



**REPORT OF THE COMPLIANCE/ADVISOR OMBUDSMAN
EXPERT MISSION TO CAJAMARCA:**

**SITUATION ASSESSMENT AND PROPOSAL FOR A
DIALOGUE PROCESS**

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Revised August 2001

1. INTRODUCTION

The Cajamarca Valley located in the northern Andes of Peru is the product of change wrought by powerful natural and human forces over centuries. The landscape shaped by these forces has profoundly influenced the lives of people who settled here. Just as they have done for centuries, the local population must contend with harsh conditions including devastating floods, droughts, steep slopes, and isolation. Rural life away from the city remains simple, and in some areas small farmers raise many of the crops that were grown in Inca times, like corn, potatoes and beans.

The valley, admired for its bucolic scenery, agrarian customs, and rural lifestyle, is also a product of vibrant traditions. As is characteristic of strong communities, people in the region are self-reliant, and proud of their history and tradition. Robust social networks flourish along side grassroots organizations. Together they address critical social, political, and development needs within the community, doing their best to deal with the lack of state services and the economic crisis.

The tension between change and tradition is a constant force in the valley. That force is at the center of complex conflicts involving groups and organizations over approaches to environmental protection and sustainable development. At one level, these conflicts are about water contamination, economic development, health concerns, and air pollution. The conflicts reach deeper, however, to issues of trust and respect, dignity and self esteem, and fundamental values around independence and self-reliance, natural resources, life styles, and the role of government, companies and civil society in determining and contributing to their joint future. The tension between change and tradition extends even further, to the very core of the identity of the valley and its people.

One of the greatest forces of change in recent history is the presence of the most profitable gold mine in South America which opened in 1993. Minera Yanacocha SRL (MYSRL) is a joint venture gold mining operation. Newmont Mining Corporation of Denver, Colorado, USA holds a 51.35 % interest through its subsidiary, Newmont Second Capital Corporation with the Peruvian mining company, Compañía de Minas Buenaventura SA holding 43.65% through its subsidiary Minera Condesa. The remaining 5% is held by the International Finance Corporation (IFC). The International Finance Corporation (IFC) is the private lending arm of the World Bank Group. Newmont Peru Limited is the manager of MYSRL.

As is characteristic of many settings where mines and communities try to co-exist, a climate of tension, suspicion, lack of trust and conflict permeates their relationship. The tension is enhanced by the gap that exists between how the mine perceives itself versus how the mine is viewed by the community. For example, the mine believes it has demonstrated some degree of social consciousness through their development program for communities who live near the mine. While some in the community are grateful for assistance from the mine, others dismiss such efforts, and criticize the mine because no effort was made to do any meaningful consultation with the community. Instead the mine decided what to do for the communities—behavior that perpetuates paternalism, bad feelings, lack of appreciation and the perception among the community that the mine is arrogant. Another example involves a new community development foundation the company is trying to establish. While some commend the mine for these efforts and believe the mine is acting in good faith, others are taking a “wait and see” approach. They are waiting for information from the company about level of funding, degree of non-

mine control in operating the foundation and how the mine will treat people. Clearly, differences exist between what the mine says it is doing and how it is perceived in the community.

Despite efforts on the part of the mine that it believes are serious and meaningful, local groups from within the town of Cajamarca as well as the communities where the mine is located have raised extensive complaints, in particular since 1998. Their principle charges against the mine include:

- Pollution of dikes, ditches, rivers
- Other environmental contamination
- Violence between contractors imported to work in the mine and local residents
- Lack of transparency
- Lack of appropriate consultation with affected communities
- Lack of information to the communities about what is happening at the mine
- Insufficient allocation of risks and benefits between the community and the mine, including inadequate investment back into the community

Opposition has taken multiple forms, including litigation against the company and direct action to stop plans for expansion. In addition two formal complaints have been filed with the Compliance Advisor/Ombudsman (CAO) of the International Finance Corporation and Multilateral Investment Guarantee Agency (MIGA).

CAO Role and Procedures

The CAO was created in 1999 to provide IFC and MIGA with an independent mechanism to strengthen accountability and compliance with the environmental and social safeguard policies of the World Bank Group. The CAO has three main roles:

- To provide an avenue of complaint for individuals and communities directly impacted or likely to be directly impacted by a project involving IFC and/or MIGA by a variety of mediation and conflict resolution approaches to help redress concerns. Where these are not deemed workable or desirable, the CAO may undertake independent investigations of fact.
- To undertake independent compliance audits on projects of the IFC and/or MIGA at the request of senior management or as and when the CAO feels appropriate.
- To act as an independent source of advice to the President of the World Bank Group regarding the environmental and social safeguard policies and the outcomes of the IFC and/or MIGA portfolio and projects.

Formal Complaints and Response by CAO

One complaint filed by the communities of San Juan, Choropampa and Magdalena, concerns the mercury spill that occurred on June 2, 2000. There are substantive issues related to the spill as well as failure by the company to treat the communities with respect, or respond to the health and environmental situation. The second complaint was filed by a local non-governmental organization (NGO) from Cajamarca. This complaint's allegations range from environmental contamination to increased social inequity. Although the complaints came from two different sources, many issues are similar.

Based on extensive discussions with the company and the community, the CAO has decided to convene a mission to understand and address these problems in a more comprehensive manner. In doing so, the CAO guarantees a neutral, independent space within which this assessment and any future approach can take root. The CAO retained a team of specialists in mediation, facilitation and conflict resolution, to assist with the mission. The team includes Ms. Susan Wildau, Mr. William Davis, and Mr. Eduardo Moane. Ms. Rachel Kyte is coordinating the mission for the CAO, under whose auspices all are working.

Purpose of Mission

The purpose of the mission during this exploratory phase is to answer the following questions:

- How do people from the mining company, government and civil society perceive the situation? What different perspectives exist? Where is the common ground?
- Are people willing to participate in a process to increase understanding among different perspectives and perhaps cooperate? How much willingness exists among key parties from the community and the company to engage in a broader set of cooperative activities that explore how all can live together sustainably?
- If there is willingness, what kind of processes, activities, and capacity building will be required for a community collaborative to be successful in its quest for common ground around problems related to the future of the mine and the communities? What activities can take root and flourish to produce an ongoing, transparent, independent, locally based process that is focused on both long term and short term strategies, and not dependent upon a prolonged CAO presence?
- What challenges must be considered in launching and sustaining a successful process? What strategies will be necessary to surmount them?
- What observations and next steps can we offer to the community and the company, for their reflection, thoughts and comments, so the situation can be improved?

While we found that significant doubt, lack of trust, and suspicion exists on all sides, there is also a strong sense among those involved in the current conflicts that recent events have created a unique opportunity to forge a new vision for how to increase understanding and perhaps cooperate to improve the situation. Forging this vision will require groups that have advocated tirelessly for their own approaches to consider a broader set of interests and an improved working relationship.

This report reviews our mission approach, summarizes key themes we heard from all those we interviewed and offers a preliminary proposal for seizing the opportunity for change perceived by many people with a stake in the valley's future. While change may indeed be contributing to conflict, it presents an opportunity to shape the future of Cajamarca, giving voice to both traditional values and development.

2. CAO MISSION APPROACH

Our team of conflict resolution specialists traveled to Cajamarca where we remained from July 17, 2001 – July 21, 2001. The purpose of our trip was to conduct in-person interviews with people who might assist us in answering the questions described in the introduction. Another aim was to gain a sense of the landscape at the heart of the conflicts so that we could better understand the interests of different groups and individuals. We also conducted a telephone interview with Newmont senior management located in Denver, Colorado.

In broad terms, our interviews included:

Minera Yanacocha

General Manager
Manager of Human Resources
Managers for Development and Community Relations

Newmont Mining

Vice President for Latin America

Government

Mayor of Province of Cajamarca
Environmental Committee of the Provincial Council of Cajamarca
Mayor of Magdalena
District Mayors
Mayors and Assistant Mayors from the Centros Poblados Menores of Cajamarca, Baños del Inca and La Encañada, Magdalena
Defensoría del Pueblo

Civil Society

Las Rondas Campesinas Femeninas del Norte/FEROCAFENOP
ECOVIDA
VALLEVIDA
CARE Peru
CIPDER (Consortio Interinstitucional Para El Desarrollo Regional/Inter-institutional Consortium for Regional Development)
CEDEPAS (Social Action Ecumenical Center)
ITDG (Soluciones Practicas Para La Pobreza/Intermediate Technology Development Group)
ADEFOR (Civil Association for Research and Development of the Cajamarca Forest)
Rector of the National University of Cajamarca
Dean of the Post Graduate School/National University of Cajamarca
Rector of the Universidad Privada Antonio Urrello

We would be the first to acknowledge that we did not contact or meet with all persons who might have an interest in environmental, social and development issues in the Cajamarca valley. In particular, we did not meet with the Cajamarca Congressional delegation or federal government ministries. And we are aware of numerous individuals who also may have useful information. We fully expect that any significant gaps or omissions regarding interviews or contacts will be addressed as part of a further convening process. Nevertheless, we are confident that our interviews have provided a

reasonably complete picture of the significant interests that exist within the community and the mine.

3. SUMMARY OF THEMES AND IMPRESSIONS—AN OVERVIEW OF WHAT WE HEARD FROM THE COMMUNITY AND THE MINE

The Chinese word for conflict, composed of two characters: one meaning crisis or obstacle, the other, opportunity, provides a useful framework for understanding and integrating a wide spectrum of views into a coherent set of themes. This tension between crisis and opportunity is also found in other ancient traditions the world over. Our visits with individuals and groups from civil society, municipal government, and the company revealed an intricate pattern of crisis and opportunity in Cajamarca. We have assembled the threads from these diverse conversations into a tapestry of themes and impressions for reflection and consideration by the parties.

A. *Obstacle/Crisis: People believe that Cajamarca is unsustainable from a social, economic and environmental perspective.*

Opportunity: There exists a level of openness to search for a means to increase understanding and improve the way things are.

There is general agreement among those interviewed, that the current situation in Cajamarca is unsustainable from a social, economic, and environmental perspective. This opinion is widely shared by institutional representatives of local government, the NGO community, and private citizens. An unstable, apprehensive atmosphere grips the heart, mind and soul of what only the tourist guides describe as a tranquil, colonial region. People are troubled about their future and a heavy cloak of anxiety and profound concern darkens the spirit of the place and threatens any meaningful sense of well-being.

At the same time, there exists a level of openness and high degree of common interest among many people with whom we spoke, to search for ways to improve how things are—environmentally, socially, economically, and in terms of the relationship between the community and the mine. In fact, almost without exception, people communicated a willingness to consider, and perhaps commit to an approach premised on a collaborative process, and a desire for peaceful co-existence. We heard a consistent message from people of diverse affiliations and interests: namely, that it is time to talk. Fueling this change of heart is a heightened awareness of fundamental connections that exist in the valley: social, economic, environmental, political, and inter-personal, among others, and a frank acknowledgement from both the mine and the community that old ways of doing business are not effective. With that recognition comes the message that the time is propitious for consideration of alternative approaches for changing the status quo and a commensurate willingness to do so, especially in light of the fact that the mine now projects 25 – 50 more years of mining operations in the region.

B. *Obstacle/Crisis: A pervasive lack of trust, respect and communication promotes divisiveness and prevents a mutually beneficial working relationship from taking root between the community and the mine.*

Opportunity: The mine recognizes the need to make changes in its relationship with the community and the community recognizes the mine as central to the economy of the region. This kind of mutual acknowledgement and interdependence in combination with follow-through on commitments and tangible progress can increase trust and promote a more cooperative way of working together.

Under ideal conditions, a mining venture of this magnitude would have initiated a serious and meaningful effort to build an effective working relationship with the communities impacted by its operations. The relationship between the community and the company would be one based on mutual trust and respect, the sharing of information, transparency and a mutual effort to come together to address common problems and concerns. Such an approach can significantly facilitate establishment of trust and assimilation of the changes in urban and rural life that inevitably accompany this level of development. Furthermore, it would provide the possibility of integrating mining activities into a comprehensive, shared vision over the future of the region.

Regrettably that has not happened. Instead, widespread distrust exists between the community and the company, fueled by a lack of transparency and disclosure on the part of the mine and no legitimate space or forum for increasing communication.

While divergent views exist about the mine and its relative benefit to the community, there is widespread agreement that the mine has not been forthcoming with information about its operations. In fact, we observed how suppositions, myths, misinformation, allegations and rumors regarding the impacts, activities, and motives of the mine and other actors tumble into the vacuum created by the absence of transparent behavior, clarity, and two-way communication. Ironically, those with interests in opposition to the mine have, in fact, formed public opinion in the absence of information supplied by the mine.

Even those sympathetic to the mine were rather confused and bewildered regarding what the real situation is. They are puzzled about both the present and the future: what is currently happening at the mine; where is the company headed; what are the mine's future intentions; how will future mining scenarios impact the community? The community has indicated that continuing silence by the mine will only perpetuate distrust and further erode the possibility of a more constructive relationship.

Recently, however, Minera Yanacocha has recognized the need to make some changes in their relationship with the community. The mine has advised us of an internal process to revisit their approach to working with communities, and externally they have embarked upon an intensified set of community outreach efforts, including a series of organized activities, community consultations, etc. One of the spurs for the change was the mercury spill June 2, 2000 that affected the communities of Choropampa, Magdalena and San Juan. However, what the mine says they are doing and how it is perceived by the community are often divergent. Whereas the mine indicates it is trying to improve the way things are for affected communities through public works projects, schools, and community development initiatives, the

community is divided in its response to such assistance. While a few citizens are grateful, many are disdainful, dismissive or hostile. Some members point out that the company plans and implements these activities with a minimal degree of community involvement. Ignoring community input encourages the cycle of distrust, and promotes the perception of arrogance. Furthermore, the company has overlooked an important opportunity to strengthen ties with the community through the inclusion of more meaningful community participation in its development work.

Despite references to a culture of arrogance, widespread distrust, and a lack of meaningful involvement in projects and issues that affect them, these same groups recognize the mine is central to the economy of Cajamarca. In fact, it may come as a surprise to some that those interviewed were not interested in closing the mine or forcing it out of business. In our interviews with rural municipal mayors from small townships, we heard unequivocally of their willingness to see the mine continue its operations, provided it functioned in a socially and environmentally responsible and respectful manner. In fact, representatives of groups who in the past had been associated with views to the contrary, all stated their readiness to build understanding and work together to find solutions to the issues that affected the community and the mine.

C. *Obstacle/Crisis: A culture of dialogue is largely missing in the experience of the parties.*

Opportunity: Some individual experience with cooperative problem-solving, conflict resolution and planning exists within and across groups that parties can apply to collaborative activities between the mine and the community.

While we were encouraged by the willingness of the parties to sit down and talk together, we were struck by the absence of a “culture of dialogue”. Both the company and the community recognize that experience with community-based problem solving is limited. Furthermore, habits of collaboration between groups and individuals, as well as institutions with moral authority to provide leadership and a neutral space for a collaborative process were in short supply. In fact, we heard about several cases in which dialogue was undermined by a highly contentious atmosphere. The special commission convened to evaluate water quality is one such case. It disbanded when several members resigned, citing concerns that the mine was attempting to direct and unduly influence their findings.

While key parties have found it difficult to work with each other on environmental, social, and development issues, we learned about other cooperative initiatives that provide experience and hope. One example mentioned by several is the “Plataforma de Defensa de La Vida y el Medio Ambiente”, convened by the Mayor of Cajamarca. We also learned of several strategic planning processes within NGOs which utilized consensus building processes. Nevertheless, moving beyond the status quo will require the parties to call upon processes with which they are not familiar, on a scale not encountered before.

D. *Obstacle/Crisis: The presence of the mine is overwhelming in comparison to everyone else and has dominated all aspects of life in Cajamarca.*

Opportunity: The presence of a flourishing civil society, strong social networks, and a new national government apparently committed to more participatory processes increases the prospects for more equitable collaboration between government, civil society and Minera Yanacocha.

In order for a collaborative process to take hold, it is important to construct an approach that is sensitive to balance of power issues. In assessing the relative strengths and shortcomings of civil society and local government in contrast to the mine, we have several impressions. As is characteristic of strong communities, we found people to be self reliant, and proud of their history and tradition. We were struck by the rich history of strong social networks that exists within the community. The Rondas Campesinas provides a remarkable example of a group who worked with other traditional organizations to successfully protect their communities from both the “Sendero Luminoso” (Shining Path) and the military during the “Dirty War”. Furthermore, we learned about innumerable social organizations and institutions dedicated to building strong and healthy communities and promoting a better quality of life. Over the last decades, numerous grassroots organizations have emerged to address social, political, and development needs, doing their best to deal with the lack of state services and the economic crisis. Although the civil society sector is flourishing in many ways, it is constrained by lack of resources along with an ever-increasing demand for service.

Likewise, the local government is emerging from ten years of intense centralization of authority. Until now local municipalities have been hampered in carrying out their role by a variety of factors, both legislative and resource related. Peru has little tradition of participatory government. Under Fujimori, even more doors were closed to participation. In the same vein, government functions once ascribed to municipalities were taken over by central government organisms. The transfer of funding from the national budget to municipal governments is still minimal. With the election of President Toledo, government at all levels is in transition. It is too early to know how municipalities will be impacted and the extent to which decentralization of resources will occur.

In contrast, Minera Yanacocha appears omnipotent. It is perceived as immensely more powerful than any other sector of the community. Repeatedly we heard how the mine was so big in comparison to everyone else. With 7,000 employees (including those on payroll or contract) out of a population of 70,000 in the city (300,000 in the wider area), and considering the existence of significant levels of ancillary services and related economic activities, the mere economic presence of the mine overwhelms the community. Furthermore, some have noted that the company employs resources and criteria that disrupt and challenge traditional power structures and ways of making decisions. For example, some local authorities have felt disrespected, dismissed and ignored by the treatment they have received from the mine. Needless to say, the presence of the mine is ubiquitous, touching every part of life in Cajamarca. In fact, some citizens we interviewed referred to the community as “Campamento Cajamarca”.

The presence of a flourishing civil society, strong social networks, and a new national government, apparently committed to more participatory processes, increases the prospects for taking necessary steps toward more equitable collaboration between government, civil society and the mine. It also points to the need to find methods that ensure civil society and local government can participate with company decision makers on a more equal footing for a meaningful collaborative process to take root.

E. Crisis/Obstacle: The community is undergoing significant transition and change which creates conflict, challenges its core identity, and raises issues of competency, meaning, and core values for individuals and society.

Opportunity: While change may indeed be contributing to conflict, it presents an opportunity to shape the future of the Cajamarca region. Change can create the conditions that inspire people to imagine a different future, one that brings a community together rather than splits it apart.

For many years, Cajamarca has been part of a region known and admired for its bucolic scenery and agrarian traditions. Agriculture, livestock and dairy farms formed the centerpiece of its urban and rural identity. Cajamaricans still enjoy a worldwide reputation for quality milk production and dairy products. Citizens are proud of these accomplishments.

At the beginning of the 1990's the national government initiated a process for strengthening mining investment and activity in Peru which has had enormous consequences for Cajamarca. The initiative, characterized by increased foreign investment, helped modernize and develop the extraction industry, and created conditions favorable for Yanacocha to initiate their gold mining operations in 1992. For the last nine years the company experienced tremendous growth, with the distinction of becoming the premier producing gold mine in Latin America, and one of the largest mining enterprises in the world. The footprint has expanded exponentially, estimates of the size and quality of deposits are continually reevaluated and new deposits found. Some say the mine could have a life span of up to fifty years.

With the onset of the mine and its exponential growth, two different cultures headed down a collision course. At first hopes and then fears took shape within the population. Many perceived the mining operation as a threat to their agrarian identity. In fact, our conversations revealed an identity crisis of sorts in the Cajamarca valley, triggered by rapid and formidable changes in social structures that threaten local customs and destabilize an established way of life.

We repeatedly heard that the mine is threatening every dimension of life, contributing to confusion about the identity of the region and the people in residence there. Farmers who only tilled ground or tended animals may now have work related to the mine. The complexion of the community has moved away from a traditional agrarian lifestyle and succumbed to some of the classical conflicts typically found in towns heavily dependent upon mining for economic viability. Regrettably, these include increased rates of prostitution, alcoholism, domestic violence, in-migration and transients bringing different cultures to the area.

The struggle for identity takes many forms. Questions and doubts about the future abound. People wonder:

- How long will the mine be there?
- What will be the impact on their traditional lifestyle and quality of life?
- Can they co-exist (traditional lifestyle with the mine)?
- What will happen to the environment—will there be a wasteland?
- What are the plans for the future?
- What will happen after the mine leaves?
- What vision for our community do we want? Is there a way to build a future that promotes health for our natural resources including water and ourselves, ecological integrity, responsible mining that benefits the company and the community, and local economic stability? If so, what role should government, industry, and civil society play to achieve that vision?
- What is the legacy we will leave for our children? The future for the youth of Cajamarca is an issue that unites people.

Minera Yanacocha's Response

The mine recognizes it has a place in the community's struggle to understand who it is and who it wants to be. Recently Yanacocha announced its intention to form a foundation to fund community development activities. The mine has agreed to participate in a transparent process designed to foster community ties.

Nevertheless, many see the mine as a polarizing influence within the community. Intentional or not, and there is debate about this, the mine divides the community into an "either/or, for or against" mentality. One by one, groups with moral authority have fallen from grace in their effort to work with the mine. Division and divisiveness around the actions of the mine has reached such extremes that people who cooperate with the mine are sometimes referred to as "*Filipillo*"¹. The divisiveness is so pervasive that some NGO's whose clients and constituents might have benefited from collaborating with the mine on joint goals around development, are reconsidering their cooperation because of the stigma, the potential damage to their reputation, their independence and their integrity within civil society.

If there is to be any future collaborative activity between the community and the mine, special care will have to be given to proceeding in a way that strengthens identity and brings the community together rather than splitting it apart.

¹ Filipillo was an interpreter for Pizarro, the conquistador who confronted and ultimately garroted the Inca King, Atahualpa in Cajamarca in 1532. Some believe that Filipillo played a role in confusing Atahualpa as he interpreted the words of the conquistadors. Some consider that he went against his own people by doing everything he could to damage the Inca's reputation and undermine Pizarro's confidence in him, ultimately leading to the Inca King's death.

F. *Crisis/Obstacle: The situation between the community and the mine is fraught with complex and emotional issues as well as different views of the problem and difficult choices.*

Opportunity: There is some agreement on the issues identified by the mine, municipalities, and civil society they hope to address in a collaborative forum.

Different people inevitably see the problems from different perspectives and we heard many views on what issues people hope a collaborative process might address. Rather than compile an exhaustive list, we focused on identifying broad categories for further discussion. We are not certain at this time whether all parties would agree to accept these topics; however, we do know that trust and water were on just about everyone's list.

Anyone familiar with the Cajamarca region could readily come up with his or her own list, which likely would include some or all of the following:

Environmental

- Water contamination, loss of/competition for water sources in a dry climate, concern about the watershed and other water-related issues. This was the issue most frequently mentioned by members of the community.
- Fish and frog die off—what is the cause; is it related to the mine or not; how do we know; how can it be prevented?
- Air pollution
- Loss of medicinal plants

Health

- Risks posed by the mine to indigenous and local community health

Development

- Development and alternative economic development strategies

Mining Practices and Operations

- Transportation-related issues
- Hiring practices and employment needs of the mine
- Future mining activities in the region
- Public involvement in community development initiatives by the mine
- Clarifying public perceptions and facts about practices of the mine

Social Justice

- Land acquisitions
- Risks posed by the mine to indigenous and local community livelihoods and cultural survival
- Repression of mining opponents and proponents
- Lack of trust between the mine and the community
- A durable ongoing structure for community input, communication, participation and information exchange

The themes presented above attempt to lay out in an even-handed manner both the obstacles and opportunities associated with any future collaborative process. Despite

the positive messages we heard from the community and the company, we have no illusions about the difficulties that will accompany the convening and implementation of a collaborative process. We believe, however, that the opportunities justify a guarded optimism. With the interviews, themes, and analysis in mind, we offer a proposal in the next section for how we might take some next steps.

4. THE PROPOSAL

As a result of our interviews, themes elaborated in the preceding section, and our experience with similar situations elsewhere, we propose the following first steps for the initial phase of a change process. The recommended approach is a measured, careful, incremental step-by-step process to increase understanding and hopefully develop cooperation between the community and the mine to resolve issues they care about.

The initial phase described below is only a first step. The second step is not yet clear. At this point, after meeting with the community and mine personnel initially, we are unable to gauge the depth of the commitment and specific direction they should take. It would be premature and ill-advised to lay out a more specific blue print until we have the opportunity for further involvement, consultation and advice from the community and the mine.

As we have stated all along, there is no one recipe for success other than ensuring the vision, goals and approach to any collaborative process are created and owned by the people of Cajamarca. **In the spirit of jointly searching for ways to increase understanding, manage differences and solve problems, we invite all parties from the community and company to give thoughtful consideration to the report. We look forward to your reflections, impressions, insights and advice during the next phase of our mission. We expect that your discussions with us will generate additional important questions and will lead to a higher quality approach than we could ever develop on our own.**

The First Step

The proposed purpose of this next step is to build a stable foundation upon which a collaborative problem-solving process can take root and develop clarity about its initial direction. We hope to work with the parties to locate the essential elements of a foundation and assemble them, with deliberation, care, and pragmatism.

To accomplish this aim, our team, working under the auspices of the CAO, plans to return to Cajamarca in September. During this visit we propose convening and facilitating three highly structured public workshops that will focus on the specific themes and challenges related to the development of a collaborative process. Each workshop will have a clear purpose, agenda, and will identify areas of agreement among the participants. The goal of these workshops is to create a uniquely Cajamarca process for building understanding, managing differences and resolving problems related to the mining operation and the community that are acceptable to all.

We propose that no more than fifty participants from key interest groups attend each workshop. We suggest limiting the number of people who attend each session to promote effective group dynamics, assure that participants will be able to engage in

productive dialogue, and promote meaningful and positive connections with each other. In addition, we propose a series of individual consultations between members of our team and each of the parties before and possibly after the public consultations. The goals of these conversations are to:

- prepare each group and ourselves for the public workshops
- gain an understanding of any apprehensions and concerns participants have regarding the development and implementation of a community-based problem-solving process
- elicit advice, feedback, and thoughts about the design and program for upcoming workshops.

Public Workshop I: Presentation and Discussion of Report Themes

The first workshop will bring together approximately fifty participants from different interest groups to gather feedback about our report, and gain a clearer picture of people's commitment to a collaborative process. The goals of the session are to:

- review the purpose and approach of the CAO's mission in July
- talk about what is going to happen during our September visit
- present themes from our July conversations outlined in the report received by participants
- elicit responses and reactions from participants regarding the themes—their thoughts, impressions, and comments; where they agree and disagree; what is missing; etc.

Outcome: An agreement among the parties on the themes and a signed document by all parties indicating their willingness to participate in a future collaborative process.

Public Workshop II: Presentation and Discussion of Collaborative Processes for Building Consensus and Resolving Conflict

When our team met with individuals and groups from Cajamarca in July, we discussed the concept of a "Mesa de Dialogo" and gained valuable insights about its feasibility from the community and the mine. Nevertheless, there are other models that may be as appropriate or more so for the Cajamarca experience. In the second workshop the team will provide other consensus-building models for the parties' consideration. The goals for this session are to:

- gain understanding of alternative models for community consensus-building and conflict resolution
- discuss each option, advantages and shortcomings
- provide feedback to the team regarding what parts of the models are most suitable to the environment and culture of Cajamarca and what will be most effective in the local context
- identify additional approaches that parties might consider
- check in with each other about our commitments—after two workshops, "Where are we?"; "How are we doing?"; "Do we agree to continue?"

Outcome: A deeper understanding of the options available for community consensus-building that will be applied during discussions in Public Workshop III.

Public Workshop III: Getting to Specifics

In order to think more specifically about how to move forward with the design and implementation of a collaborative process, we propose a workshop format for the third session that focuses on specific issues we heard repeatedly. The purpose of this workshop is to engage participants in a dialogue to develop an action plan to launch a collaborative community-based process. We propose that this workshop concentrate on three topics: water, development, and other environmental issues.

To promote more in-depth discussion, we suggest the formation of three working groups, based on the topic about which people are most concerned. (Our assumption, derived from our July conversations, is that not everyone has the same level of interest in every topic.) Within each working group participants will be asked to reach consensus agreements on a proposed plan of action, *not on a solution to the problem itself*. Each plan will include the answer to some difficult questions:

1. What is the goal of the working group? What are we trying to accomplish? If we are successful, what will success look like?
2. What are the specific issues that we wish to discuss within our broad topic?
3. What kind of collaborative process do we want to design to achieve success?
 - What does the process look like? (Is it a “Mesa de Dialogo” or another model?)
 - Who needs to be in the process with us so that our discussions are balanced, credible and representative?
 - How should we treat each other in our discussions?
 - How should we make decisions?
 - What degree of authority does our group have and how do we get the decisions that we make implemented?
 - What experts or other needs for technical data do we have, and how do we establish a common pool of credible information?
 - Who can lead our process in a way that is respectful and objective?
 - What kind of “capacitación” do we need to set ourselves up for success?
 - Are there other problem-solving initiatives in our communities that are talking about similar issues? If so, how will we coordinate with these groups?
4. What time frame will we need to make progress on these issues?
5. What involvement will we need from the CAO, over what period of time?
6. What are the next steps?

At the conclusion of the small working group session, we will reconvene in the whole group to hear a summary from each working group. There will be an opportunity to ask questions and make comments during this part of the workshop, and assess once again the feasibility of moving forward.

We also propose a whole group discussion to gather participants' thinking about a coordinating mechanism for the working groups. This may involve the establishment of a coordinating committee to organize and facilitate meetings, ensure publication and distribution of the groups' work, etc.

Outcome: A concrete agreement on how to move forward procedurally, development of an appropriate way to oversee and coordinate our efforts, and the creation of a project identity.

5. CONCLUSION

Conducting the situation assessment has been a challenging and important professional experience. We have gained a strong respect for the many individuals who care deeply about Cajamarca, as well as a fuller appreciation of the numerous social, environmental and development issues in the valley. Without predicting the future, we believe that there is a solid opportunity at this moment to improve understanding among the parties, and begin the task of working toward collaborative solutions to the issues that concern them. We recognize, nevertheless, that real success of any process depends upon the political will of the people in the community to assume the courage of citizenship and increase social capital by engaging in activities whose ends are to help the community make positive changes to the place in which they reside.