterns, such as the frequency of codes or code combination (Yin, 2009 – see Figure 4.3 above). I graphed the results using a variety of column charts and pie charts in Excel such as the one in Figure 4.4.

I did not report every single theme or group of themes; instead I used my own analytical rationale (Yin, 2009) to choose meaningful patterns which were relevant to answer my research questions.
Is the relationship between the mining company and the community good?

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>42%</td>
</tr>
<tr>
<td>Somewhat</td>
<td>4%</td>
</tr>
<tr>
<td>No</td>
<td>54%</td>
</tr>
</tbody>
</table>

N=55

Figure 4.4 Graphing a Theme

In this example, 55 people (out of 100 interviewees) gave a clear answer regarding the quality of the relationship with the mining company. Of these 55, 42% (23 people) characterised the relationship as good, 54% (30 people) said it was not good, and 4% (2 people) described it as somewhat good.

4.5 Limitations and Challenges

I found that collecting primary data to contrast my secondary research was very exciting, and doing this field research was even more interesting. But it is important to report the limitations and challenges I faced as a researcher trying to find as much empirical information as I could. Given my situation as a new researcher in the field, when I arrived to Quiruvilca I did not exactly know how many people to interview, but as Pedersen (2011) states we can only capture the reality of those people who are willing to communicate their perceptions and perspectives, thus I decided to interview as many people as were willing to give me an interview. People there were quite friendly and willing to talk to me, so I decided to limit the number of interviewees to ten people per community or neighborhood. Although I have to recognize that the area of influence of the mines in Quiruvilca is much wider, the urban area of Quiruvilca is considered the main community. If there was no
limitation on funding and time, I would have been able to interview people from the rural area of Quiruvilca as well. I classified my main limitations and challenges in four areas: living conditions, role ambiguity, biased assistance, and language.

4.5.1 Altitude and Living Conditions
Quiruvilca is located at over 4,000 masl. It took me around 4 days to adjust to the altitude illness known as *soroche* which causes strong headaches, shortness of breath, nausea and vomiting. Apart from the altitude, it was cold, around 3 to 5 °C during the day, but we also experienced the *heladas* at night with temperatures dropping to -10 or -15 °C. There was no central heat in the hotel, so I had to purchase a small electrical heater to keep myself warm during the frozen nights. The condition of hotels and restaurants were not optimum so we had to share a dirty bathroom with eight more rooms. Poverty around the community was intense, especially in the outer areas of Quiruvilca. The downtown area was in better economic condition. According to people from the communities, climate conditions are one of the main reasons why academic researchers, investors, and people in general, do not visit Quiruvilca. This point was corroborated when I interviewed mining companies' and NGOs' representatives, who stated they never stayed in Quiruvilca.

4.5.2 Academic Researcher, Government Employee or Mining Company Representative?
Although participants were nice, kind and friendly and I identified myself as a graduate student from UNBC at the beginning of interviews, many of them were confused about my identification. As I interviewed my participants, I found they were confused as to whether I was actually an academic researcher or I was actually representing the government or the mining company. I had to clarify and make sure my participants understood very well that I
was an academic researcher and a Master's student and that any information they provided to me was not going to the government or the mining company.

4.5.3 Research Assistant

On my arrival to Quiruvilca, I met a World Vision representative who suggested taking a person from town who was from Quiruvilca with me on my interviews, ostensibly because of the danger of street dogs. I accepted. But when I started my interviews, I let my assistant pick which households to interview and noticed these participants were people whose children were sponsored by World Vision and were saying great things about World Vision and mining companies; that is, they were friends or acquaintances of my assistant. After my third interview, I noticed this issue and began picking which house I would interview and asked her to wait at the corner of the street.

4.5.4 Language Implications

My initial fear of facing Quechua-speaking participants rather than Spanish-speaking participants was not an issue at all. I found one participant whose first language was Quechua but she also spoke limited Spanish. This participant's daughter helped us with the language barrier. During my interviews I found that I had to use very plain, easy to understand Spanish when I asked my questions.

4.5.5 Gender Implications

Although I did not record my participants' sex, I estimate that approximately 60% participants were women. I carried out my interviews from 8am to 8pm so during the day mostly women were at home, as the male was usually at work. According to my statistics about Quiruvilca, 13% of the female labour force work, which I confirmed during my field
research. I actually found that some women were intimidated or shy to speak to me, so I tried to relax them and get into a conversation using local slang such as "señito" (Madame).

All these challenges I faced helped me to obtain the experience I needed to feel like a real researcher. As Bullard (2006) states "fieldwork is about facing challenges and doing things you might not normally do" (p. 62). I lived 27 years in Peru, and never thought about visiting a town in the Andes of Peru at that altitude, but I did it! And although it was quite an adventure, I loved it!
5.0 Findings and Analysis

In this chapter, I present the findings from my field research in Quiruvilca, and analyse the results of my interviews. I begin by discussing themes that arose from the community interviews in the various neighbourhoods of the urban area of Quiruvilca. This information will create a better understanding of the diversity of opinion in Quiruvilca about mining in their community, the impact of mining on community development and the impact of mining on their lives. This information will inform the analysis of whether mining as part of the extractive industry is a curse or bonanza from the local indigenous community’s perspective. Then, I outline key themes emerging from the community as a whole, including basic quantitative results from the community interviews, before I present the findings from my non-community interviews with mining companies, NGOs, and civil society representatives. Participant observation findings follow.

5.1 Findings from community interviews

I noticed during my interviews that some, but not many, women showed shyness and submissive characteristics. Most women were mothers, did not work outside the home, or had some type of small business in their houses. Many if not all men had at some point in their lives worked at the mines. Men seem to be more educated and confident when they talked to me. During interviews, I noticed people talked as if mining was the only productive activity in Quiruvilca, with limited influence on their community development. Men seemed resigned to the fact that Quiruvilca had always been a poor mining town and would always be a poor mining town. They had little hope that mining could ever contribute to the development of Quiruvilca.
In the following sections, I present neighbourhood-by-neighbourhood findings from the community interviews.

5.1.1 *Barrio Trujillo* (N1)

*Barrio Trujillo* is located in the heart of the urban area of Quiruvilca (see Figure 5.1). I found three major issues here. Although most people agree with and support mining in Quiruvilca, mainly because it generates employment, many believe mining contaminates the environment and are not happy with how the mining companies are treating its employees and the town of Quiruvilca. Most of the interviewees acknowledge their excitement when Barrick first arrived in Quiruvilca, as the company organised an open public meeting for the whole community and promised employment, improvement in education, health and support for their communities. However, interviewees indicated that they had not been consulted about the mining project at all, and the majority of them agreed that the company is not currently using the best strategies to approach the community. Interviewees complained that Barrick only communicates with the Mayor and the neighbourhood representatives and not with the whole community; furthermore, the community of Quiruvilca is not aware of community support funds coming from Barrick.

When I asked participants about positive and negative aspects of mining, many of them listed employment as a positive aspect, but also listed lack of employment as negative aspect, along with water contamination.

Most participants in *Barrio Trujillo* describe development as improvement in education, health, road construction, potable water, and in the general well-being of people. They all agreed that the main improvement in the urban area of Quiruvilca is the paved streets, and
that mining has helped their community, but only in a small way. Most participants are in agreement that any improvement in Quiruvilca is thanks to the Mayor and not to the support of mining companies. A few people thought that Quiruvilca would improve in the next 15 years thanks to mining, but many people thought it would not. Some people connect World Vision with Barrick and agreed that World Vision is supporting their community by sponsoring children in the community, donating school supplies for these kids, and organising birthday and Christmas parties once a year. At least one participant did not know of the existence of World Vision and a few of them felt they were not seeing results from World Vision. My participants asked that WV should support all children instead of just sponsored children.

Participants mentioned that Southern Peaks only supports its own employees, and that it offers longer employment opportunities than does Barrick—two to three years, instead of four months. Participants also complained that Barrick brings in people from other cities to work at the mine instead of hiring people from Quiruvilca.

When I asked my participants to name another productive sector that could grow along with mining, most of them suggested agriculture, though tourism and micro business were also mentioned.

Lack of trust in mining companies was a major issue for my interviewed participants. They felt betrayed because Barrick promised many things to them, still unfulfilled after almost ten years of operations in the area. The majority participants expressed trust in the Mayor, but none trusted the national government.
Selected (translated) quotations from participants from Barrio Trujillo:

"I have lived here all my life and if Quiruvilca is experiencing some development in the last four years, it is thanks to the Mayor, not mining."

"My friend's husband had an accident at the mine, the mining company gave them some money and nothing else, and more than that, the mining company doesn't want to give a job to her husband anymore."

5.1.2 *Barrio San Andres* (N2)

San Andres is located south of downtown Quiruvilca, on the outskirts of the town. Houses seem to be in better shape than in other neighbourhoods (see Figure 5.2). People seemed more educated and more up to talk about issues in their neighbourhood. One participant described mining as follows: "All mines contaminate, but people live from mining." As one
participant from this neighbourhood said, "The water is contaminated. Our children get sick more often. There should be a water test because people drink water from the lake."

A few people said that mining has supported the latest improvements in Quiruvilca. Participants from this neighbourhood echoed previous comments, and added public sanitation as one of the other improvements that Quiruvilca has experienced in recent years.

At least one participant mentioned that Southern Peaks has contributed much more to the development of Quiruvilca. At least 50% of participants in this neighbourhood mentioned that Southern Peaks does not support people injured workers; there is no insurance for its employees. They also commented that Barrick supports its workers in terms of better insurance. Similar to neighbourhood Trujillo, participants from this neighbourhood also believe that Barrick works together with World Vision through educational programs in the community, especially parenting programs. I noticed that in this neighbourhood, people are hopeful that Quiruvilca could improve if mining contributes to the development of their town. Similar to Trujillo, people did not trust mining companies, but most participants said that they do trust the local government, but not the national government.

Many people in this neighbourhood said that World Vision has a positive impact in the community, listing sponsorship programs, Christmas and birthday parties, and school supplies as the main support from World Vision.
5.1.3 Barrio Miraflores (N3)

Miraflores is located south west of downtown Quiruvilca, between Trujillo and Bronce. Like Trujillo and San Andres, most of its streets were paved (see Figure 5.3), and participants had similar responses to their other neighbours, except that participants in this neighbourhood emphasised quite strongly that mining is the main activity in Quiruvilca and brings opportunities to their families and development to their community. Participants also emphasised that Southern Peaks does not offer job opportunities for women, while Barrick does. People here believed that Barrick produces more contamination because Lagunas Norte is an open pit mine, while Mina Quiruvilca (Southern Peaks) is an underground mine. Participants also mentioned that Barrick complains that Quiruvilca does not have qualified labour to work at their mine. One participant said, "If there is no mining, Quiruvilca will disappear." There was consensus among participants that mining companies should
communicate with the whole community with clear, precise and open information. One participant mentioned that they lack support from the church and that furthermore there is not even a priest in church every day.

5.1.4 *Barrio Leoncio Prado* (N4)

This neighbourhood is the *main street* in Quiruvilca and the community considers it as a neighbourhood. The Municipality of Quiruvilca map does not show *Leoncio Prado* as a neighbourhood and instead belongs to *Miraflores* and seems as the main street (see Figure 5.4) that separates the neighbourhoods of *Miraflores* and *Bronce*. For purposes of my field research, I will consider *Leoncio Prado* as a separate neighbourhood.
Leoncio Prado’s participants follow the themes and patterns raised in the other
neighbourhoods in town. I found some families living in extremely poor conditions (Figure
5.4). Some participants noted that Southern Peaks offers housing, electricity, water and coal
to its employees, not just work. Barrick has another approach to communities; it does not
offer many job opportunities.

A few participants mentioned that rural people complain of river contamination in their
rivers where frogs no longer exist and false promises from Barrick. One participant
commented that the community verified that water that comes from El Sauco (a rural
community, close to Lagunas Norte mine) is contaminated. They all seem to have negative
opinions about mining or mining companies in their communities. Selected quotations from
Leoncio Prado participants:
"Although Barrick looks for qualified tradesmen and doesn't hire many people from town, it's still a benefit for our people."

"Barrick abuses its workers. They hire people to do one thing and end up doing other things.... Barrick only communicates with the Mayor and neighbourhoods' leaders. Barrick should have direct dialogue with the community about benefits and employment."

"Mining has brought more poverty to Quiruvilca. The mining company has isolated Quiruvilca by building the other road that doesn't connect Quiruvilca with other cities."

"Quiruvilca is more than 100 years old and I have not seen much contribution to the development of Quiruvilca. I worked 33 years in Pan American Silver."

"Most people were excited about having a better life with the new mining company, but this didn't happen. There are no job opportunities."

5.1.5 **Barrio San Pedro – (N5)**

This neighbourhood is located South-East of downtown, in the peripheral area. Like participants from other neighbourhoods, some people in San Pedro thought that mining had brought improvement and development to their community while others thought that Quiruvilca had not improved much, and that mining was not supporting the community's development.

A negative aspect that people in this neighbourhood kept mentioning is the fact that Barrick brings people from other cities because Quiruvilca does not have qualified people to work at the mine. Fairness in mining jobs wages and equal job opportunities for everybody was something that at a couple participants brought up. One participant stated that her husband makes US$13 per day at *Mina Quiruvilca* (operated by Southern Peaks) and he works three
years and gets two years off. A female participant from this neighbourhood said that she works for Barrick as watchwoman and makes $824/month.

Another participant said: "The national government is not interested in a town as small as Quiruvilca; they just want to benefit themselves. ... Who are we to ask the national government for information?"

Many participants suggested that the textile industry and tourism could be other sectors that could support the economy of Quiruvilca. In addition to what people from other neighbourhoods have said about WV, some participants mentioned that WV offered culinary courses, and workshops such as shoe making for young adults. One participant said, "WV supports children; I personally benefited from WV when my son was sick at the hospital. WV has a positive impact in the community. WV is part of Barrick."

5.1.6 Barrio El Bronce (N6)

This neighbourhood is located south-east of downtown, in the outskirts of the town. Although I saw average socio-economic level families, I also found very poor families in El Bronce (see Figure 5.5). The President of Juntas Vecinales (Community Associations) of Quiruvilca lives in this neighbourhood, and he also represents the Quiruvilca Round Table. He was unhappy with the work that Barrick and World Vision are doing in Quiruvilca.
In addition to themes already brought up in other neighbourhoods, I found people with strong negative feelings about Barrick. A good number of participants in this neighbourhood have no family members working at Barrick. I found some people reluctant to speak and some completely open. Also a few participants said that many of them work at Mina Quiruvilca, but not many for Barrick. Most of them agreed that without mining Quiruvilca would not exist. Some people thought that mining had contributed to the development of Quiruvilca, while others with strong opinions said that mining has not contributed and will not contribute to the development of Quiruvilca.

A participant stated: "Mining benefits people via employment opportunities, although with low salaries. But at least there are job opportunities. The initial reaction was not very good, as mining companies took [people's] land and dispossessed them from their own land. Before, people raised their animals, but after Barrick started their operations, there is nothing there: no people, no animals."
Another comment from a participant that struck me was: "...but if any person who works at Pan American Silver has an accident, they'll fire him, unless you're employed as permanent employee and have insurance, then you're ok, but if you work on a temporary basis and get into an accident, you wouldn't get anything and they'll fire you." Another participant commented, "My husband had an accident while working at Pan American Silver and received no support from the company."

While there was consensus among participant from El Bronce about the concept of development; meaning increased employment, income and economy, better education and training for men and women, improved streets and roads, most people said that if Quiruvilca has experienced any improvements it is thanks to the Mayor. A few people said that improvements were due to mining, and a very few cited the Mayor and mining.

5.1.7 Barrio Central (N7)

This neighbourhood is located at the heart of Quiruvilca's town square and the closest neighbourhood to all amenities in Quiruvilca (see Figure 5.6). The Mayor of Quiruvilca lives in this neighbourhood and our hotel was located in this neighbourhood, just one block from the town square.
In this neighbourhood, participants seem to have a better opinion about Barrick. One interviewee said, "People who work at Barrick are treated well. Barrick provides food for their workers. Negative aspects: False promises from mining companies, and water and forest contamination."

Improvements in paved streets received praise, and people also mentioned improvement in electricity and sewage system. There was greater consensus here that Quiruvilca has experienced development in the last five years. Many participants in this neighbourhood believed that there is no other feasible economic sector in Quiruvilca other than mining.

A participant from Central said, "There is a good relationship with the community. Barrick wanted to remove Laguna El Toro, but isn't possible as it's a Heritage site. The rural people
sold their lands: *Sucubama, Lagunas Norte* and *Tres Cruces*. Barrick said there would be support."

### 5.1.8 Barrio San Carlos (N8)

This neighbourhood is located in the North West part of Quiruvilca. It is made up of small brick houses owned by Southern Peaks (see Figure 5.7) occupied by employees of *Mina Quiruvilca*. Southern Peaks gives its employees direct aid: housing, some food, and sometimes coal for their stoves. One interesting feature in *San Carlos* was that streets are not paved, perhaps because the local government paved the rest of the streets with revenue from Barrick. Another interesting finding is that people from *San Carlos* receive no support from WV, perhaps because WV is financed by Barrick. Employment is the main positive impact of mining that people repeatedly cited in my interviews, but many people also complained about mining companies, especially Barrick bringing workers from other cities.

In addition to the common themes found in other neighbourhoods, *San Carlos* interviewees demonstrated extreme disappointment with Barrick. But most of them saw mining as the activity that drives Quiruvilca and support it. All participants agreed that mining is in part good because of the employment opportunities but is also bad because of contamination.

One participant said, "Mining doesn't benefit much but at least something, like job opportunities."

Different from other neighbourhoods, people from *San Carlos* said that Barrick staff went to schools to talk to teachers and students about the positive impacts that Barrick would bring to their community such as support in education, health, etc., but people now are disappointed.
"Mining brings negative things to our community such isolating our community by building the main highway and leaving Quiruvilca out of the main highway, mining also generates social conflict around community members because of the work opportunities."

"Quiruvilca has improved in the last years such as health clinic, housing, paved street but all this thanks mainly to the Mayor's work."

5.1.9 Barrio Bellavista – (N9)

This neighbourhood is at the farthest west part of town. There are two-storey brick buildings which are occupied by Southern Peaks employees (see Figure 5.8). The interior and exterior of the buildings were not well-kept and people in these apartments live in very poor conditions. As in San Carlos, streets in Bellavista are not paved – because these buildings are property of Southern Peaks. As well, no participants in this neighbourhood said that they received direct support from World Vision, but some recalled hearing positive comments about WV supporting children. Barrio Bellavista seems to have a positive opinion about
mining, which is understandable because people living here work at *Mina Quiruvilca*. Although people in *Bellavista* have a more positive opinion about mining, and most of my interviewees think there is a positive relationship between the community and mining companies, there are participants who are not completely happy with how Barrick is approaching the community. Very few participants knew about the *Alto Chicama* Social Fund, a Barrick fund to finance social program in communities. Many participants from *Bellavista* said that people were not very happy when Barrick started operations in Quiruvilca. Many people suggested creation of small businesses as the other sector that could improve the economy of Quiruvilca.

*Figure 5.8. Barrio Bellavista – Apartment buildings owned by Southern Peaks*
5.1.10 Barrio 12 de Julio – (N10)

This neighbourhood is located in the far east end of town. Some of the streets in this
neighbourhood are paved while others are not (see Figure 5.9), with the poorest living in the
unpaved areas. Although 12 de Julio has a nice community centre and a sports field with
many brick houses, there was a feeling of poverty around families living in the north part of
this neighbourhood. Some houses (painted blue – see Figure 5.9) in 12 de Julio belong to
Southern Peaks’ camps. There is a high traffic area in this neighbourhood. Barrio 12 de
Julio seemed to have a positive opinion about Barrick and about mining, and thought that
mining has brought development to their community.

In additional to themes raised in the other neighbourhoods, people suggested that mining
companies should fulfill their promises and reduce contamination.

"There has been some improvement in Quiruvilca and mining supports
community development but this support does not arrive to all people."

Most participants did not think Quiruvilca would improve much in the next 15 years. World
Vision received positive opinions and 12 de Julio residents mentioned receiving support
from World Vision through Christmas and birthday parties, schools supplies, t-shirts.
5.2 How People from Quiruvilca Describe Development

People from the town of Quiruvilca define development in terms of advance in infrastructure and well-being of people living in the community. When I asked participants to describe 'development' they cited the following aspects:

- Improvement in education, such number of schools and better quality of education;
- Improvement in health, such as construction of health clinic and service quality;
- Increases in income, employment and improvement in economy;
- Road construction and paving of streets;
- Public sanitation, clean environment, potable water;
• General advancement/progress in their community;
• Construction of community centres; and
• Help and economic support to their community.

5.3 Major Themes in Community Interviews

My qualitative analysis identified themes that seemed to recur frequently in the interviews.

After reviewing the interview transcripts, the 57 recurring in Table 5.1 were identified.

<table>
<thead>
<tr>
<th>Community Interview Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABOUT Mining</td>
</tr>
<tr>
<td>Mining brings employment</td>
</tr>
<tr>
<td>Positive: employment</td>
</tr>
<tr>
<td>Positive: infrastructure, health and education</td>
</tr>
<tr>
<td>Negative: immigration/low employment</td>
</tr>
<tr>
<td>Negative: environmental contamination</td>
</tr>
<tr>
<td>Mining causes environmental contamination</td>
</tr>
<tr>
<td>Negative: social problems</td>
</tr>
<tr>
<td>Mine keeps its promises</td>
</tr>
<tr>
<td>Negative: isolation of Quiruvilca</td>
</tr>
<tr>
<td>ABOUT Development</td>
</tr>
<tr>
<td>Mining supports community / brings development</td>
</tr>
<tr>
<td>Respondent demonstrates understanding of the meaning of Development</td>
</tr>
<tr>
<td>Recommendation: More employment</td>
</tr>
<tr>
<td>Development includes: employment</td>
</tr>
<tr>
<td>Development includes: education</td>
</tr>
<tr>
<td>Development includes: health</td>
</tr>
<tr>
<td>Development includes: infrastructure</td>
</tr>
<tr>
<td>Development includes: well being</td>
</tr>
<tr>
<td>Development includes: clean environment</td>
</tr>
<tr>
<td>Development includes: potable water</td>
</tr>
<tr>
<td>Q has never experienced development</td>
</tr>
<tr>
<td>Q has experienced development in last 5 years</td>
</tr>
<tr>
<td>Q will experience development in next 15 years</td>
</tr>
<tr>
<td>Mining will contribute to future development in Q</td>
</tr>
<tr>
<td>Potential to develop: Agriculture: crops</td>
</tr>
<tr>
<td>Potential to develop: Agriculture: livestock</td>
</tr>
<tr>
<td>Potential to develop: Micro-enterprise</td>
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<tr>
<td>Potential to develop: Textiles</td>
</tr>
</tbody>
</table>
Community Interview Themes

<table>
<thead>
<tr>
<th>Potential to develop: Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining should support other sectors</td>
</tr>
<tr>
<td>Mining is the only sector</td>
</tr>
<tr>
<td>Without mining community would disappear</td>
</tr>
</tbody>
</table>

**ABOUT Civil Society – World Vision (WV)**

<table>
<thead>
<tr>
<th>Respondent has heard about World Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>WV has positive impact in community</td>
</tr>
<tr>
<td>WV sponsors children</td>
</tr>
<tr>
<td>WV only helps sponsored children</td>
</tr>
<tr>
<td>Respondent does see results from WV’s programs</td>
</tr>
<tr>
<td>WV supports children with school supplies, Christmas and birthday parties</td>
</tr>
<tr>
<td>WV supports the community with educational programs e.g. Parenting, Early Childhood, bakery, cooking, etc.</td>
</tr>
</tbody>
</table>

**ABOUT: Mining Companies**

<table>
<thead>
<tr>
<th>Current community support for new mine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community initially supported new mine</td>
</tr>
<tr>
<td>Community supports mining</td>
</tr>
<tr>
<td>Respondent trusts: mining company</td>
</tr>
<tr>
<td>Mining company provided initial information</td>
</tr>
<tr>
<td>Never informed/consulted</td>
</tr>
<tr>
<td>Should be informed/consulted</td>
</tr>
<tr>
<td>Initial approach: Public meeting (promising employment, development and no contamination)</td>
</tr>
<tr>
<td>Neighborhood committees and Mayor</td>
</tr>
<tr>
<td>Quality of relationship between community and mine (mining company uses good strategies)</td>
</tr>
<tr>
<td>Community is not informed about Mining Company's support to community</td>
</tr>
<tr>
<td>Recommendation: Dialogue/communication with whole community</td>
</tr>
</tbody>
</table>

**ABOUT: Government**

<table>
<thead>
<tr>
<th>Respondent trusts: local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent trusts: national government</td>
</tr>
<tr>
<td>There should be a local mining supervisory body</td>
</tr>
<tr>
<td>Mayor should be the supervisory body</td>
</tr>
<tr>
<td>Community representative should be the supervisory body</td>
</tr>
<tr>
<td>External consultant with technical knowledge should be the supervisory body</td>
</tr>
<tr>
<td>NGO should be the supervisory body</td>
</tr>
</tbody>
</table>

After doing my qualitative analysis and following my mixed research method, I decided to introduce some quantitative analysis about my findings. Below, I group highlights of the
100 interviews into several dominant overall themes. These themes are supported by a quantitative analysis of the responses, presented in graphical format as pie or bar charts.

5.3.1 Lukewarm Support for Mining and Mining Companies

After compiling all answers from 100 participant interviews from the community approximately 1500 comments related to mining as positive, negative, or neutral. A slim majority of comments about mining are positive (58%) (see Figure 5.10). Although the community supports mining overall, that support can only be described as lukewarm. While most participants see mining as necessary in Quiruvilca, few are actually satisfied with the level of support the mining companies currently give the community.

This is fundamentally a question of equity, although no participant used that exact word: What is the community's fair share of the billions of dollars of profits the mining companies receive? The overwhelming majority of respondents said that mining companies could and should do more. Moreover, many participants criticised how the mining companies carried out their CSR activities.

![Figure 5.10. Comments for and against mining](image)
Keeping in mind that Quiruvilca is a mining town by history, I was expecting that people would have a much more positive opinion about mining. But these results are understandable as Quiruvilcans, like other Peruvians, have suffered the legacy of colonial mining where foreigners came to their towns, mined their resources and left them without any development, with any positive thoughts about this traditional activity. Here is a quote from one participant with respect to mining:

"Quiruvilca has just started experiencing some development but not thanks to the mining companies; they come and take all our gold and our town stays the same, very poor."

Although the community supports mining in their town (see Figure 5.11) because of employment, the majority of people are not happy with how mining companies approach the community (see Figure 5.12), mainly because of the unfulfilled promises made by Barrick especially in terms of employment, and the lack of open communication between mining companies and community. One recommendation that stood out during my interviews is that mining companies, especially Barrick, should improve their channels of communication to the whole community, instead of communicating only with the Mayor or neighbourhoods' representatives. An issue that the community reported is that neighbourhoods' representatives either communicate very few items, or nothing to the community, apart from the issues of corruption towards employment opportunities (favoritism among family and friends).
In Figure 5.13 employment scored highest among positive impacts that mining brings. Although employment is one of the most significant reasons why participants support mining, they also complained about lack of employment opportunities, especially from Barrick. As many of the interviewees mentioned, Barrick promised job opportunities for them, their children, as well as support and development for their community, but now people are disappointed. These people listed unfulfilled promises as one of their major complaints. According to the Coordinator of Neighbourhoods of Quiruvilca, Barrick hires 131 people, in rotary shifts of four months. Another complaint from the community is that Barrick hires people from other cities and not from Quiruvilca, arguably because of the lack of qualified labour in Quiruvilca.

Over 70% of responses mentioned environmental contamination as a negative impact of mining (see Figure 5.13). Many participants stated that Barrick's Lagunas Norte mine is what most contaminates their environment and water in lakes and rivers. Given the hundreds of years of mining history in town, people from Quiruvilca clearly believe that
open pit mines (e.g. *Lagunas Norte*) contaminate much more than underground mines (e.g. *Mina Quiruvilca*). A repetitive theme among participants was the recent decline in the population of frogs and trout in rivers and lakes.

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**Figure 5.13. Positive and negative impacts of mining**

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### 5.3.2 Development Past and Future

When asked to explain what 'development' meant to them, 96% of participants gave responses that demonstrated familiarity with the concept (see Figure 5.14). Development for people from Quiruvilca means seeing an improvement in education, employment and economy, infrastructure and housing, health and well-being, and environment and potable water (see Figure 5.15). Although Quiruvilcans see environmental damage as the largest negative impact from mining, the current top 'development' priority is employment and family income.
Figure 5.14. Are Quiruvilcanans familiar with the concept of 'development'?

Figure 5.15. People's interpretation of 'development'

Figure 5.16 shows that over 70% of participants believe that Quiruvilca has experienced development (as they define it) only in the last five years, mainly reflected in tangible local infrastructure such as paved streets, road construction and public sanitation. People give credit to the Mayor for this development in Quiruvilca. Not many of the participants link mining to these improvements.

Figure 5.16. Development ever?

Figure 5.17. Mining will contribute to development
When I asked participants if they thought mining will contribute to the development of their community, most of them were unsure (see Figure 5.17). While many people were hopeful about mining supporting the development of their community, many seemed to have lost hope.

An issue to consider is paternalism. As a legacy of colonialism, many Peruvians lack self-determination. Mina Quiruvilca has had a paternalistic approach towards the community, providing free housing, food, heating (coal), and transportation for its employees, which leads people to expect positive change and development to come from outside rather than inside. One representative of Barrick mentioned that Barrick does not use paternalistic strategies, and instead invests in projects that benefit the whole community. Barrick appears to be trying to switch the paternalistic culture of Quiruvilca. The finding that a majority of Quiruvilcans expect future development, but only a minority expect it to come from mining can be interpreted two ways: (1) it could be a hopeful sign that Quiruvilcans are outgrowing the colonial model of paternalism, but (2) it may also signal people's doubts that mining is the economic sector bringing development to its people and future generations.

According to most participants, no dominant productive sector exists that could drive the economy of Quiruvilca. Support is spread evenly across various sectors, with no obvious primary candidate industry (see Figure 5.18). Further study would be required to assess the viability of the suggestions. But the dominant sentiment was that Quiruvilca was, is, and will always be, a mining town. As many participants said: "Without mining Quiruvilca will die and people will leave."
5.3.3 CSR Ineffective

Defining "success" in a field such as CSR is difficult. It could be that without Barrick's CSR outreach activities, mostly funded by the Alto Chicama Social Fund, there would be open and hostile opposition to the mine, as seen elsewhere in Peru, and this is clearly not the case in Quiruvilca. However, when a majority of respondents say that the company's relationship with the community is not good (see Figure 5.19), something is not working. The finding (below) that a strong majority of Quiruvilcans distrust the mining company is likewise troubling. Figure 5.20 shows that one of the major reasons for this distrust is that the community feels betrayed by mining companies. As participants stated, when mining companies arrived, they made many promises to the community, but now the community members feel forgotten. They also commented that Barrick held an open public meeting to tell the town about their coming operations, but now Barrick only communicates with representatives of neighbourhoods and the Mayor. People think this is not a good strategy.
for community engagement, because they do not know of programs or social-economic support that Barrick might be offering the community. Community representatives do not inform the community about these projects.

One of the strategies of Barrick is to work with NGOs and these NGOs work with the community. This is the case of World Vision (WV). Although many people from the community stated that WV has a positive impact in the community as Figure 5.21 corroborates, community representatives in Quiruvilca, such as the Round Table Coordinators strongly criticised the work that WV is doing in their community and commented that "WV keeps most of the money for themselves...and people stay resentful". This Coordinator stated that WV implemented an Early Childhood Program but did not finish implementation: "They brought a few toys but staff was not trained and there was no program monitoring; of course this program failed." Coordinators complained that programs from WV are not sustainable. Barrick funds NGOs such as WV and CARE but some of the
NGOs did not communicate effectively with each other and ended up duplicating similar programs in the community.

Most people in the community know or have heard about World Vision (see Figure 5.21). During my interviews, many participants stated that they directly benefit from WV through the Sponsorship Program. Many people also complained that there is corruption in the selection of who is chosen for the Sponsorship Program and there is favoritism for family and friends of workers of WV. This concern is supported by my observations interviewing participants with children who were sponsored by WV whose economic status appeared better than others. The majority of people also stated that the main benefits received from the Sponsorship Program from World Vision are school supplies (two notebooks, glue, and pens), one birthday and Christmas party per year. Trade programs for young adults, and parenting programs have been offered by WV but they were criticised as unsustainable. Despite these complaints, a majority of the interviewees felt that WV has an overall positive impact in the community – Figure 5.22.

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**Figure 5.21. Familiarity with World Vision**

- Yes: 84%
- No: 14%
- Somewhat: 2%

N=99

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**Figure 5.22. World Vision's Impact**

- Yes: 75%
- No: 15%
- Somewhat: 10%

N=41
Furthermore, Quiñuivilcanos mentioned that at least WV helps their community in some ways and Barrick has also supported the community with scholarships and the construction of schools, a health clinic, sport fields, and community centres. The community requested support for improving the quality of water. Currently Quiñuivilca has no potable water. Non-potable water not suitable for human ingestion is distributed by Southern Peaks at no cost.

5.3.4 Distrust of Outsiders

While 93% of participants said they do not trust the national government (see Figure 5.23) because its promises are not kept and they would never be interested in such a small town, the local government is quite popular and people thank their representatives for any positive development in Quiñuivilca (see Figure 5.24).

Eighty percent of participants do not trust mining companies (see Figure 5.25), and the number one reason is because they have not fulfilled their promises, especially related to employment. One of the functions of CSR is to promote community trust - which does not appear to be working.

A related concept to trust is "transparency". The idea that the workings of governments and industries should be open and transparent to their communities is still novel in Peru. However, Barrick can make some claim to openness since it publishes the list of social development projects it funds, and its financial commitment (see Section 2.7.1) is also public. It is debatable whether more transparency improves community trust, or instead focuses people's attention on the extreme inequalities inherent in the mining economy.
5.4 Community Representatives’ Interviews

I interviewed two Representatives of the Round Table (Mesa de Concertación de Lucha Contra la Pobreza) of Quiruvilca and one member from Quiruvilca Workers’ Union. I also conducted an informal interview with the coordinator of the Round Table while we were visiting rural areas of Quiruvilca.

5.4.1 Round Table of Quiruvilca, Coordinator

For this interview I did not follow a semi-structured interview, but rather asked questions as topics arose during our trip to the rural area and Huamachuco\textsuperscript{21}. According to the Coordinator, people around the community know about the Round Table but do not understand its benefits. I sensed some dissatisfaction with the support the Round Table receives from WV. The Coordinator repeatedly stated that the major problem around the

\textsuperscript{21}Huamachuco is a city close to Quiruvilca and part of the area of influence of Lagunas Norte mine. It is quite a developed city compared to Quiruvilca and many people choose to stay in Huamachuco when they have to do work in Quiruvilca.
community is unemployment, and he asked WV to help convince Barrick to increase employment in Quiruvilca. He pointed to the need for agreements between Barrick and the community and representatives to work toward a long-term, sustainable economic-social development plan for the community.

The coordinator criticised the unsustainable development strategies WV is using. For example, the Centre of Early Childhood Stimulation and Parenting receives few materials and incomplete equipment. World Vision also has not funded training. With such inadequate support, the Centre seems likely to fail.

**5.4.2 Round Table of Quiruvilca, Member**

The main complaint against Barrick is the issue of employment. The member said, "When Barrick arrived it promised many job opportunities and this is not the case." He stated that 131 Quiruvilcans currently work at Barrick and there is no obvious social responsibility from the company. He is aware of Quiruvilca's high poverty rate and malnutrition among children under five. "Quiruvilca mine has contributed very little to the socio-economic development of Quiruvilca and the mining revenue from this mine is not much."

The member also criticised the work WV is doing in his community and stated that this NGO keeps most of the money invested by Barrick. One of his suggestions is that Barrick should work directly with the community and not through NGOs. He said: "WV wants to be part of this Round Table to create the façade that they help the community." The Early Childhood Education programs that WV implemented in all the neighbourhoods (except his), were a failure because of implementation problems and lack of monitoring. All these programs have been closed. The member commented that the micro-credit program
Credivisión run by WV has no impact in the community because of the small size of loans and the complexity of the requirements.

According to the member, the Alto Chicama Social Fund is also not achieving its goals:

"We need a sustainable mining sector that protects our environment. ... There is a project to promote the dairy industry in Quiruvilca and the community hopes that this project gets support so Quiruvilca can become sustainable over time."

5.4.3 Quiruvilca Workers' Union Representative

The Quiruvilca Workers' Union Representative has worked for Mina Quiruvilca for 28 years as a driller and will soon retire. In his opinion, Quiruvilca has greatly improved in different aspects in the last years, such as streets and houses. "Now we see better houses; before all houses were made of mud." He thinks that mining has contributed to the economic and social development of Quiruvilca, although mining also has negative environmental impacts to water and air. Mina Quiruvilca treats its water through treatment wells located in Shorey and water gets recycled. He felt that Lagunas Norte contaminates the environment much more than Mina Quiruvilca. "There have been disputes between workers and the company [Southern Peaks] but things are better now."

"Quiruvilca lives from mining but there should be another sector, livestock for example. ..."

Pan American tries to fool people with jewelry programs for youth and women to just show off that they do social development programs in the community....it is a trick, boys. ...I do not expect any change with the new company (Southern Peaks) because the same administration (from Pan American) will continue. We have no hope for change in our
community. Southern Peaks changed the management in Lima, but not the local administration."

We'll soon change the new board in our union; I think radical changes will be forthcoming.

Workers in *Mina Quiruvilca* are unhappy about several issues, the interviewee notes, especially residential maintenance. According to the member, Southern Peaks has failed to meet its commitments about improving and maintaining the buildings it offers to its employees. He also thinks that there should be a dialogue table where company, workers, municipality and community unite to build a development plan, concluding, "We need a change."

### 5.5 Mining Company Interviews

In July 2012, I interviewed three anonymous mining representatives of *Minera Barrick Misquichilca* (Barrick) in Lima and one anonymous representative of Southern Peaks. The interviews are summarised below. see Appendix 7 for more details on the Barrick interviews.

#### 5.5.1 *Minera Barrick Misquichilca S.A.* Representatives

The three representatives from Barrick provided essential background and explanatory subtext for the situation in Quiruvilca. The *Lagunas Norte* mine is situated at the top of a watershed impacting three different districts: Quiruvilca district (Province of Santiago de Chuco), Sanagonán district (Province of Sanchez Carrion), and Usquil district (Province of
Otuzco). However, all mining operations take place in Quiruvilca. Barrick has direct impact on 38 villages; however, between the three provinces there are 270 villages and Barrick has decided to support all 270 villages because of the [high] levels of poverty.

**Funding Current Community Development**

Barrick is emerging from a period of trouble with the community of Quiruvilca. Barrick finances the Social Fund (*Fondo Social Alto Chicama*) around [US$ 30] million per year divided between six municipalities. There are capable and incapable government authorities. There is a lot of bureaucracy in the region of La Libertad and the management of money from the social fund. Nonetheless, Barrick has achieved completion of 70% of the social fund projects and has received awards for its transparency. In addition, Barrick pays the *canon minero*, which increased by a factor of 68 from 2004 to 2012.

**Employment**

Residents cite employment as the main issue because the recent sale of Pan American to Southern Peaks has increased unemployment in town. Ten percent of people from Quiruvilca work at Barrick while 90% are hired by Pan American Silver. *Lagunas Norte* employs 3,500 people in total. Barrick hires 566 (16%) from Santiago de Chuco, which 284 (8%) are from Quiruvilca district – 184 qualified labour and 100 non-qualified labour. The employment problem Barrick faces in Quiruvilca is the lack of qualified labour, but the company is working to create employment alternatives. Barrick finds it very difficult to distribute employment in an equitable form to all the areas of influence.
One Barrick representative flatly denied that employees or contractors' employees stay in Huamachucuo instead of Quiruvilca, but another admitted it occurred due to unavailability of suitable hotels, and also the high elevation in Quiruvilca. Regarding the underlying issue of the lack of services in the town, Barrick feels that it is local government's role to promote private investment in the community and improve the level of services. Similarly, regarding the decision not to invest in current operating expenses to maintain public institutions, Barrick believes that is the government's role.

**Future Community Development**

To better understand the problem of labour and suppliers in Quiruvilca, Barrick is undertaking a diagnostic socio-economic study of suppliers and local labour. Barrick also encourages contractors to hire local people and pays better wages than Southern Peaks. However, Southern Peaks remains more popular with urban Quiruvilcans because the urban area of Quiruvilca originated as a mining camp for *Mina Quiruvilca*, and because Pan American financed public festivals: "feasts, drinks, orchestras". Barrick admits that in the long run, Quiruvilca needs to develop another productive sector to become sustainable, and Barrick has a role to play in that process.

"Barrick tries to have a good relation with all communities. The national government has been absent in all these towns of the Andes of Peru, we have agreed with these local governments to support with infrastructure. The local government of Quiruvilca manages over [$US 8] million and the mayor is very careful in how he invests this money."

**Corporate Social Responsibility**

Barrick's Corporate Social Responsibility department works in three areas:
1. Ethics – To review conflict of interests, competition, harassment, discrimination, and human rights; there is an annual evaluation of these topics;

2. Employees – Unions and Collective Agreement negotiations, and benefits; and

3. Health and Safety – Every year Barrick awards the safest contractor based in results, process, leadership and environment.

Social responsibility programs currently cover education (Matemática Para Todos, Math for Everyone, trades training for youth), health (chronic malnutrition has dropped by nine percent), and economic and productive development (WV and CARE programs). "Barrick works with NGOs to do community programs because Barrick is a mining company not an NGO; NGOs are institutionalised to work with community programs." One representative recognised that the urban area of Quiruvilca has been left out of social project funding lately, but argued that Barrick has focused its effort in rural area because the levels of poverty there.

"As people from the urban area say that people from rural areas at least they have some agricultural products to eat, we do not, but what people from the urban area do not take into account is that people from the rural area has JUST that agricultural product and that's it."

Other concerns

Local residents' concern about water quality issues reflects a national problem at mines, and not anything specific to Quiruvilca. Barrick does not use any water from the lakes and only uses water from rain. Regarding the main highway bypass which isolates Quiruvilca, one respondent explained that they needed to make this bypass because the streets in Quiruvilca...
were too narrow for large trucks, but also admitted, "This is a very complicated issue that we have to work on."

5.5.2 Southern Peaks Mining LP Representative

The Southern Peaks representative stated that Southern Peaks currently hires approximately 980 workers including both permanent employees and seasonal labour. The company offers free apartments to its employees and their families. The company also provides free coal, transportation and even food to its workers. Three sustainable development projects are undertaken by the community with the company's support:

- **Baking** – This program is offered to the wives of company employees in Shorey.

- **Crafts** – This program is also offered for company's employees' wives. Women learn to make home sewing decorations which they are later sold at fairs.

- **Jewelry workshops** – This program is aimed to company's employees' children (young adults), and seniors. In this workshop students are taught to form their own small business.

The representative claims that there is a good relation between the company, the municipality and the community. She was aware of the Poverty Round Table in town but there is no relationship with Southern Peaks.

5.6 NGO Interviews

I also interviewed a representative of World Vision and a representative of CARE PERU.
5.6.1 World Vision (WV)

The representative pointed out that WV has been working in the community of Quiruvilca for less than a year in this Barrick- and CIDA-funded project. This specific project is implemented to work in three areas:

1. Improve citizen engagement and standard of living;
2. Improve government capacity to use resources effectively; and
3. Improve partnership through improvement of CSR models.

The representative stated that WV has implemented *Credivisión* and has already given up 40 loans to business people in Quiruvilca.

5.6.2 CARE Peru

When I was in Quiruvilca I had the opportunity to go on a trip with World Vision and Table Coordinators for a meeting with CARE representatives. CARE was just beginning its work, focussing on rural area projects of Quiruvilca.

The Round Table Coordinators had expressed disappointment that CARE was only focussing on the rural areas. The CARE representative mentioned that her understanding was that WV was working in the urban area of Quiruvilca, so they were wanted to avoid duplication and possible confusion.

The representative said that CARE was also starting a project in the Andean area of La Libertad, and this project is financed by CIDA and Barrick in alliance with CARE PERU. The project to be implemented is called: *Promoviendo el Desarrollo Económico Local con*
Transparencia y Dialogo (Promoting Local Economic Development with Transparency and Dialogue) between the local governments and mining companies.

"We are going to work in the areas of direct influence of Barrick, in a total of 20 communities and around 1000 families. The scope of the project includes three districts: Usquil in Otuzco, Quiruvilca in Santiago de Chuco, and Sanagoran in Sanchez Carrion. The purpose of this project is to improve the income and employment opportunities in 20 communities, under governance conditions and transparency. This project looks to improve competitiveness in economic activities, such as livestock which is the main activity in these three rural areas and some agricultural activities. This project is mainly of capacity development, technical assistance, artificial insemination, institutional strengthening, improved irrigation - this project is about developing capacities in the community, we're not going to give cows to people, the project tries to develop people's capacities so they can improve their economic capabilities."

5.7 Local Government Representative Interview

When I interviewed the Mayor of Quiruvilca, he brought representatives from: Rondas Campesinas (Rural Round Table), Justice of the Peace, Fiscal and Coordinators of the Round Table, Lieutenant Governor of rural areas, and the City Manager, to this interview and requested that this interview not be audio recorded. I was limited to taking notes.

Every municipality is legally required to have a Development Plan (DP). I requested a copy of DP for the District of Quiruvilca but was refused.  

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No reason was given for this refusal. It is possible that no DP has been completed.
During this interview representatives stated they were all worried about the unfulfilled promises made by Barrick. Two main issues dominated their concerns about the new mine: lack of employment and environmental contamination. They stated that there is a better relationship with Southern Peaks as this company hires a good number of people from the community and there are conversations about reducing environmental contamination.

"Barrick does not have credibility in this community and its social responsibility is a problem," said one of the participants. Problems with Barrick include the use of the lakes around Quiruvilca for waste disposal. One of the participants said: "There are conversations with Barrick but just promises. Barrick made many promises in an open public meeting but until today we have not seen much done."

The Mayor explained that the municipality has revenue from three sources: Mining revenue (Canon Minero), royalties (Alto Chicama Social Fund), and other funds directly collected by the municipality such as certifications, municipal taxes, etc. He stated that there is a project for the installation of a gathering centre for agricultural products and livestock and to build a dairy industry so community can sell these products to people on the coast.

The local government representatives also mentioned that mining is important for their community and highlighted the wave of social problems in the region because mining companies take advantage of the passive way communities approach the mining industry. They stated that, in their opinion, Southern Peaks has a positive impact in the community but Barrick has a negative impact. They claimed that there are qualified people in town to work at the mines. They pointed out that Barrick's construction of a new highway bypassing the town has isolated Quiruvilca. One of the interviewees suggested that NGOs act as
informants for mining companies, and although WV has some positive programs, they make unilateral decisions.

They envision a good relation between mining companies and community as good social responsibility from mining companies, and respect for their environment and open dialogue between mining companies and communities.

5.8 Findings from Participant Observation

The Poverty Reduction Round Table (Mesa de Concertación de Lucha Contra la Pobreza – MCLCP) of Quiruvilca was implemented four years ago, and is led by regional and local government, community representatives, and civil society including World Vision. Unfortunately, I witnessed the voluntary community representatives' lack of understanding of their roles and responsibilities. They had no objectives, goals or methodology for approaching the problems of their community. I was invited by one of the coordinators of World Vision to go on a road trip around the rural areas of Quiruvilca to invite citizens to attend a Round Table meeting (see Figure 5.26). Rural people's common complaint to me was that the mining company was not fulfilling its promises. I heard a general dissatisfaction with Barrick in their voices. A community representative of the Round Table noted, this was the first time that World Vision was helping them to run one of their meetings. They complained that the rural communities receive no financial support from the government or NGOs. They did not even have an office or a computer. World Vision is working on building government capacity and helping this Round Table to put together a meeting was a way of building capacity. World Vision did not participate actively during
the meeting and the community representatives were obviously not trained or knowledgeable about their roles in the Round Table. A Regional Government representative spoke about what Round Tables were about, how they are formed, their objectives, and citizen participation. Local government representatives present, including a Justice of the Peace, neighbourhood representatives, and the Mayor spoke about their concerns about Barrick and its employment policies. World Vision supported this round table by providing snacks and beverages to attendees, and by promoting this meeting in rural areas. One of the community representatives of this round table stated they really need to work on a Community Plan and invited citizens to have a more active participation in the Round Table.
6.0 Conclusions

In this section, I attempt a synthesis of my research questions in light of all the information from the primary field work results in Section 4 in the light of relevant literature reviewed in Section 2. I hazard an answer to my initial research questions of whether resource extraction is a curse or bonanza for local communities and whether CSR strategies have been effective. I approached my study from a social perspective by analyzing 100 interviews conducted with local people of a historic mining town in northern central Peru, Quiruvilca, surrounded by two major precious metal mines, both previously owned by Canadian mining companies.

Mining has been central to the community of Quiruvilca from colonial times until today. However, local people are just beginning to see some signs of economic development and improvement in their community in the last five years. Inequality is not a concern within the community of Quiruvilca but only because everyone there is equally poor: the levels of poverty at over 50% (INEI, 2009) of the population are alarming. From the moment of my arrival in Quiruvilca for my field research, the signs of poverty around this remote Andean town were obvious.

I will discuss two main points below that will help me to answer my initial research questions: the impact of mining on the development of the community of Quiruvilca from the perspective of its own local people, and the satisfaction of people with the CSR strategies that multi-national mining companies have used to approach their community.

I identified four main themes in the community interviews:

- Lukewarm support for mining and mining companies
• "Development" has occurred and will occur
• CSR is ineffective at approaching local community; and
• Distrust of outsiders.

These four themes are expanded upon below in consideration of the other primary and secondary research.

6.1 A Long History of Mining and Not Much Development
As Bebbington (2012) argues, we cannot separate historical and contemporary political economy from the extractive industry and therefore in the Andean region development cannot be separated from the subsoil. Quiruvilca is one example of this difficult separation that Bebbington discusses. This Andean town, like many other towns in South and Central America, has endured the struggles and challenges that the "development model" of natural resource extraction brought to local indigenous communities since the colonial time to present supported by governments and international organizations (Nolin & Stephens, 2010). The philosophy of all companies running Mina Quiruvilca from the 1920s to today has been a paternalistic community approach where the mining company provided housing, food, transportation and heating to its employees, but little or nothing to the community as a whole. Today, Southern Peaks provides these same benefits to its employees, as well as non-potable water to the whole community at no cost. Although many would see these benefits as positive for Quiruvilcans, the condition of the housing that Mina Quiruvilca provided its employees struck me as deplorable. The Secretary of Quiruvilca Labour Union emphasised that it is a constant fight with the mining company to improve the housing conditions of its employees. I consider this a clear example of the colonial legacy that
indigenous Peruvians have borne since the days of Spanish conquistadores and colonial overlords.

When Barrick arrived in Quiruvilca with a different, more modern, less paternalistic community approach, it was shocking to a community accustomed to receiving free services and benefits. Barrick’s approach is to contribute to the community by building schools, health clinics, and supporting community infrastructure.

Thomson and Joyce (2002) argue that environmental law, guidelines, and best environmental practices are currently well-established for mines, and that the current and major concern with mineral extraction is its impact on the social environment. Although during my field research, I did not perceive any direct sign of mining contamination, many people from Quiruvilca complained about the environmental impacts of mining on their children, and their environment, especially in the rural areas. Several of the people I interviewed from the rural area expressed their concerns about impacts on the health of aquatic life. Given the fact that Lagunas Norte mine is an open pit mine the environmental contamination is more visible, but people in the community were more concerned about the lack of employment and broken promises on the part of Barrick than about environmental contamination affecting children, rivers, and aquatic life. During my interviews, I sensed people’s resignation to the trade-offs they see as inherent in mining: present-day jobs but little support for future development and worry about environmental damages that mines will bring to their community, rivers and lands.

I agree with Thomson and Joyce (2002, p. 2) that the "management of social impacts is rarely integrated into how companies do business and there is essentially no regulatory or
legal framework to provide rules of the game". As I interviewed people in Quiruvilca their discontent was clear and many of them mentioned the possibility of a social protest, which subsequently occurred in February 2013 (without bloodshed). Quiruvilcans are dissatisfied with how Barrick is approaching the community and concerned about Barrick's possible mine expansion.

Barrick's approach to CSR is typical of a modern mining company. Arellano (2011b) describes the tendency for mining companies to invest in community infrastructure that people can readily see such as paved roads and not investing in projects that mining communities actually need such as potable water and sanitary sewers.

Mining is the most important activity driving the economy of Quiruvilca. Foreign companies extract their natural resources and yet indigenous Quiruvilcans are desperately poor and live in precarious conditions. The "positive benefits" of mining that World Bank (2012) economists emphasise and promote in Third World countries are not reflected in the well-being and living conditions of people in Quiruvilca. Although my analysis demonstrates the positive support that mining receives from the community because of employment opportunities, it also highlights the lack of trust that the community feels towards mining companies, and their limited belief in the contribution of mining to community development. Seventy one percent of the community agree that Quiruvilca has experienced some improvement or 'development' in the last five years, yet only 38% believe that mining will contribute to the future development of Quiruvilca.

As Figure 5.23 shows, 93% of this urban area of Quiruvilca do not trust the national government, which confirms Bebbington's (2012, p. 221) argument that there is a pattern in
Ecuador, Bolivia and Peru that the central government – in particular the executive office – constantly promotes the extractive industry, prioritizing national agendas over local demands. One of my interviewees said "the national government is not interested in a town as small as Quiruvilca". Even local indigenous communities are conscious of the interests of the national government in selling indigenous lands without caring about the effects of extractive industry in their local people. There is a sense that "the national government doesn't care about us" and that is why we have to fight for our own rights, to defend our land, our people and our new generations. As a consequence, we see violent protests and social conflicts. Therefore, I think Quiruvilca is at risk of social unrest that could disrupt social stability.

When I asked participants directly if they see mining as a curse or bonanza for their community, many of them stated that they consider it a bonanza because at least they have some employment opportunities, while others responded that it was a curse because they (mining companies) come and extract resources, contaminate their environment and their community continues to be poor.

6.2 Unhappiness with CSR Strategies Used by Mining Companies

Although many people in Quiruvilca asked for more open communication between the mining company and the community, most people in the community saw WV as a positive impact in their lives. People from Quiruvilca with a higher level of education or knowledge, especially community representatives and local government, strongly criticised the work that WV is performing in their community and rather asked Barrick to directly work with the community instead of using NGOs to do community development and CSR. My
interpretation is that many local people from Quiruvilca with limited education and living in poor conditions see WV as an organization that at least supports them with familiar paternalistic "presents". But there is also the possibility that community representatives and local government have a political interest to criticize the work of WV. More research would be needed in order to do a thorough analysis about the strategy of mining companies using NGOs for social development programs.

I found in my study that from the social perspective of this local indigenous community, mining is a bonanza in terms of employment given the high rates of poverty and unemployment that locals experience; but also a curse in terms of dependency and lingering environmental consequences. Perhaps the real curse is missed opportunities – massive corporate profits with minimal contribution to the development of the host community and the well-being of its people.

As a personal reflection and from a perspective of a Peruvian living outside of Peru, it is inconceivable to me that after all these centuries of mining in Quiruvilca, indigenous people from the area live in such poor conditions, and the community is only now experiencing slight improvements in education, health, transportation and community infrastructure. Although the national government has applied a series of new strategies to the extractive industry in the last years (Arellano, 2011) such as financial transfers of the Canon Minero to local governments, and transfers of government's role to mining companies in the sense of CSR, these have not been enough to promote economic and social sustainable development to local communities and reduce inequality and poverty. Instead the number and intensity of
social conflicts have increased all over Peru and Quiruvilca has recently showed signs of open social conflict against Barrick.

Mining, along with other productive sectors, has the potential to contribute substantially to the development of local communities and minimise poverty in host countries, but the problems around the impact of mining on local communities are complex. Considering the literature for and against, as well as and my own primary research, mining has not truly contributed to the development of local communities. My perception informed by over 100 interviews in Quiruvilca is that colonial legacies still subjugate indigenous people in the Andes of Peru directly causing oppression, submission, and feelings of being less worthy than elite nationals or foreigners. Local indigenous communities feel powerless to decide the future for their communities, and lack of self-determination presents an imposing psycho-social barrier for local people, crushing aspirations for a better way of life for themselves and their children.

My study shows that after decades of mining, local communities have not benefited significantly from mining revenue. Instead, they still suffer extreme poverty, which is apparent as soon as you enter the community. The problems are large and, the improvement small, and there is insufficient willingness especially from the national government, and mining companies to transform mining revenue into sustainable economic and social development for local communities, especially in Latin-America.

As Figure 5.23 shows, only 7% of urban Quiruvilcans trust the national government. This indicates the lack of trust rural indigenous communities feel, as well as the lack of national presence among poor communities in Peru. Achieving a harmonious relationship between
the extractive industry, the government and local communities is a huge challenge. I expect little improvement in the transformation of natural resource revenue into socio-economic development among local communities when people feel unprotected and lack trust in their national government.

On the other hand, I definitely see a shift in the way local communities are responding to mining, in Peru and around the world. Local communities are becoming informed and educated about how the industry works, what their rights are over land, environment, culture and their own lives. What I see as a very important step is that mining communities are standing up for themselves to make their rights heard by governments and mining companies, sometimes with adverse consequences, and even deaths.

There is a tremendous amount of work required for communities to get the government and mining companies to really reorient their development programs towards long-term sustainable economic and social development of local indigenous communities, rather than paternalistic handouts. I truly hope that sometime in the future when I go back to small mining communities, stories like the one from little Jose, and his father’s human rights abuses in mining communities, are not the small talk of children with visitors. I hope sometime government and transnational corporations especially in the mining industry truly work for the lasting development of local mining communities, and become more sensitive to their communities and our whole planet. We live in one world and we should treat everybody as an important part of this beautiful world and share our wealth with the less fortunate.
6.3 Recommendations

Taking into account the issues raised around this local Peruvian mining community, I attempt to make some recommendations to the community, government and mining companies to contribute to sustainable socio-economic development in local mining communities, to transform the wealth that natural resources could offer into sustainable improvement in the overall well-being of communities where these mine operations exist.

Direct democracy. Many local people in Quiruvilca feel betrayed by false promises which trigger a general lack of trust towards all mining companies. There is an urgent need to repair the relationship between Barrick and the community of Quiruvilca. More open communication between mining companies and local communities is a start. This communication should be done with the whole community rather than being done through neighbourhood representatives or Mayor. Greater use of direct democracy (e.g. community referenda to prioritise development projects) should be explored.

Re-evaluate CSR strategies. Quiruvilcans showed trust in their local government (Mayor), but local government and Round Table representatives conveyed strong discontent with the CSR strategies that Barrick is enacting through NGOs. Given the current wave of social conflicts in mining communities in Peru, this discontent around Quiruvilca's community representatives could trigger a social protest in Quiruvilca. Barrick should evaluate its CSR strategies used in Quiruvilca.

Monitoring social relations. Mining companies do not need to become social welfare experts. However, they should apply their quality assurance and quality control expertise to ensure that outcomes from social development projects are met. Community outreach to
gauge satisfaction with their efforts should be ongoing, and actions to correct perceived shortcomings should be clear, documented, communicated, and approved by the community itself.

**Institutional strengthening.** I found during my participant observation at the Round Table meeting that members of this Round Table showed lack of knowledge of the purpose, objectives and goals of this organization, as well as lack of structural organization and knowledge of member's roles and responsibilities. Round Table members need training and the Round Table needs to work closely with the community to develop and prioritise socioeconomic projects.

**Economic diversification.** Quiruvilca needs another sector that can grow alongside mining to contribute to sustainable development. Many participants suggested the promotion of the agricultural sector (included livestock) as the best candidate and the Mayor should crystalize his project of building a dairy processing plant in Quiruvilca. The economy of Quiruvilca needs to be diversified in order to make the community sustainable even if no mines are in production. The national government should concentrate efforts in promoting sustainable development planning in mining towns to avoid the boom/bust cycle frequently observed in the mining industry.

**Community oversight.** There should be a Supervisory body formed by qualified personnel and people from the community who supervise and make mining companies accountable for their promises, community commitments and the rule of law.
Transparency and accountability. The model of the Fondo Social Alto Chicama is not perfect – citizens are functionally excluded from providing timely input – but at least the outputs of the backroom deliberations are held up to public scrutiny and, if necessary, forensic accounting. This is a good example of how mining companies can lend their expertise in project planning to provide indirect institutional strengthening to weak local governments. This model of transparency and accountability should be extended to the other funds provided to local governments by the mining companies via the canon minero.

Changing corporate attitudes to host communities. Mining companies need to develop a "community ethic". The concept of a host community is central to this concept: the community was present before the mine, and will outlive the mine, so the mine is really a temporary guest. Even a fabulously wealthy guest should be humble and respectful of his host. Current laws do not encourage this attitude. But if mining companies came to see that without the host's freely offered invitation – without a continuous social license to operate – the mine would cease to exist, their attitude would change. They could come to understand and respect the point of view of the host community.

Legislative support for social licence. Endeavouring to change corporate culture across an entire industry is a long-term project. Community relations and CSR functions within mining companies establish a trailhead in this journey. Currently, there is no legal requirement for social license as part of the legal permit to carry out a mining project. In past social movements like civil rights, gender equality, and environmental consciousness, legislative change has preceded integration of the underlying ethic into the culture. The
national government should pass a law to ensure that mining projects gain and maintain a social license to operate having due regard to the interest of legitimate stakeholders.

**Prior consultation.** In moving towards the need for a social licence to operate, the concept of *consulta previa* (prior consultation) should be implemented by the national government before any mining concession is awarded. Prior consultation is only the first step towards indigenous communities achieving "control ... over their own economic, social and cultural development" as per ILO Convention 169. Thus, even exploration companies would arrive with the mindset that they are invited guests within a local community.

**Hiring the right people.** Transnational corporations need to hire CSR and community relations people that are knowledgeable about local indigenous people and have lived close to these communities, instead of the current practice of importing experts out of touch with life in small, rural communities. Companies should try to hire local people who understand local culture, speak the local language, and know the local opinion-leaders (Zandvliet and Anderson, 2009, p.115). Local candidates usually require additional training, but they bring credibility that is irreplaceable in societies distrustful of outsiders.

Ultimately, as I reflect on my research and findings, our Peruvian people do need to work and unemployment is high especially in the Andes region of Peru. At present the economy of Quiruvilca is completely dependent on mining. In the absence of alternative productive sectors this local community needs mining so people can survive and feed their children. Mining companies are a hope for these local communities, so I suggest scholars, researchers, governments, NGOs and mining companies need to work together to improve the quality of life in local communities and make stakeholders accountable for their actions. In the end, all
Giulliao Tamblyn
Conclusions

des these precious metals are extracted from the lands where our indigenous local communities live for the benefit of all. Let us work together to create sensitivity, consciousness and a sense of mutual support that can lead to fair and equal treatment for all local mining communities around the world.
Reference List


Appendix 1: Convention 169

The International Labour Organization Convention 169 (1989)

Article 6 (1) (a) of Convention 169 obliges governments to consult indigenous peoples, through appropriate procedures and through their genuine representatives, whenever it is considering legislative or administrative measures which may affect them directly. Article 6 (1) (b) requires that indigenous peoples "can freely participate... at all levels of decision-making". This applies to decision making at all levels within the state; national, regional and municipal levels.

Article 7

1. The peoples concerned shall have the right to decide their own priorities for the process of development as it affects their lives, beliefs, institutions and spiritual well-being and the lands they occupy or otherwise use, and to exercise control, to the extent possible, over their own economic, social and cultural development. In addition, they shall participate in the formulation, implementation and evaluation of plans and programmes for national and regional development which may affect them directly.

2. The improvement of the conditions of life and work and levels of health and education of the peoples concerned, with their participation and co-operation, shall be a matter of priority in plans for the overall economic development of areas they inhabit. Special projects for development of the areas in question shall also be so designed as to promote such improvement.

3. Governments shall ensure that, whenever appropriate, studies are carried out, in cooperation with the peoples concerned, to assess the social, spiritual, cultural and environmental impact on them of planned development activities. The results of these studies shall be considered as fundamental criteria for the implementation of these activities.

4. Governments shall take measures, in co-operation with the peoples concerned, to protect and preserve the environment of the territories they inhabit. (http://www.ilo.org/iollex/cgi-lex/convde.pl?C169)
Appendix 2: Criteria for Identifying Indigenous Peoples

To identify indigenous communities or natives as collective subjects, it’s taken into account objectives and subjective criteria:

The objective criteria are as follows:

a) Direct descendants of native populations of the national territory
b) Life styles and spiritual and historical connexions with the territory that traditionally use or occupy
c) Social institutions and their own costumes
d) Cultural patterns and different lifestyles to the other sectors of the national population

The subjective criteria is related with the conscious of the collective group of having an indigenous or native identity

The Andean or Campesina communities and the native communities or jungle communities can be also identified as indigenous or native towns, according to the indicated criteria in this article.

The denominations used to designate indigenous or native towns do not alter its nature neither its collective rights.
Appendix 3: Barrick Gold Corporation's CSR Charter

At Barrick, we are committed to making a positive difference in the communities in which we live and work. We recognize that responsible behaviour is our calling card, creating opportunities to generate greater value for our shareholders, while at the same time fostering sustainable development in the communities and countries where we operate.

We strive to earn the trust of all with whom we interact, whether they be our employees, the communities where we live and work, the governments that host us, or any other persons or parties with whom we engage in the sustainable development of mineral resources.

We endorse the definition of CSR as proposed by the World Bank:

Corporate Social Responsibility is the commitment of business to contribute to sustainable economic development – working with employees, their families, the local community and society at large to improve the quality of life, in ways that are both good for business and good for development.

The Four Pillars of Barrick's Approach to Corporate Social Responsibility

The following pillars guide Barrick in its conduct of business around the world. Regional business units and management groups are accountable for complying with this Charter consistent with regional and local priorities.

Ethics

The Barrick Code of Business Conduct and Ethics mandates that we conduct our business with the ethical standards set forth in that Code and in accordance with all applicable laws, rules and regulations. We strive to act as a responsible corporate citizen and lend our expertise to help engage in constructive public dialogue and informed debate on issues of importance to the Company, the mining industry and the communities in which we operate.
Employees

Barrick is committed to developing the full potential of our employees. We respect and value each of our employees and observe the fundamental tenets of human rights, safety and non-discrimination in the workplace. We fairly compensate our employees for their contributions, provide meaningful performance feedback to them and offer them professional development and training opportunities. We encourage accountability and employee involvement in issues affecting the workplace to help improve safety and work conditions, as well as our efficiency and our business. We also recognize that best practices in this important area continue to evolve and that, accordingly, we must learn and evolve as a business as well.

Community

Barrick fully considers social, cultural, environmental, governmental and economic factors when evaluating project development opportunities. In those communities in which we operate, we interact with local residents, governments, non-governmental organizations, international agencies and other interested groups to facilitate long-term and beneficial resource development.

We give priority to building partnerships in entrepreneurial endeavors that contribute to enhancing local capacity and we also commit to providing financial support of organizations through our charitable donations, budgets and policies. The employment of indigenous peoples and local community members is also a priority. Barrick respects the interests of all members of the communities in which we conduct business and encourages open and constructive dialogue and interaction with them. We take the responsibility to listen carefully, be responsive and provide information that is accurate, appropriate and timely.

Environment, Health and Safety

Barrick has a responsibility to protect, reclaim and enhance the environment on the sites that we operate. We encourage wise environmental stewardship and diligently apply proven management controls to achieve this goal. Through our comprehensive environmental
management programs, we are committed to ensuring that environmental effects are being adequately addressed; controls are in place to ensure compliance with corporate environmental policies and obligations; environmental management activities are supported by adequate resources and financial provisions, and that plans are in place to ensure that the environment is protected for future generations and that the sustainability of nearby communities is safeguarded.

At Barrick, we are committed to performing every job in a safe and healthy manner. Barrick expects all employees and contractors to work in accordance with company safety and occupational health management policies for the benefit of each one of our colleagues, families, communities and business. Through the Barrick Safety and Health System, we provide the equipment, training and resources necessary to enable employees to work safely. Our goal is to have every employee go home in good health and uninjured, after every shift, each and every day.
Appendix 4: Southern Peaks Mining LP's Corporate Values

(Southern Peaks, 2013b)

Our Environmental Values

We respect the environment and believe that excellence in environmental performance is vital for the success of our business. We will minimize our environmental impacts and seek continuous improvement of our environmental performance.

Our Community Values

We want the communities and societies surrounding our operations to benefit from our presence for the present and future wellbeing of their people. We will partner with the societies in which we operate with the objective of contributing to their sustainable development.

Our Occupational Health and Workplace Safety Values

We place people first and, accordingly, we put the highest priority on safe and healthy practices and systems at work, to prevent injuries and occupational illness. Our objective is zero workplace injuries and occupational illness. We believe that good safety and health management contribute to enhance our corporate foundations.
Appendix 5: Interview Request Letter (In Spanish)

13 de Agosto de 2012

Compañía Minera Barrick Peru
Quiruvilca, La Libertad

Re: Proyecto de Investigación: Es la Extracción de Recursos Naturales un Beneficio o una Maldición para las Comunidades Locales? Caso de Estudio: Perú y Canadá

Estimado Señor o Señora:

Mi nombre es Giuliana Tamblyn, estudiante de Maestría de Desarrollo Internacional, Departamento de Estudios Internacionales de la Universidad del Norte de British Columbia, Canadá. Actualmente me encuentro realizando mi tesis, el cual es un proyecto de investigación sobre el impacto de la minería en el desarrollo sostenible de las comunidades locales, este proyecto está bajo la supervisión de la Profesora, Dra. Catherine Nolin.

Tengo a bien dirigirme a Usted para solicitarle una entrevista con el Gerente o Representante del Departamento de Relaciones Comunitarias en el distrito de Quiruvilca, así como una visita a la mina Lagunas Norte. El objetivo de mi proyecto es establecer una relación armónica y en beneficio de todas las partes que son influenciadas por la actividad minera, es así que es muy importante para mi proyecto de investigación incluir la metodología y estrategias económico-sociales que su empresa minera está utilizando hacia la comunidad de Quiruvilca.

Me gustaría tener una entrevista con su persona el día Miércoles, 15 de Agosto entre las 2 y 5 pm, si esto es posible, de lo contrario podríamos acordar otra fecha que sea más conveniente para usted. Su participación en este proyecto de investigación es completamente voluntaria y no hay ningún tipo de riesgos anticipados debido a su participación. La entrevista tomará aproximadamente una hora. El cuestionario consiste en preguntas generales con respecto a la influencia de Barrick en el área de Quiruvilca y los programas y planes de desarrollo que su empresa realiza y planea realizar en el área de Quiruvilca. Durante el proceso de la entrevista usted está en todo su derecho a no responder a cualquier pregunta que piensa no la debe responder o no la considera apropiada responder.
Giulliana Tamblyn
Appendix 5: Interview Request Letter (In Spanish)

Toda la información proporcionada será completamente confidencial y será agrupada con otros participantes. Además su entrevista no será identificada por su nombre en mi proyecto, reporte o cualquier publicación que se realice. La información proporcionada será almacenada en un archivo electrónico por el periodo de un año en la oficina de mi Asesora, después de este tiempo será completamente destruida. Mi Asesor de Tesis es la única persona quien tendrá acceso a esta información.

Si después de haber recibido esta carta, usted tiene alguna pregunta acerca de este estudio de investigación por favor no dude en contactarme a mi celular 945845919 (Perú) o (001) (250) 612-9492 (Canadá) o a mi correo electrónico Tamblyn@unbc.ca, o a mi Asesora, Dra. Catherine Nolin, nolin@unbc.ca o por teléfono al (001) (250) 960-5875.

Me gustaría asegurarle que esta propuesta de investigación ha recibido aprobación de la Oficina de Ética de Investigación en la Universidad del Norte de British Columbia. Si tiene alguna pregunta, comentario o duda acerca de su participación en este estudio por favor no dude en contactar la Oficina de Ética de investigación al (001) (250) 960-6735 o reb@unbc.ca

Le agradezco anticipadamente su apoyo en este proyecto de investigación.

Sinceramente,

Ysler Giulliana Tamblyn
International Studies Program
University of Northern British Columbia
Tamblyn@unbc.ca
Interview Request Letter (In English)

August 13 2012

Barrick Misquichilca Mining Company - Peru

Re: Research Project: is the extraction of natural resources a benefit or a curse for local communities? Case Study: Peru and Canada

Dear Sir or Madam:

My name is Giulliana Tamblyn, master's student in International Development, Department of International Studies from the University of Northern British Columbia, Canada. I am currently doing my thesis, which is a research project on the impact of mining on the sustainable development of local communities; this project is under the supervision of the professor, Dr. Catherin Nolin.

I have the honor to address you to request an interview with the manager or representative of the Community Relations Department in the district of Quiruvilca, as well as a visit to the Lagunas Norte. The aim of my project is to establish a harmonious relationship and to the benefit of all parties that are influenced by the mining activity, so it is very important for my research project to include the socio-economic methodology and strategies that your mining company is using to approach the community of Quiruvilca.

I would like to have an interview in person the day Wednesday, August 15 between 2 and 5 pm, if this is possible, otherwise we could agree on another date that is most convenient to you. Your participation in this research project is completely voluntary and there is no type of anticipated risks because of their participation. The interview will take approximately one hour. The questionnaire consists of general questions with regard to the influence of Barrick in the area of Quiruvilca and development programs and plans that your company performs and plans to perform in the area of Quiruvilca. During the interview process you are in all their right to not answer any questions that you think you should not respond or considered inappropriate. All information provided will be completely confidential and will be grouped with other participants. In addition his interview will not be identified by name in my project, report or any publication that perform. The information provided will be stored in an electronic file for a period of one year in the office of my Advisor, after this time will be completely destroyed. My thesis advisor is the only person who will have access to this information.
If after receiving this letter, you have any questions about this research study please do not hesitate to use my cellular phone 945845919 (Peru) or (001) (250) 612-9492 (Canada) or to my e-mail tamblyn@unbc.ca, or to my Adviser, Dr. Catherine Nolin, nolin@unbc.ca or by phone at (001) (250) 960-5875.

I would like to assure you that this research proposal has received approval from the Office of Research Ethics at the University of Northern British Columbia. If you have any questions, comments or concerns about your participation in this study please do not hesitate to contact the Office of Research Ethics at (001) (250) 960-6735 or reb@unbc.ca.

Thank you in advance for your support in this research project.

Sincerely,

Ysler Giulliana Tamblyn
International Studies Program
University of Northern British Columbia
Tamblyn@unbc.ca
Appendix 6: Semi-Structured Interviews (Spanish Version)

¿Es La Extracción de Recursos Naturales Una Maldición O Un Beneficio Para Las Comunidades Locales? Caso de Estudio: Perú y Canadá

Cuestionario de Entrevista para Miembros de las Comunidades

Este cuestionario está dividido en cuatro sets de preguntas acerca de la empresa minera, el gobierno (municipal, regional y central), líderes de las comunidades y ONG.

**Preguntas sobre: Empresas Mineras**

1. ¿Qué opinión tienes con respecto a los proyectos mineros desarrollados en tu comunidad? ¿Quienes apoyan este proyecto? Que esperaban de estos proyectos y cuál fue la reacción inicial de la comunidad?

2. ¿De qué forma la compañía minera se acercó a la comunidad? ¿Piensas que ha usado las estrategias apropiadas para acercarse a la comunidad? Si tu respuesta es no, ¿cómo piensas que debería ser la relación entre la compañía minera y la comunidad?

3. ¿Cuáles son los aspectos positivos de estos proyectos mineros? ¿Cuáles piensas que son los aspectos negativos de los proyectos mineros?

4. ¿Qué significa la palabra "Desarrollo" para ti? ¿Piensas que tu comunidad se ha desarrollado en comparación con años atrás? ¿Piensas que estos proyectos mineros contribuirán al desarrollo de tu comunidad y a mejorar el estilo de vida de su gente en los años por venir?

5. Intenta imaginarte que esta comunidad cierra en 15 años. ¿Piensas que lo que la compañía minera está haciendo ahora contribuirá al bienestar de la comunidad en el futuro? De qué forma? ¿Tiene recomendaciones específicas en cómo mejorar esta relación?

6. Confías en que la compañía minera está manteniendo sus promesas? ¿Piensas que los líderes del gobierno y tu comunidad mantienen sus promesas? En quien confían más?
7. ¿Qué otro sector productivo puede desarrollarse en tu localidad aparte del sector minero? ¿Piensas que pueda desarrollarse al mismo tiempo que la minería de esta forma cuando la mina cierre pueda este sector contribuir al desarrollo sostenible de la comunidad?

**Government**

8. ¿Fuiste informado o consultado sobre el proyecto minero? ¿De qué forma? Si no fuiste consultado, ¿Piensas que la gente debe ser informado o debe existir un proceso de consulta con la población acerca del proyecto minero?

**NGOs / Community Organizations**

9. ¿Hay alguna ONG o sociedad civil que trabaja hacia el logro de un desarrollo socio-económico sostenible en tu comunidad?

10. ¿Piensas que debe existir un ente supervisor que trabaje del lado de la comunidad y audite el cumplimiento de las promesas de las compañías mineras?

**Preguntas Claves para el Cierre de la Entrevista:**

¿Hay algo más que le gustaría agregar?

Esta información que ustedes me han proporcionado será analizada y usada exclusivamente para mi proyecto de investigación académica, estimo que en un periodo de más o menos tres meses debo tener un reporte sobre mi proyecto. ¿Les gustaría que les envíe una copia por email?

Agradezco mucho por su tiempo.
Semi-Structured Interviews (English Version)

**Is Resource Extraction a Curse or Bonanza for Local Communities: Case Study in Peru?**

**Semi-Structured Interview Questionnaire for Members of Communities**

This questionnaire consisted of ten open-closed questions. These questions were about how the community sees mining companies, the government (local and central), and NGOs.

1. What can you tell us about the mining project being carried out in your community? Who supported it? What was expected and what was the community's initial reaction?
2. How did [name the mining company] approach the community? Do you think [name the mining company] has used appropriate strategies to approach the community? If not, how would you have liked [name the mining company] to approach the community?
3. What do you think are the positive outcomes from this mining project? What do you think are the negative impacts from this mining project?
4. What is community development for you? Has your community developed in comparison with years ago? Do you think this mining project can contribute to the development of this community and better the life of its people in the coming years? If so, how?
5. Now, try to imagine this community in 15 years after the mine closes. Do you think what the company is doing now will contribute to the community's well-being 15 years after the mine closes? If so, how? Do you have any specific recommendations on how to improve the relationship between the community and the mining company?
6. Do you trust [name the mining company] to tell the truth and keep its promises? The government? Community leaders? NGOs? Who do you trust the most?
7. What other economic sector(s) can be developed in the local economy other than this particular mining project? Do you think this economic sector should
be developed along with the mine so when the mine is over this other sector can contribute to the economic sustainability of the community?

8. Were you informed or consulted about the mining project? If so how? If not, do you think you should be informed/consulted?

9. Are there any NGOs or other organizations working towards the economic or socio-cultural development of the community?

10. Do you think there should be an independent community advocacy panel, which would audit the mining company for the completion of its promises, without having any ties to the mining company or the government? Who would this be?

Closing Key Components:

Is there anything more you would like to add?

I'll be analysing the information you and others gave me and submitting a draft report to my university in three months. I'll be happy to send you a copy to review at that time by email, if you are interested.

Thank you for your time.

Interview Protocol

- All interviewers will apply the recruitment script before the questionnaire.
- Interviewers are asked to audiotape and take notes of the interview in the notebook provided.
- After the interview, interviewers can fill in notes that were missed during the process of the interview and submit written notes and questionnaire to the Research Assistant.
Appendix 7: Barrick Interviews

Minera Barrick Misquichilca S.A. Representative 1

Representative 1 explained that the Lagunas Norte mine is situated at the top of a watershed impacting three different districts: Quiruvilca district (Province of Santiago de Chuco), Sanagorán district (Province of Sanchez Carrion), and Usquil district (Province of Otuzco).

He stated the following:

"100% of mining operations take place in Quiruvilca; therefore Quiruvilca is the main stakeholder for Barrick. Barrick is emerging from a period of trouble with [the community of] Quiruvilca. The urban area of Quiruvilca originated as a mining camp [in the days when Northern operated] Mina Quiruvilca. Barrick won the tender [for the mining rights to Lagunas Norte] because they offered a higher percentage of profits for the Social Fund (Fondo Social Alto Chicama) – 2.5% of Barrick's profits divided between six municipalities. This is around [US$ 30] million per year, in addition to the mining tax (canon minero). Programs such as "Mathematics for All" is included in this social fund. Barrick has direct impact on 38 villages; however, between the three provinces there are 270 villages and Barrick has decided to support all 270 villages because of the [high] levels of poverty. Funds from the canon minero are distributed according to government criteria such as poverty and institutionalization. There are around nine such social funds in the country and they are completely voluntary. Sierraproductiva is another Social Fund program that helps villagers to produce and sell their agricultural products in the local and regional market. Santiago de Chuco and Quiruvilca are considering implementing this program. There are capable and incapable government authorities. There is a lot of bureaucracy in the region of La Libertad and the management of money from the social fund. Barrick has achieved completion of 70% of the social fund projects and has received awards for its transparency.

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23 The social funds are not "voluntary" in the normal sense. Mining companies must choose to either (a) enter into a social fund agreement with the national government; or (b) pay the default royalty of 3% of profits.
Barrick hires 284 people from [the district of] Quiruvilca, 184 are qualified labour and 100 non-qualified labour. [Local residents] are not happy with Barrick because there is a national problem of water issues around mining operations. Barrick tries to make sure all water issues are under control. Barrick does not use any water from the lakes and only uses water from rain.24

When I asked about the fact that the community members did not cite water as the main problem but rather unemployment, he responded:

Pan American has just been sold to a smaller mining company [Southern Peaks], so there is currently increased unemployment in town. That's why people cite employment as the main issue. Barrick is helping people. Barrick hires 566 in total from Santiago de Chuco, which 284 are from Quiruvilca [district].

There are meetings with community; there is communication with the community, I just received this email letting me know that a Barrick representative is meeting with the President of the neighbourhoods. Barrick is doing well with their corporate social responsibility.

Barrick is doing a diagnostic socio-economic study of suppliers and local labour. I'm asking for this so I can analyse the problem of labour and suppliers in Quiruvilca. Barrick hopes to determine the supply of services and labour around Quiruvilca.

Barrick encourages contractors to hire local people. Ten percent of people from Quiruvilca work at Barrick while 90% are hired by Pan American Silver. Barrick pays better wages; we pay 18 monthly wages per year instead of 14, so the population wants to work with Barrick.

It would be very difficult to distribute employment in an equitable form to all the areas of influence. There is a committee working in the employment issue. Lagunas Norte employs 3,500 people. It's difficult to manage this employment issue from Quiruvilca to El Sauco.

24 Note that the Round Table Coordinator cited 131 workers from the urban area of Quiruvilca.

25 Water concerns usually centre on the quality of water discharged, not on the source of water.
Why doesn't the local government promote private investment in the community and improve services in the community?

When asked why Barrick’s employees or contractors’ employees do not stay in Quiruvilca, he responded:

I knew this issue was coming up. It's not true; I have explained that there is no reason for Barrick to send people to Huamachuco to stay when Quiruvilca is closer to the mine. Quiruvilca needs private investment to promote small business and this work should come from the local government.

He introduced me to Representatives 2 and 3 and set appointments – see interview results below.

**Minera Barrick Misquichilca S.A. Representative 2**

This representative explained that Barrick’s Corporate Relations department works in three areas:

4. Ethics – To review conflict of interests, competition, harassment, discrimination, and human rights; there is an annual evaluation of these topics;

5. Employees – Unions and Collective Agreement negotiations, and benefits; and

6. Health and Safety – Every year Barrick awards the safest contractor based in results, process, leadership and environment.

The employment problem Barrick faces in Quiruvilca is the lack of qualified labour, but the company is working to create employment alternatives. Barrick works with social responsibility programs such as education, health, and economic and productive development. Among education programs, Barrick offers the *Matemática Para Todos* (Math for Everyone). In health programs, Barrick has the *Alto Chicama Saludable* (Healthy Alto
Chicama) that fights chronic malnutrition; he pointed out that chronic malnutrition has dropped by nine percent. In the area of Productive and Economic Development, Barrick implemented two initiatives in association with NGO partners, WV and CARE. WV works in programs of alliance for economic development, strengthening of social capital (strengthening of Round Table, and institutional strengthening of local authorities and neighbourhood representatives), Creadivisión, and Quiruvilca's Development Plan. Creadivisión is a financial program which offers [US$150] per person to a group of eight to ten people. CARE works with PRA (Poverty Reduction Alleviation) through projects that bring together local agricultural and textile producers with the market; this NGO also works with Wayra Project – a private company that works with the community through training programs for people who knit and sell the products through the Wayra Shop online and via distributors.

"Barrick is investing in rural areas of Quiruvilca because these areas are often forgotten; all social investment is focused in the urban area of Quiruvilca but not in the rural area."

When I asked this representative why Barrick does not work directly with the community instead of via NGOs, he answered: "Barrick works with NGOs to do community programs because Barrick is a mining company not an NGO; NGOs are institutionalised to work with community programs."

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26 For more information in this Project, see: http://www.wavraperu.com/
This representative also mentioned that Barrick has decided not to work in funding current operational expenses, in reference to the problem that Barrick helped to build the health clinic in Quiruvilca, but this clinic has no doctors available. He mentioned that Barrick believes that is the government's role to invest in current expenses to maintain public institutions.

**Minera Barrick Misquichilca S.A. Representative 3**

This representative has worked for Barrick since 1998, when it started operations in *Lagunas Norte*. Barrick initiated its exploration work in 2002. He recognised that the urban area of Quiruvilca has been left out of social project funding lately and mentioned that Barrick is involved in many socio-economic programs such as *Sierra Productiva*, and educational programs such as SENATI coordinated programs to train young adults in trade programs.

He stated the following:

Project *Sierra Productiva* is very positive and very well received by the community, and we are thinking to implement this project at Quiruvilca and Santiago de Chuco, in peasant communities there is a delay there, because the mayor wants to follow an entire channel and the system of public administration.

Quiruvilcans are more likely to focus on the problem of unemployment, and people of the urban area of Quiruvilca consider themselves to be more in need of work, than people from the rural areas, and this is not true. As people from the urban area say that people from rural areas at least they have some agricultural products to eat, we do not, but what people from the urban area do not take into account is that people from the rural area has JUST that agricultural product and that's it. Barrick has focused its effort in rural area because the levels of poverty in these areas.

People from Quiruvilca have perhaps say better things about Pan American, because they have much more knowledge of them, people feel closer to this company and not much to Barrick, because Pan American has years there, Barrick also has its efforts more focused in the areas of
direct influence, the people of the area near to the basin and is not the urban area of Quiruvilca, especially areas that are impacted by the environmental impacts. However Pan American only is the subject of employment and therefore financed feasts, drinks, orchestras. Barrick does not finance feasts, orchestras, we do not support with drinks that is why people think that Barrick is not interested in the people of the urban area.

The reason employees from Barrick's contractors do not stay in Quiruvilca is twofold: there is no sufficient availability of hotels in Quiruvilca with facilities, is also the issue of the elevation. We need to work in this issue of how to develop some business initiatives at Quiruvilca that offers these services to contractors."

When I asked how Barrick initially entered Quiruvilca, he responded:

"Quiruvilca is a mining town and has a different attitude to the mining, they want to have a possibility of development and employment generation, and that company works in accordance with environmental standards. The expectations of the population on employment were quite high, however, when the company initiates its operations found that people from Quiruvilca did not have the skills, certifications and experience because the mining of Barrick is more capital-intensive in the use of machinery and people were not ready to handle machinery. There is a disconnection between supply and demand for labor because the measures are not satisfied as had been expected. There are no post-secondary education institutions that can train people in Quiruvilca. Peru faces high unemployment in large cities of Peru so you can imagine how unemployment is in the Andean region of Peru. I found among the population that expectations of employment have not been satisfied to the extent that had been generated. People recognize that Barrick has other standards of care and social security but also the people recognize that the economic resources have increased in Quiruvilca because of canon minero from Barrick. This canon minero has multiplied by 68 times from 2004 until today. Pan American has operated for many years in the area of Quiruvilca but in a marginal way and has helped them to survive. When Barrick began its operations the region of La Libertad's income increased, from 100% of total income in the region 95% came from Barrick. Barrick won the bid of Lagunas Norte because we offered 2.51% for the Alto Chicama Social Fund, which is formed by three provincial municipalities and three district municipalities: Quiruvilca, Sanagonal and Usquil."
When I asked him about why Barrick built the main highway that isolated Quiruvilca, he responded:

"This is a very complicated issue that we have to work on. I know the Mayor is concerned that Quiruvilca is [out of the communications loop] and has been isolated because of the construction of the highway. The reason why Barrick built a bypass was because streets in Quiruvilca were too narrow for big trucks, so they needed to make this bypass, but this brought consequences, such as the isolation of Quiruvilca. Currently many transportation companies, in order to save gas, sell tickets to passengers to the town of Quiruvilca, but instead passengers are dropped at the intersection of the main highway. The regional government has to request to the Ministry of Transportation to fix this problem and make transportation companies follow rules, although this would not solve the problem of isolation of Quiruvilca."

When I asked if they thought Barrick should help create another sector that supports the economy of Quiruvilca and make it sustainable, he responded:

"Barrick is becoming conscious that another sector needs to be developed so Quiruvilca can be sustainable. We have to create a consensus with people from Quiruvilca so we can come with an economic project to promote another sector.

Barrick tries to have a good relation with all communities. The national government has been absent in all these towns of the Andes of Peru, we have agreed with these local governments to support with infrastructure. The local government of Quiruvilca manages over [$US 8] million and the mayor is very careful in how he invests this money."

He defined himself as an optimist, and he thinks that the economic circumstances of Quiruvilca are going to improve.