STRUGGLES OVER GOVERNANCE OF OIL AND GAS PROJECTS IN THE PERUVIAN AMAZON

by

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A DISSERTATION

Presented to the Department of Geography
and the Graduate School of the University of Oregon
in partial fulfillment of the requirements
for the degree of
Doctor of Philosophy

June 2016

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Title: Struggles Over Governance of Oil and Gas Projects in the Peruvian Amazon

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DISSERTATION ABSTRACT

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Doctor of Philosophy

Department of Geography

June 2016

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This dissertation examines the shifting and multi-scalar governance of oil and gas projects in Peruvian Amazon. Using cases studies of oil extraction in blocks 1AB (192), 8 in Loreto (2006 to 2015), and the Environmental Impact Assessment (EIA) process for the expansion of the Camisea gas project in block 88 in Cusco, this dissertation explores how environmental decision-making processes of oil and gas projects are structured and enacted. In doing so, this study sheds light on the shifting interactions, negotiations, struggles and (at times) open conflicts between actors that define why, how and where hydrocarbon projects take place in the Amazon. Recognizing the variety of actors, I organize my analysis around government institutions, indigenous mobilizations, environmental assessments and the economic distribution of revenues from oil and gas projects.

From my analysis I argue that resource extraction is changing substantially the relationship between the government and the indigenous peoples in the Peruvian Amazon. These changes involve profound changes in indigenous rights and the creation of new institutions and capacities in the state to address the social-environmental effects of extractive industries. The surge of social-environmental conflicts and the influence of

international finance institutions have prompted the Peruvian government to reform the institutional framework regulating resource extraction. This reforms are taking place amid the globalization of indigenous rights, discourses, and laws (such as the Prior Consultation Law) granting special rights to indigenous peoples. However, power-knowledge asymmetries in the decision-making processes (such as the environmental assessments) tend to increase the sense of mistrust among the local populations, resulting in increasing social-environmental conflicts. In addition, the uneven distribution of benefits from resource extraction is creating regional disparities, increasing the dependency of some regions on resource extraction. An examination of the implementation of the EIA process for the expansion of the Camisea project in block 88 exposes unresolved practices of representation and citizenship of the indigenous peoples in voluntary isolation. However, overall, Amazonian indigenous people's struggles are shifting the traditional national, social, and political life.

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ACKNOWLEDGMENTS

I wish to express profound gratitude to the people who provided intellectual guidance and encouragement: my advisor Professor Derrick Hindery and my former advisor, Professor Lise Nelson. This research could not have been possible without the generous support of John Allcott, M.D. and Elizabeth H. Allcott, PhD and the kindness of many people who provided much-appreciated advice such as Professors Carlos Aguirre, Katie Meehan and Peter Walker. Special thanks go to the Apus Alfonso López, Carlos Sandi and Aurelio Chino of the indigenous federations ACODECOSPAT, FECONACO, FEDIQUEP, Jacqueline Binari of COMARU and to my friends and colleagues Lily La Torre, Tami Okamoto, Carlos Soria, Wendy Pineda, Martin Scurrah, Frederica Barclay, Maggie Keenan, Kalindi Devi-Dasi, Gabriela Martínez, Diana Bermúdez, Asunta Santillán, Diego Saavedra, Thuli Makama, Vanessa Cueto, Cristina Lopez, Diandra Torres, the staff of the organizations Derecho, Ambiente y Recursos Naturales (DAR), Pueblos Indígenas Amazónicos Unidos en Defensa de sus Territorios (PUINAMUDT) and the Environmental Law Alliance Worldwide (ELAW). Special thanks to my editor, Sharon Hernandez-Dorow for her patience and dedication and to Avi Conant for his helpful comments and edits. I have benefitted tremendously from the insights and support of faculty, staff and graduate students of the Department of Geography at the University of Oregon. I am especially grateful to Dylan Brady, Christine Carolan, 'Em' Jackson, Belen Noroña, Olivia Molden, Anna Moore, Sarah Proctor, Tom Ptak, Yi Yu, and to the innumerable other friends and family who gave me personal support, but special mention goes to my brother and sister Romulo and Lili Lu.

To my parents

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CHAPTER I

INTRODUCTION

"There is no country more diverse, not with a greater multiplicity of earthly and human resources; it has all degrees of heat and hue, love and hatred, of warps and subtleties, of symbols both utilized and inspiring…"

José María Arguedas, 1968

This dissertation explores the governance of oil and gas projects in indigenous territories and protected areas in the Peruvian Amazon.[1] It examines the ongoing practices that are redefining how hydrocarbon exploration and extraction are managed and how different government and non-government actors interact with each other in the decision-making processes of oil and gas projects in the Amazon. Governance denotes the political, social and administrative mechanisms through which access to and use of natural resources are governed by state and non-state actors. The term also refers to the "organizational and institutional arrangements through which society-environment relations are governed" (Himley, 2008, p. 434). In the case of the access to and use of resources such as minerals, oil, and gas governance involve the institutional superstructure of regulation, as opposed to the underlying political economy of resource production. (Bakker and Bridge, 2008, p. 255).

As in other regions of the world, the growing demand for energy in Peru over the past decade has led to a surge in oil and gas activities in protected areas or their periphery

[1] Amazon region comprises the Rupa Rupa and Omagua regions according the Pulgar-Vidal (1996) categories of Peru's natural regions.

(buffer zones), and on indigenous territories (Bernal, 2011). In this context, this dissertation addresses the decision-making processes in ongoing and new oil and gas projects the Amazon to elucidate whether and how a range of actors—particularly public institutions, oil and gas corporations, indigenous organizations and environmental advocates— play a role in deciding how, where and under what conditions resource extraction take place in contemporary Peru. The main research question of this dissertation is the following*: Is the surge in oil and gas projects in the Peruvian Amazon overlapping indigenous territories and protected areas influencing environmental governance? If so, in what ways?* To answer this question, this main research question is broken down into the following sub-questions: *How are decision-making processes involving oil and gas projects structured and enacted? What are the roles of the various actors involved in this process? How are indigenous groups responding to these activities in the Peruvian Amazon?*

To address these questions, I analyze the two cases (Figure 1): The first one examines the ongoing oil exploitation in blocks 1AB (renamed 192 since August 2015) and 8 in the north east of Loreto from 2006 to October 2015. In this case, I examine specifically the role of government and non-government actors in the management of the social-environmental impacts of oil extraction and the implementation of an indigenous consultation process undertaken in 2015 to transfer Block 1AB (192) to a new operator in August 2015. The second case analyzes the Environmental Impact Assessment (EIA) process that took place from 2012 to 2014 that authorized the expansion of gas activities in block 88 in Camisea, Cusco. In addition, I analyze how the economic benefits from oil and gas projects in Cusco are managed and distributed to understand its implication in

environmental decision-making processes. Both settings involve operations at different stages (ongoing extraction and the second one focuses on the expansion of hydrocarbon prospecting activities) in indigenous territories and protected areas.

This analysis offers the opportunity to explore the shifting regimes of governance of the hydrocarbon sector in the last ten years. Drawing on interviews, legal, policy and archival research conducted during my fieldwork in Peru from 2012 to 2015 and over twenty years of experience as an environmental scientist in the non-profit sector examining hydrocarbon projects in Peru and Latin America, my research examines the political interests, institutional and political framework and the decision-making mechanisms affecting protected areas and oil/gas projects in indigenous territories.

Figure 1. Location of Blocks 1AB (192), 8 and 88 (Camisea)

Lu, 2015. Data source: Perupetro 2015

Research Problem and Context

Peru is the seventh largest oil producer in Latin America. The country's estimated 741 million barrels and 25 trillion cubic feet of proved[2] crude oil and natural gas reserves are located mostly in the Amazon[3], a region inhabited by more than fifty ethnic groups and containing more than thirty national and regional protected areas[4]. From 2003 to 2013, Peru's gross domestic product (GDP) increased 86%, raising the overall demand for energy, including hydrocarbons (oil and gas). During this period, the consumption of oil and gas increased 100%, especially in the more prosperous and densely populated cities, particularly (but not exclusively) those along the coast. Roughly 40% of the 31 million Peruvians live in coastal cities, most of them (9.8 million) in Lima (INEI, 2015). This part of the country's population benefitted most from the 6.9% average annual income growth of the past decade (INEI, 2014a; World Bank, 2015). Although the country's economy slowed down to a GDP growth rate of 2.4% in 2015, financial institutions are still optimistic and predict an economic recovery of at least 4% for the next two years (World Bank, 2015; IMF 2015). From 1995 to 2012 the domestic demand for oil and gas grew 244%. During this period, oil consumption (diesel 2 and gasoline) grew from 134,097 to 253,848 terajoules and gas from 12,343 to 87,783 terajoules (INEI, 2014b). Peru's economic growth trend suggests that its dependence on hydrocarbons is expected to continue in the immediate future, especially in Lima city,

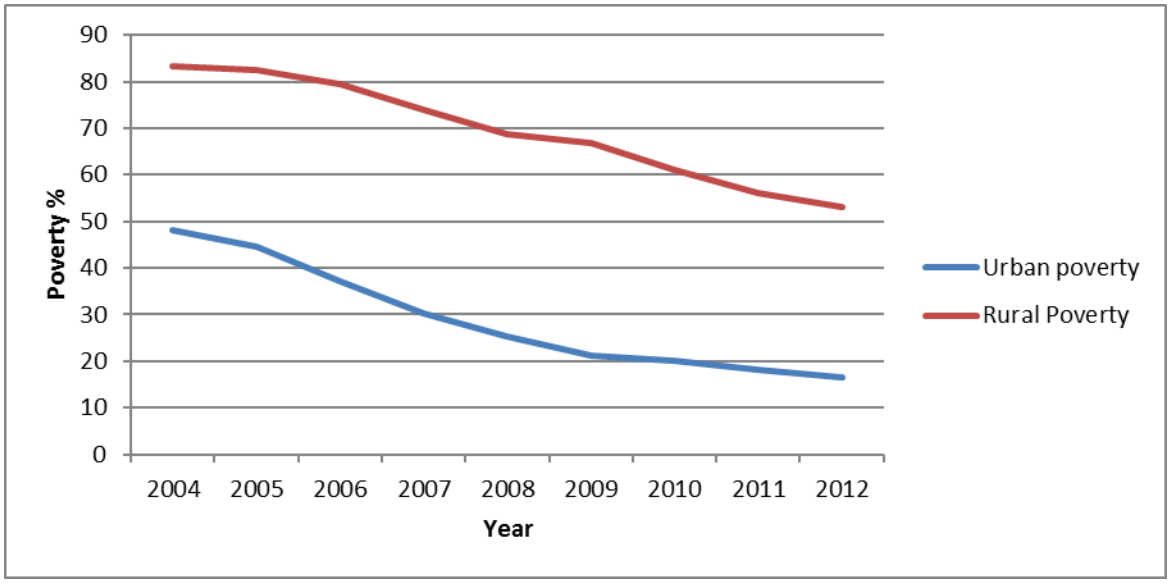
[2] Reserves are those quantities of petroleum which are anticipated to be conmmercially recovered from known accumulations. Proved reserves: At least 90% of reasonable certainty that estimated hydrocarbon reserve will equal or exceed the estimate. Probable reserves: At least a 50% probability that the quantity of hydrocarbons will equal or exceed the estimated reserves. Possible: at least 10% certainty that the amount actually recovered will equal or exceed the estimated reserves.

[3] Peru has eighteen sedimentary basins potentially holding hydrocarbon reserves. These are located in the Amazon and along the north coast of Piura and Tumbes.

[4] In addition, the Peruvian Amazon also has more tan 50 private conservation áreas (ACP) in privately-owned lands and recognized by the national government.

which generates roughly half of the national oil demand. The economic growth of the last years has not been effective in reducing the economic gap between urban and rural households (especially in the Andes and Amazon) as the percentage of poverty of rural households is still 3.2 higher (in terms of income) than urban households along the coast[5] (Figure 2).

Figure 2. Peru: Urban and Rural Poverty[6] Levels (2004 – 2012)



Data source: INEI, 2015

The economic growth in the densely populated cities has also been accompanied by more accessible bank loans to buy motor vehicles (cars, motorcycles, vans, buses, etc.).

[5] Spatial dimensions of these inequalities are not only material. Numerous scholars have explored the racial, cultural and social dimensions of these inequalities and its implications on how people and regions are perceived and governed (Orlove 1993; De la Cadena 1991, Ames 2011). As Ames (2011) argues, an analysis of the political and economic discourses in Peru in the last century reveals how the popular geographic division of Peru' in 'three natural regions' *costa, sierra y selva* (coast, mountains and jungle) perpetuates racial and social hierarchies.

[6] Peru's statistics and census agency (INEI) defines poverty based on the number of people whose monthly per capita expenditure is below the value of the basic consumer basket.

Therefore, it is not a surprise that the number of motor vehicles in Peru has increased 61% in last ten years (Table 1).

Table 1. Annual Growth of Motor Vehicles in Peru 2004-2013

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Number of vehicles (thousands)	1,361	1,440	1,474	1,534	1,641	1,733	1,850	1,980	2,138	2,223	2,423

Data source: Ministry of Transportation, 2014; INEI 2015

Given the optimistic predictions of Peru's continued economic growth for at least the next two years, the number of cars (and consequently fuel consumption from the transportation sector) is envisioned to continue growing in the future (Banks Association of Peru, 2016)[7].

The implications of this problem are far reaching. Ground transportation (the top energy consumer of Peru's energy sector) is the country's second source of greenhouse gases after deforestation due to forest and grassland conversions.[8] The city of Lima, which has the greatest number of motor vehicles, generates roughly half of the demand for national oil, and emits 11 million tons of carbon dioxide (CO_2) into the atmosphere each day (Ministry of the Environment, 2014a). Surprisingly, the general principles of the National Policy of the Transportation Sector[9] focus on the development of road

[7] http://gestion.pe/mercados/mas-35000-creditos-vehiculares-se-habrian-otorgado-al-cierre-2014-2119135

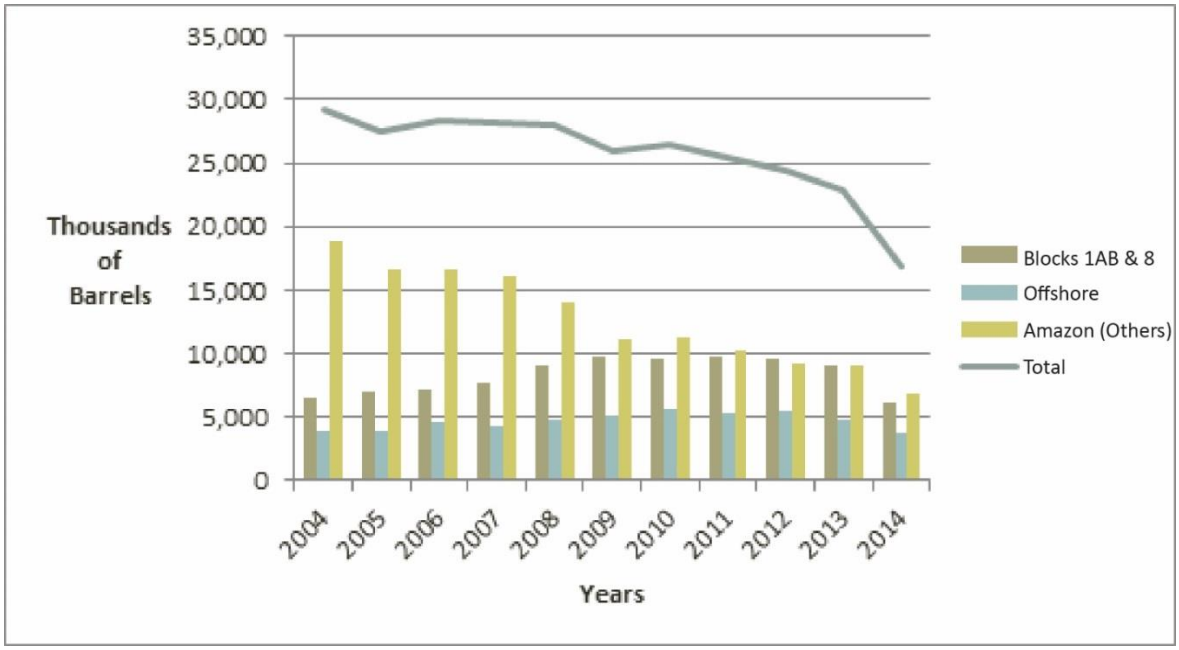
[8] Only in the year 2000 did transportation emit 40 percent (9,881 Gg of CO_2) of the total GHG emissions produced by the energy sector (24,226 Gg CO_2).

[9] *Política Nacional del Sector Transporte.* Approved by Ministry Resolution No. 817-2006-MTC/09.

infrastructure and safety but do not have any specific goals to reduce greenhouse emissions, air pollution or fuel consumption.

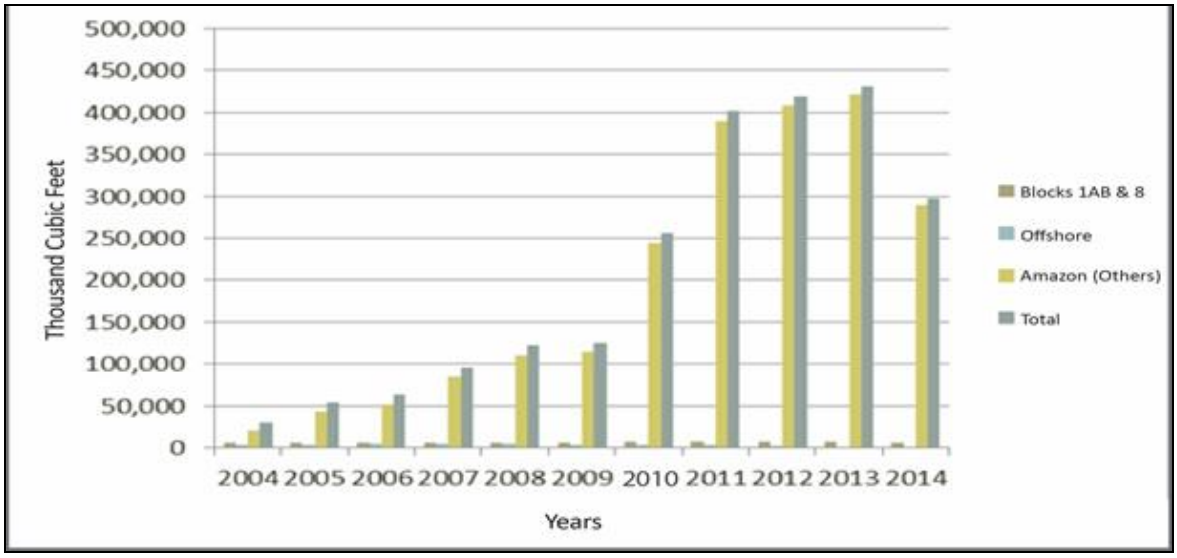
The sharp growth in motor vehicles in Peruvian cities has also gone hand in hand with a sustained decline in national crude oil production since the 1980s. Consequently, Peru imports 67% of crude oil that the country needs to supply the national demand (OSINERGMIN, 2015). Although national crude oil production has dropped in the past decade, overall *hydrocarbon* production (oil, natural gas and associated condensed oils) has grown substantially since the Camisea gas project in the early 2000s, which supplies national (industrial and domestic users mostly in Lima) and international markets (Figures 3 and 4).

Figure 3. Crude Oil Production 2004-2014



Data source: Perupetro, 2014

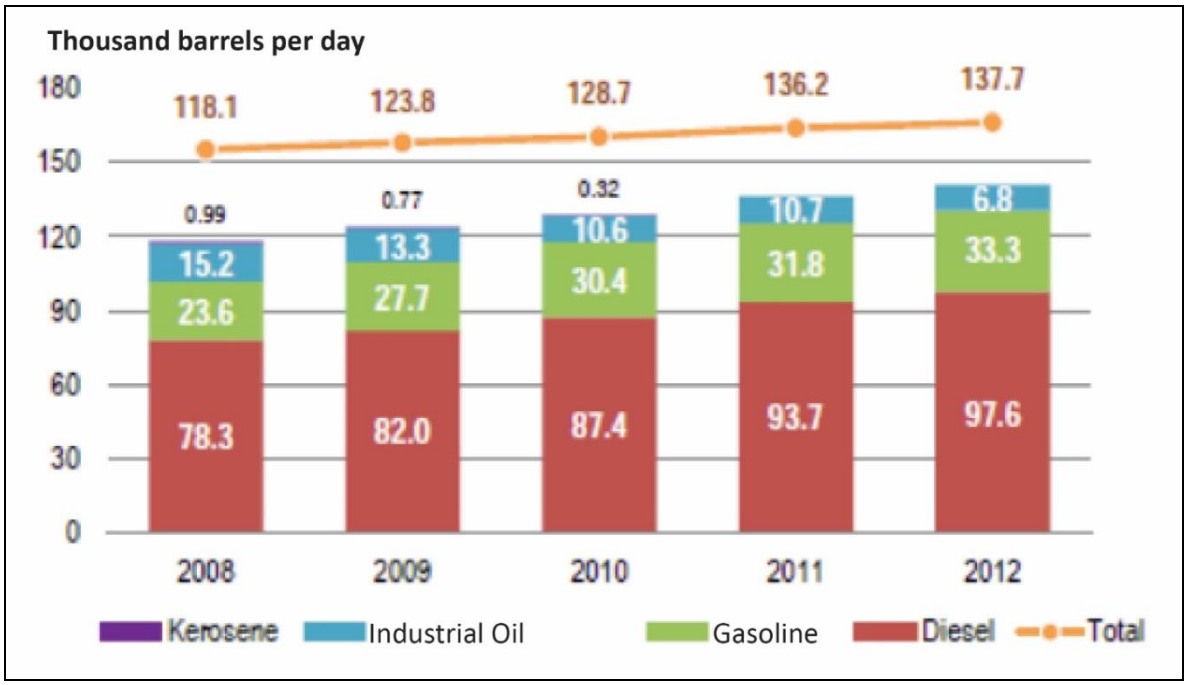
Figure 4. Gas Production According to Regions 2004-2014



Data source: Perupetro, 2014

In 2012, Peru's average demand for liquid hydrocarbons (crude oil and natural gas liquids) reached 137.7 thousand barrels per day, of which 97.6 thousand corresponded to diesel, 33.3 thousand to gasoline and 6.8 thousand to industrial fuels (Figure 5). A closer analysis shows that diesel is the fuel with the highest demand and 61% of it (59.5 thousand barrels per day) is sold in gas stations in the cities (OSINERGMIN, 2013).

Figure 5. **National Demand for Liquid Hydrocarbons 2008-2012**



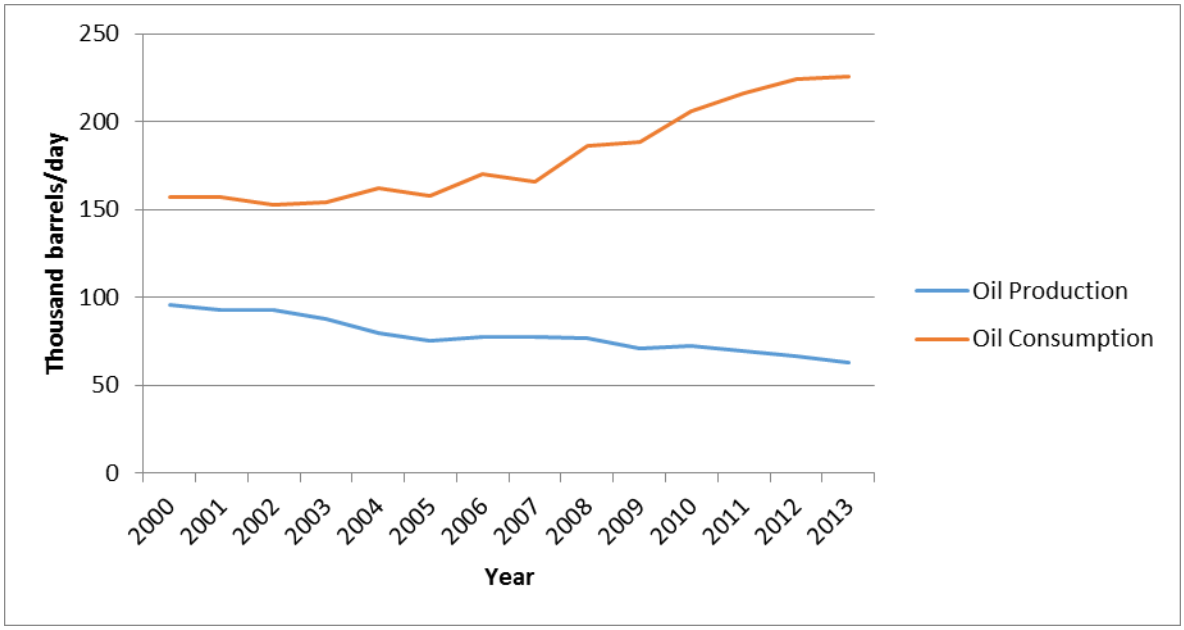
Source: OSINERGMIN, 2013, p. 28

As mentioned, the gap between the oil production and growing demand over the past decade has motivated the government to create laws and policies enabling foreign investors to seek out new sources of oil and natural gas, many of them overlapping indigenous territories and protected areas in the Amazon (Bernal, 2011). The liberalization of the economy resulted in a growth of the energy consumption of the

mining sector from 10,837 to 25,388 terajoules from 1994 to 2008, increasing the demand for oil (INEI, 2014b). In contrast with the oil sector in Venezuela and Ecuador, Peru's "upstream" operations (exploration and exploitation) are predominantly performed by foreign companies while refining, transportation, basic petrochemical and bulk commercialization is in hands of the state-owned company Petroperu. Part of those legal changes to enable foreign investments was the enactment of the Hydrocarbon Act of 1993,[10] created as part of structural adjustment economic measures during the first government of President Alberto Fujimori (1990-1995). This law explicitly aimed to stimulate foreign investments, free markets and deregulate resource extraction, especially large scale metal mining and the hydrocarbon sector. Other legal reforms of the same period include modifications of oil contracts providing incentives to foreign companies and the liberalization of the oil market (including refining, import, sales and some industrial transformations). Consequently, from 2004 to 2013 alone, investments in oil exploration and exploitation projects increased by more than a factor of four; however, to this date none of these have resulted in major discoveries, and thus the gap between national oil production and demand continues to grow (Figures 6 and 7).

Figure 6. **Crude Oil Production and Consumption in Peru 2000 – 2013**

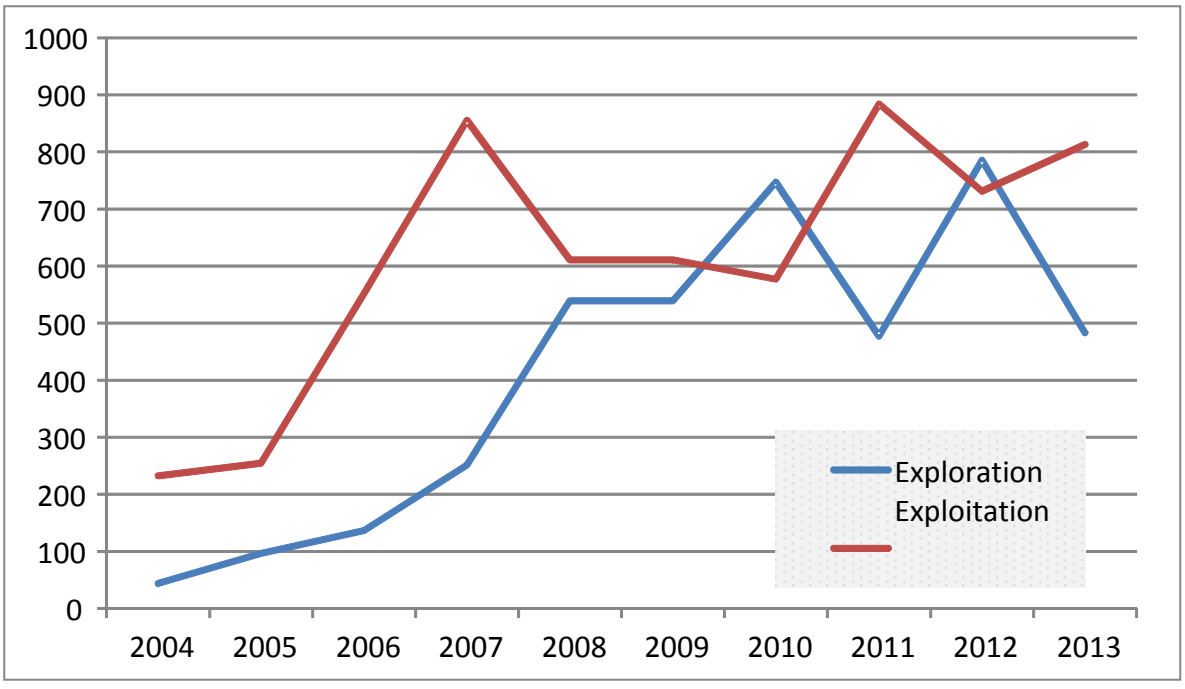
[10] Law No. 26221 (*Ley Orgánica que Norma las actividades de Hidrocarburos en el Territorio Nacional).*



Data source: U.S. Energy Information Administration, 2015.

Figure 7. National and Foreign Investment in the Hydrocarbon Sector

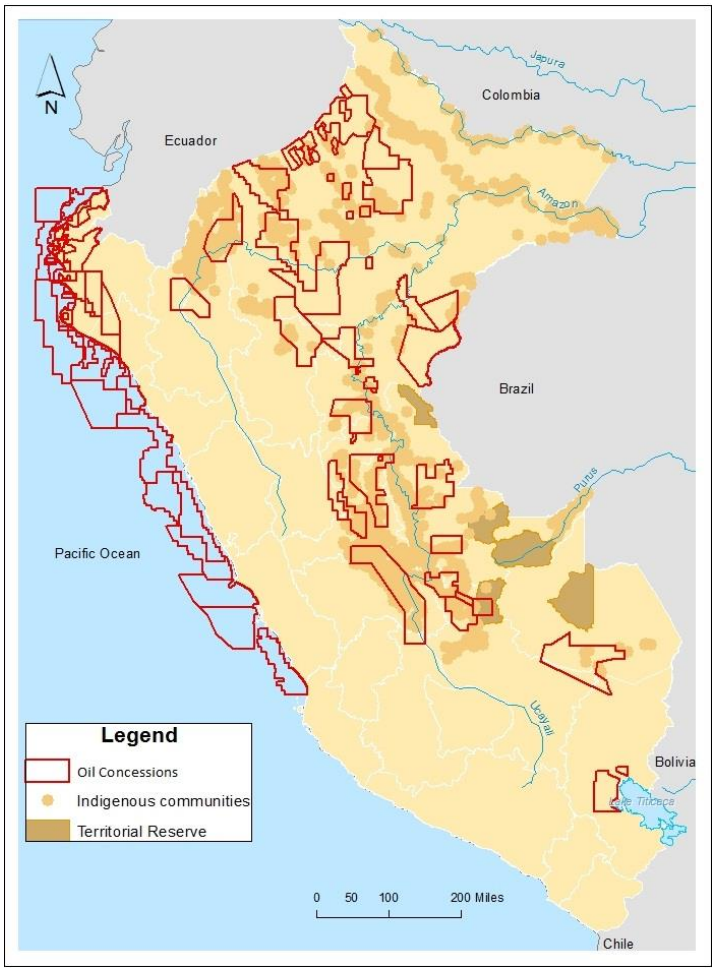
US$ Millions



Data source: Perupetro, 2014

As shown in Figure 8, the Amazon is one of the key areas targeted in this new push to find oil and gas. From 2003 to 2009 hydrocarbon exploration and exploitation concessions grew from 15% to over 70% of the Amazon, overlapping the territories of roughly 300,000 peoples belonging to 53 ethnic groups and 12 linguistic families, including fourteen native groups in voluntary isolation or who have just started to interact with other groups in the last twenty years (Ombudsman's Office, 2006).

Figure 8. **Amazon Indigenous Territories, Territorial Reserves and Oil Concessions**



Data source: Perupetro 2015; IBC 2013.

As mentioned, the growing number of social-environmental conflicts associated with oil and mining projects involved an unprecedented number of casualties. Only from

August 2011 to May 2015, conflicts related to extractive industries have caused 20 deaths and 875 injured (Ombudsman's Office, 2015). This situation prompted the government to enact in 2011 the Prior Consultation Law (No. 29785 – *Ley del Derecho a la Consulta Previa a los Pueblos Indígenas u Originarios, Reconocido en el Convenio 169 de la Organización International del Trabajo - OIT*). The law recognizes the collective rights of indigenous people, most importantly the right to consultation prior to the approval of extractive activities in their territories. The concept of "prior consultation" is a right envisaged in International Labor Organization Convention (ILO) Convention169 on Indigenous and Tribal Peoples, which Peru signed in the 1993. While this new law has the potential to offer new legal avenues for indigenous rights and participation, some indigenous organizations claim that it "could result in more social mobilizations" (Inter-Ethnic Association for the Development of the Peruvian Rainforest – AIDESEP, 4/4/2012).

Complicating the turmoil generated by the conflicts related to oil and gas projects in indigenous territories, these activities also overlap protected areas (such as indigenous reserves) and their buffer zones. More than one third of Peru's protected areas managed by the state and regional governments (37 of 94 in total) are located in the tropical rainforest, and roughly half of them are overlapped by oil and gas concessions (Gamboa, 2012). Some organizations, such as the World Conservation Union (IUCN), a world leading organization in biodiversity conservation, consider that all exploration and extraction of mineral resources in protected areas should be prohibited by law and that such projects should entail Environmental Impact Assessments (EIA)[11]:

[11] As appears in UICN's Resolution 2.82, approved during its congress held in Amman, Jordan in 2000.

> "All mineral and oil/gas exploration and exploitation …should be subject to an appropriate and rigorous appraisal process, such as an Environmental and Social Impact Assessment (EIA), prior to considering whether to grant consents and licenses. These appraisal processes should respect the highest international best-practice standards…"
>
> (UICN 2013, p.1).

This organization also recommends dialogue between stakeholders and early discussion with developers and licensing authorities. In agreement with this opinion, the World Commission on Protected Areas adds recommendations for oil and gas exploration and exploitation activities in the areas immediately adjacent protected areas and Natural World Heritage Sites, called 'buffer zones' (Beltran & Phillips, 2000).

These seemingly contradictory interests have resulted in complex resource governance dynamics in which multiple overlapping organizational, institutional and knowledge systems are redefining how access to natural resources is regulated and negotiated (Himley, 2008, p.435). In this context, the central argument of this dissertation is that resource extraction is changing substantially the relationship between the government and the indigenous peoples in the Peruvian Amazon. These changes involve profound changes in indigenous rights and the creation of new institutions and capacities in the state to address the social-environmental effects of extractive industries. This dissertation aims to advance the ongoing discussions in geography about the role of social contestation in the uneven and multi-scaled points of contact as well as friction and negotiation between state and non-state actors. Key to this approach is to avoid the homogenization of indigenous and non-indigenous interests (i.e. corporations, state actors, and environmentalists) and the reduction of the interests of indigenous groups merely to the category of resistance. Finally, I aim to provide new insights into scholarly

examinations of resource governance and the political impacts of indigenous movements in Peru and Latin America.

CHAPTER II

THEORY AND METHODOLOGY

Resource Governance

This dissertation examines the governance of oil and gas projects in indigenous territories and protected areas in the Peruvian Amazon. In doing so, this research aims to contribute new insights into scholarly examinations of environmental governance, emerging work on the political ecology of oil/gas extraction, and academic literatures exploring the political impacts of indigenous rights. Environmental governance has been studied in the context of neoliberal globalization as a concept embracing the organizational and institutional arrangements through which society-environment relations are governed. In this context, the concept of governance entails an array of actors and institutions that structure the access and control over resources (Painter, 2000; Himley 2008, p. 434). Environmental governance was initially a term that emphasized new geographies of the "governance" of human-environment relations beyond (and through) the nation-state. Over time, however the concept has been enriched by attention to variously scaled non-state actors (local governments and public organisms, non-governmental organizations), to a range of state agencies and institutions, as well as to private corporations. Rhodes (1997) adds that environmental governance is growing in importance relative to conventional government due to the interdependence and interactions between organizations; and the participation of the state steering these interactions. In the last years, political ecologists are increasingly concerned about resource extraction and its relationship with a broad range of concerns such as water,

indigenous rights, development and democracy in Latin America (Bebbington, 2012; Bebbington and Bury, 2013; Hindery, 2013; Sawyer, 2012; Perreault, 2013; Valdivia, 2015; Himley, 2008). Some of the existing literature also focuses on the state-resources relationship in post-neoliberal governments such as Bolivia and Ecuador (Hindery, 2013; Perreault &Valdivia, 2010). These studies do suggest that the use and access of resource extraction and state power can be mutually constitutive, and as Gavin Bridge (2014, 126) notes, these "highlight the importance of examining the political formations currently emerging at the resource state nexus". The case studies presented in Chapters IV and V aim to expose change processes of the state role in regulating the use and access to natural resources.

Of particular importance to recent scholarship on environmental governance is the role of social contestation and social movements in the reconfiguration of organizational and institutional arrangements through which social-environment relations are governed. Anthony Bebbington's (2008) analysis of the mining conflicts of Tambogrande and Rio Blanco in Peru, suggests that social-environmental conflicts have the potential to boost institutional changes that could contribute to a more inclusive and legitimate resource governance. Indeed, the final measure of success of social struggles over resource extraction is the extent to which these result in instituitional change (Bebbington & Bury (2013, p. 24). This dissertation aims to shed light on how these institutional changes occur and what are the roles of state and non-state actors in these changes.

In the last decade geographers have increased their attention to "political ecologies of the subsoil" (metal mining and oil) due to its "significance for the

transformation of social life" (Bebbington & Bury, 2013). However, the existing scholarship needs to assess the how overlapping interests such as resource extraction with protected areas and indigenous territories affect the environmental governance. Of particular importance to scholarly treatments of environmental governance is also the role of the distribution of revenues from resource extraction and how it affects decision-making processes (Le Billon 2006, 2007). This dissertation brings together these issues and contributes to understand the complex relations between nature and society. Chapter VI of this dissertation adds to the ongoing conversations of geographers about this issue and exposes how the efforts to decentralize Peru's political administration with the country's new "regions" has generated a "reward system" to extractive industries. In addition, this study aims to contribute to the ongoing debates about the effects of extractive industries in indigenous identities and citizenship rights. The case of the expansion of the Camisea gas project presented in Chapter V aims to expose issues such as the representation of indigenous peoples in voluntary isolation in environmental decision-making processes.

Since the 1990s, a new extractive regime of environmental governance is evident in Latin America as international agreements, policies, laws, and rules have emerged to create a 'good business climate' for extractive industries). Since 2005 to date, Peru has signed 20 regional and/or bilateral free trade agreements including the US, China, Singapore, South Korea, the European Union, Mexico and Japan (Appendix D). Furthermore, international financial institutions such as the World Bank (2000), advocated for neoliberal reforms and foreign investment by arguing that they could

improve the state's ability to regulate the environment. This resulted in the creation of numerous regulations and policies to favor foreign investment, thus creating contradictory processes that involved an expansion of deregulated spaces that Jessop (2009) call a destatization of the political system from state-centric control of resources to the transference of functions from centralized agencies to a diverse group of actors such as regional and local authorities, community organizations, and NGOs. This has been accompanied by the creation of complex regulatory frameworks where state institutions exercise decision-making functions, affecting the access and control over natural resources, reflected in initiatives such as the creation of regional governments (*gobiernos regionales*) in Peru in 2002.[12] However, these changes involve complex dynamics where multiple and overlapping organizational, institutional, and knowledge systems are redefining how the access to natural resources is regulated and negotiated (Himley, 2008, p.435). These systems involve uneven power dynamics between state and non-state actors that negotiate the access and control over natural resources. These interactions take place at different scales in complex configurations where natural resources mediate the relationship between citizens and government institutions (Bakker & Bridge, 2008; Valdivia, 2008; Perreault, 2014).

This role of the state is changing radically with the emergence of new actors at different scales that are shifting the allocation and control over resources and the modality of regulation from *government* to *governance,* where non-state actors are increasingly supplementing the formal state authority (Himley, 2010, Bakker and Bridge

[12] With the creation of the Regional Governments' Act - *Ley Orgánica de Gobiernos Regionales* No. 27867 adopted on November 18, 2002. The Regional Government's mission is to 'organize the public administration according to exclusive functions –shared and delegated-, in compliance with national and sectorial policies, to contribute to the sustainable and integrate development of the region.

2008, Bridge and Perreault, 2009). However, as Bakker and Bridge (2008) contend, these shifts do not occur swiftly; they are the result of a number of contradictory intermingled formal and informal interactions at different scales affecting decision-making processes. These relations are changing and evolving in contradictory ways as shown in Chapter IV.

This tendency to maintain centralized control of hydrocarbon (and mining) resources could be explained by the fact that these resources are fundamental for the national economy; therefore, the state has interest in keeping direct control over the decision-making processes of resource extraction. This control is mostly exercised through the legal, political and institutional means as explained in more detail in chapters IV and V. This dissertation explores in greater detail the strategic decisions of the central government of Peru that define control mechanisms of natural resources through formal and informal ways.

Contemporary oppositional movements are increasingly employing new tools of communication (e.g. internet, social networking), which have substantially improved their capacities and spawned new forms of networking and social organizing (Bulkeley, 2005; Liverman, 2004; Sonnenfeld & Mol, 2002; Escobar, 2008). These technologies are changing the capacity of the organizing of groups in remote areas. As Warren and Jackson (2002, p.2) noted, indigenous groups use the media and Internet with increasing expertise to mobilize and to "present their case for self-determination to the court of public opinion". This dissertation draws on and contributes new insights into this emerging scholarship, by closely examining diverse (and multi-scaled) points of contact and negotiation as indigenous communities and organizations interact with state officials,

conservationists, and corporations. It traces out these networks and interactions in order to assess how alliances are formed to exert power in these contexts, and the outcomes of these pressure points on emerging regimes of environmental governance.

Resource Extraction and the Neoliberal State

Resources are inherently political as they involve competing claims over access to, control over and definitions of nature; hence resources can be also deeply conflictive (Bakker & Bridge, 2008). In the case of oil and gas exploration and extraction in the Peruvian Amazon, this problem is magnified by the radical social, cultural and economic differences between government and non-government actors involved in the decision-making processes. As Bebbington (2012, p. xv) notes, in the Andean region, economic growth and resource extraction (mainly oil and metal mining) is occurring on unprecedented scale and speed, resulting in significant social, spatial and political changes. Traditionally, Latin American countries' governments play a key role in defining the legal and political framework regulating access and management of resources. However, during the last decade, Peru's resource management and regulatory framework has shifted from state-centric forms of regulation based in Lima to variously scaled non-state actors (local and regional authorities, indigenous communities, research organizations, NGOs and private firms) and decentralized regional governments, which is redrawing the public-private divide (Himley, 2008). Nevertheless, given the centrality of oil and gas production in the national economy, oil and gas extraction has remained tightly controlled by government agencies in Lima, dominated primarily by the Ministry

of Economy (MEF), the hydrocarbon licensing authority Perupetro,[13] and the Ministry of Energy and Mines (MEM). Since the early 1990s the growth and the 'modernization' of the national economy has required the creation of 'resource management instruments' such as the Environmental Impact Assessment (EIA) process and an array of norms to govern the allocation of resources (such as the rules for environmental protection and public participation for hydrocarbon projects,[14] amongst others). These legal instruments and newly created government agencies (Ministry of the Environment - MINAM, the Oversight Organization for Energy and Mining - OSINERGMIN, the Agency for Environmental Assessment and Enforcement - OEFA, the National Environmental Certification Service - SENACE and others described in Chapters IV and V) aim to advance the state's role as 'resource administrator.' Moreover, United Nations agencies, International Finance Institutions (IFI) and multinational corporations (MNC) have advocated governments to create avenues (at least in theory) to afford indigenous peoples, citizen groups, NGOs, etc. rights to participate in decision-making processes (Sawyer & Gomez, 2012; Himley, 2008). Yet, the state is in the difficult position of administrating decisions in the interest of short-term economic growth, addressing the growing demand for energy, controlling the increasing number of social-environmental conflicts sparked by the extraction of oil (and mining), and complying with the conditions from IFIs and MNCs.

As Painter (2012) argues, it is difficult to define the state and to come up with an overall theory of the state that would comprise the state in all its forms. More generally,

[13] The state-owned company in charge of promoting, negotiating, subscribing and supervising oil and gas contracts.

[14] Supreme Decree No. 012-2008-EM

a theory of the state focuses on the state as a set of institutions for the protection and maintenance of society (Johnston et al., 2000, p. 789). O'Donnell (2010), defines the state as a set of apparatuses and bureaucratic institutions; a legal system with variable binding and sanctioning capacities; a benchmark of collective identity; and a barrier that distinguishes between the state and other states. O'Donnell also points out that the state, or more especifically the state apparatus has an ideological dimension as these claim to represent the nation's interests, the social order and individual rights. In addition, Mitchell (1991) suggests that the state is not an actual entity separed from the rest of society, but that it is present as an "imagined collective actor", with what Sinesio López (2008) calls "an invisible power", in whose name individuals are identified as citizens or subjects, aliens or foreigners and is perceived as a central authority within the national territory with the power to decide who is politically included or excluded in a society.

A popular view of the state are the bureaucratic institutions such as the judiciary, the armed forces, etc. However, despite these institutions are part of the state, literature about the state make a distinction between state formation, state functions and state apparatus. In Johnson et al. (2000) words:

> "The question of form examines how a specific state structure is constituted by, and evolves within, a given social formation. (A capitalist society should, in principle give rise to a distinctively capitalist state). The issue of fuction refers to those activities undertaken in the name of the tate; in other words, what the stae actually 'does'. Finally, state apparatus refers to the mechanisms through which these functions are executed."
> (p. 789).

López (2008) adds that despite there are some similarities between European and Latin American states, there are important differences between them based on the types of capitalist development of these regions, especially with regards to the economic

dependency of Latin American states, particularly on the use of natural resources for export. The integration of Latin American states to the globalized economy is increasingly influencing not only the internal relationships between citizens and the state but also how the state manages natural resources and the reactions of the local populations where these activities take place. In many instances, the lack of transparency in decision-making processes and weak capacity of state institutions to address the social demands of the people create political instability. The damages inflicted to communities by environmental degradation and the government's failure to consolidate the rule of law and social equity, have generated a profound mistrust of local communities and indigenous organizations towards the state.

Tanaka (2010) and Sawyer & Gomez (2012) agree that the state's role is impacted by the state's lack of neutrality as it is often subjected to the interests of IFIs and, particularly, those of MNCs as these groups occasionally fund political campaigns and influence the appointments of key staff in the high spheres of government. For Urteaga Crovetto (2012), the problem is that the neoliberal structuring from the 1990s to date is profoundly influenced by the fluid movement of key individuals holding high rank positions in public agencies and IFIs contributing to the creation of alliances between these entities, enabling large scale oil/gas projects to secure funding and government approval[15]. This 'revolving door' of key individuals working for IFIs and state agencies (especially since the 1990s) has blurred the lines between the private (national and international) and public sectors, disconnecting the state from its theoretical 'neutral' status in its negotiations with MNCs. This has resulted in the consolidation of a

[15] Hindery (2013) describes a similar situation in Bolivia, where Gonzalo Sánchez de Lozada, former minister of Bolivia's economic plan, oversaw the implementation of neoliberal reforms in favor of foreign oil companies.

neoliberal economic model that facilitates the approval and development of large scale resource extraction activities. One example of this is Pedro Pablo Kuczynski, Prime Minister of Peru from 2005-2006, who switched high rank positions in the public and private sectors. Twice Minister of Economy during the government of Alejandro Toledo (2001-2006), Kuczynski was also Minister of Energy and Mines in the 1980s and held senior positions at the World Bank (WB) and Inter-American Development Bank (IDB). As Dammert (2010) and Urteaga Crovetto (2012, p.109) observe, during 2002-2003 Kuczynski was President of the IDB's Private Sector Commission. During this time the IDB was deciding a loan for TGP, the company in charge of the Camisea gas transportation pipeline. Additionally, at this same time (2003- 2004) Kuczynski was also financial advisor for Ray Hunt, President of Hunt Oil, a partner of the Camisea Gas Transportation Consortium (TGP) and the Camisea gas production consortium. Moreover, from 2002 –2004 Kuczynski was director of Tenaris, a company selling steel pipes for the transportation of the Camisea gas. Therefore, the affiliations of some high ranking government officials with IFIs facilitate decisions involving large-scale resource extraction and infrastructure projects. This is not the only case. Other key government officials, such as Jaime Quijandría, former Minister of Economy (2001- 2003) and twice minister of energy and mines (2001; 2003 – 2004) worked as Executive Director of the World Bank in 2004. Pedro Gamio held the positions of Vice-Minister of Energy, was consultant for the IDB, and lawyer for the National Society for Mining and Petroleum (an association of mining and oil corporations). Likewise, prior to being President of Peru, Alejandro Toledo (in office 2001-2006) worked for the WB and IDB. For Dammert (2010), this 'revolving door' of key staff in the Peruvian government and IFIs poses an

ethical problem affecting the relations between citizens and the political and economic elites. Moreover, as Urteaga Crovetto (2012, p. 103) argues, the implications are more far-reaching as the state facilitates the financing, approval and eventual development of oil and gas projects such as Camisea. This has a profound influence on how neoliberalism and corporate globalization are perceived as 'inevitable', contributing to the disempowerment of citizen group's effective participation in the decision-making process.

Unveiled state corruption such as the scandal involving the former head of the state energy agency Perupetro (appointed by President Alan García) and Discover Petroleum from Norway in 2008 revealed undercover deals between high ranking government officials and oil companies. This case and the rotation of key government staff in IFIs exposes ways through which the state is vulnerable to what Sawyer and & Gomez (2012) call 'institutional capture' where companies, MNC and IFIs influence government decisions in favor of resource extraction[16].

For Tanaka, roughly in the last years ten years the state has also sought to legitimize itself by partially integrating some excluded groups. As other countries of Latin America, even though the Peruvian state is still strongly influenced by powerful corporate interests, it is also open to processes of contestation outside and inside the government. José de Echave, Luis Peirano and Aída García Naranjo (former governmental Ministers for President Humala) are some examples of people who (in a similar way of the rotation of people from financial institutions and corporations to key

[16] A television station broadcasted audio of an alleged conversation between a lobbyist and a government official discussing payments to help Discover Petroleum win contracts. The scandal was followed by street protests, the resignation of the Council of Ministers, the appointment of a new cabinet of ministers and the imprisonment of some of the implicated people.

positions in the state) have held key positions in the government whose trajectories are closer to the progressive and civil society groups than conservative or corporate ones.[17] As Tanaka noted, in the last years, the state has also experienced the creation of spaces within the state with a certain degree of autonomy that could be even against the longstanding economic and political interests, in part due to the fact that at least in the in the last five years several high ranking government officials appointed in key positions are not career politicians. The government decision to appoint these individuals in key positions mentioned above could be interpreted as what Tanaka (2008) call a state's "partial inclusive rationale" through which the government seeks to legitimize itself and secure popular approval by integrating people traditionally excluded in key government positions. All these aspects and the often contradictory role of the state as an 'administrator' of natural resources through numerous administrative authorities and regulations. It is in the confluence these multiple dimensions where the state is open to the influence of processes of contestation.

Although always present, corruption has gained more relevance in the last fifteen years. Annual national surveys about the perception of corruption in Peru, show that corruption is perceived as the leading problem the state (58%), followed by lack of efficiency of authorities and government officers (22%) (Apoyo, 2013).

Indigenous Citizenship

Traditionally, citizenship has referred "to a particular set of political practices involving specific public rights and duties with respect to a given political community

[17] Other examples are: Antonio Brack Egg, Ricardo Giesecke, Manuel Pulgar-Vidal, the first two past and the latter current Minister of the Environment; Juan Ossio, Susana Baca, Luis Peirano former Ministries of Culture; Humberto Campodónico, former Board President of PetroPerú, among others.

(Bellamy, 208 p. 3). This is a multilayered and multifunctional concept that imples a membership to a particular political community (a nation-state) that embraces the ideal of an association of free people with equal rights to participate in decision-making processes. This quality of membership and the idea of belonging define who is a citizen and therefore who has the capacity to participate in both the political and the socio-economic life of a community (Yashar, 2005).

Since the 1970s, Amazonian indigenous groups of Peru organized to demand their recognition as citizens but also with collective rights and self-determination through "differentiated citizenship" (Kymlika, 1995). They also claim equal rights to participate freely and be adequately informed in decision-making processes of issues affecting their lives. Problematically, it is the nation-state that has the power to regulate these rights. In other words, according to the foundational concepts of citizenship, the states are the political entities that define the rules to acknowledge these rights, *how* people interact with the state to address their interests, and *what* rights do people possess (Yashar, 2005). In other words, the state and its institutions sanction the rules of the game and establish differences, creating political identities in groups that enjoy certain privileges while marginalizing others. Citizenship functions on one hand as a mechanism of inclusion in a social sphere and on the other hand as a mechanism of exclusion (Brubaker, 1992).

In analyzing identity politics, it is also necessary to examine the mechanisms of exclusion (Stevenson, 2001; Yashar, 2005). In Latin America, mechanisms of exclusion are profoundly influenced by mainstream European democracies where these mechanisms of exclusion (or what Bellamy (2008) calls *traditional qualifications* for citizenship), are influenced by mainstream Western values (Stevenson, 2001). In Latin

America, as in many colonized regions, citizenship has been marked out by abstract legal definitions as to who is to be included and excluded from the political community. These forms of marginalization have been widely applied in Peru and Latin America at different times to negate full status of citizenship to Blacks, Indians and women (Yashar, 2005). These social groups were categorized by the ruling elites as illiterate or lesser beings incapable of having a political voice in decision-making processes. A historical analysis of the political transformations in Latin America shows that in addition to racial and cultural marginalization, there are spatial and institutional factors that affect the experience of citizenship where the states have not effectively sanctioned democratic individual rights in rural spaces (Bello, 2004; Yashar, 2007).

The uneven presence of the state in rural areas of Latin America has contributed to the emergence of more vocal and increasingly powerful indigenous movements that redefine the *content* of citizenship (what being a citizen entails) in ways that paralleled but cannot be reduced to the multicultural struggles found in the older democracies of North America, Australia, and New Zealand (Yashar, 2005 p.34). The indigenous peoples of Peru have experienced parallel processes to those in other Latin American countries where indigenous peoples are neither totally assimilated nor autonomous. Bello (2004) and Van Cott (2010) argue that the way to address the limitations of traditional theories of citizenship in contemporary Latin America is through the analysis of multiculturalism as a proposed alternative to the old nation-building projects based on the construction of a single 'national culture' ideologies based on unifying concepts of *mestizaje* that would result in "one culture, one nation". However, Bello (2004, p.3) cautions that "multiculturalism in Latin America is still a broad concept and it is not clear

if it is a discourse of the state, groups in power, an academic debate, a way to describe a reality, or a strategy to organize a society". Other scholars, such as Lucero (2008), Hale (2002), Postero (2004) and Hindery (2013) are more skeptical and contend that multicultural citizenship privileges certain kinds of neoliberalism and prefer intercultural social inclusion instead of a multicultural homogeneity. Therefore, spatial and cultural differences present in Latin America challenge the traditional theoretical frameworks of citizenship, particularly when groups within societies do not share common experiences in relation to the state. Such is the case of rural communities where the presence of the state and its institutions is limited, if not absent (Yashar, 2005).

In Peru, as other Latin American countries, colonial legacies still influence the formation of ideologies, policies, and regulations that result in an institutionalized negation of alterity and ethnic diversity. It is extensively documented that during colonial times, institutions such as the church and schools banned the use of indigenous language and traditional practices in the name of progress and development (Burga, 1988). For most of Peru's history as an independent country until 1979, being a *citizen* able to vote was equivalent to being able to read and write, a requisite that marginalized large segments of the indigenous population.

Neoliberal transformations in the last three decades in Latin America have resulted in profound changes resulting in states that are more effective in sanctioning corporate rights than individual rights (Yashar, 1997). Citizenship regimes and institutions (particularly how these privilege certain groups) are critical to the emergence of political indigenous identities and social mobilizations in Latin America where indigenous claims for cultural rights are redefining and extending democratic citizenship

rights and responsibilities (Yashar, 2005). These mobilizations emerge from members of cultures traditionally 'invisible' to the mainstream 'national culture' and mark a "rupture with the past characterized by subordination and segregation of the colonial period and on old principles of citizenship and political assimilation of *indigenismo*" (Assies, 1999, p. 22). For many scholars "multi" connotes separation and is associated with the neoliberal reforms versus more genuine interculturality. Some examples of these transformations are visible today in the constitutional reforms adopted by Nicaragua, Bolivia, Colombia, Mexico and Ecuador that include national multiethnic, plurinational or multicultural principles (Bello, 2009).

Peru's literacy requirements excluded indigenous people from suffrage until the constitutional amendment of 1979. However, this situation has changed substantially in the last decade as the result of meaningful mobilizations of several Amazon ethnic groups that advance the recognition of individual and communal rights. These mobilizations contributed to the creation of the Prior Consultation Law (Act No. 29785 of September 7, 2011) based on principles of the International Labor Organization (ILO) Convention 169 concerning Indigenous and Tribal Peoples in Independent Countries and influenced by other international legal instruments such as the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). These landmark changes indicate that indigenous peoples in Latin America are progressively gaining access to citizenry, and that their concerns are increasingly being part of the political dialogue about what an inclusive society can and should be.

Amazonian indigenous people's struggles are shifting the traditional national, social, and political life; they are ethnic minorities and citizens defending both

particularity and equality (Varese & Chirif, 2006). The conflicts and violent encounters between government authorities and indigenous groups in the Peruvian Amazon in the past decade resurfaced questions about the existence of colonial trends influenced by resource extraction, where indigenous peoples are perceived as an "obstacle to progress that affects the Peruvian nation's access to Western capitalist modernity" (Chirif, 2009, 2010; Varese, 2009). This dissertation aims to shed light on the ongoing processes in the tropical forests of Cusco and Loreto where indigenous groups are trying to enforce their rights to participation in decision-making processes and to enforce their citizen rights.

Methods and Data Analysis

The research data collection and generation for this dissertation was conducted over four years in multiple segmented fieldwork periods: one month of preliminary research in 2011 and 8.5 months of core fieldwork divided in four travels to Peru from 2012 to 2015. During the preliminary research, I visited Pucallpa, Contamana, Iquitos, Lima and the Shipibo-Konibo villages of Santa Rosa and Canaán de Cachiyacu, which is in the area of influence of oil block 31-B in Ucayali operated by Maple Gas Company. My 2011 preliminary fieldwork included three weeks of participation in workshops and meetings organized by the regional authorities of Ucayali, local environmental authorities, indigenous federations, NGOs and research institutions in Lima, Pucallpa and Contamana. These workshops and meetings were specifically about the social and environmental impacts of oil and gas extraction in the Amazon region. It also comprised meetings with researchers, members of conservation, indigenous rights and environmental organizations in Lima, as well as preliminary bibliographic research. This

preliminary work was paramount to assess the feasibility of my research and to select the case studies in this dissertation. My contacts in government; indigenous, research and private institutions; and the information collected from my work in twelve oil and gas cases in the Peruvian Amazon from 1995 to date was instrumental to selecting the cases of analysis in Loreto and Cusco for this dissertation and to refining my research questions. As a staff scientist of the Environmental Law Alliance Worldwide (ELAW) in Lima, Peru since 1991, I have had the chance to hold conversations, interviews, participate in meetings, workshops organized by different actors, public hearings for the discussion of environmental impact assessment studies of oil and gas cases in Peru and other countries in the world. In this capacity I have reviewed numerous national policies, laws, social and environmental impact studies, toxicological, public health and other technical reports about oil and gas activities including those in concessions: 1AB, 8, 31, 56, 88, 103, 107, 108, 123, 126 and 131 in the Peruvian Amazon[18]. In addition, I have reviewed similar documents from Belize, Ecuador, Nicaragua, Nigeria, Kenya, and Costa Rica.

Oil concessions 1AB and 8 are the Peru's most productive onshore oil concessions. As explained later, these concessions contributed to the "boom" of the oil production in the Amazon in the 1970s and are still a major crude oil production site. The Camisea gas project in Cusco, on the other hand, represents the beginning of natural gas production era in Peru in the early 2000s. The analysis of governance and decision-making processes in these two regions allowed me to observe the political, institutional and social-economic factors influencing how, where, when and under what conditions

[18] Concessions 103, 107, 108, 123, 126 and 131 are in exploration phase. The other projects are producing oil and gas.

hydrocarbon projects are carried out. Some variables that I address in this research and that have been underrepresented in the literature on oil and gas extraction are inter-connected cultural, political and economic factors predisposing some areas to social-environmental conflicts more than others (Valdivia, 2008; Bebbington et al., 1998; Finer et al., 2008; Orta & Finer, 2010). During my preliminary research in the summer of 2011, I had informal conversations with (n=8) with indigenous leaders from the Corrientes, Pastaza, Marañon and Camisea river basins of the indigenous federations ORAU, FECONACO, FEDIQUEP, ACODECOSPAT and COMARU in Pucallpa, Iquitos and Lima.

My core fieldwork was conducted in 8.5 months during four fieldwork travels from 2012-2015. My fieldwork consisted of 6 weeks in July and August 2012; 14 weeks (September to December) 2013, 8 weeks July to September 2014, and 6 weeks in July and August 2015. In Iquitos (capital of the Department of Loreto, the country's largest city of the Amazon) and Lima, I undertook my research in association with DAR (*Derecho, Ambiente y Recursos Naturales* – Law, Environment and Natural Resources), an environmental and indigenous rights organization with strong emphasis on the Amazon region and with significant experience in oil and gas projects in protected areas and indigenous territories, and PUINAMUDT (*Pueblos Indígenas Amazónicos Unidos en Defensa de sus Territorios* - Indigenous Peoples of the Amazon United in Defense of their Territories) an indigenous organization formed by the indigenous federations of the Corrientes, Pastaza, Alto Tigre, and Marañon River basins. These organizations gave me the chance to participate in fifteen meetings and workshops with different national and local actors involved in oil and gas activities. They also provided me with office space in

Lima and Iquitos, lodging in Iquitos, logistical support, contact information, guidance, and invitations to strategic meetings, discussions with state and non-state actors. Along with my fieldwork in Iquitos, I conducted significant research in Lima, where I continued my affiliation with DAR and PUINAMUDT.

Research for this study involved three methods of data collection: (1) semi-structured interviews with indigenous leaders, conservation and environmental organizations, national and regional authorities and oil company representatives; (2) participation in workshops and meetings with key actors (between 2011 and 2015); and (3) research of publications, news, laws, policies and archival documents. I conducted 61 semi-structured interviews with indigenous leaders and/or members of organizations (n=11); researchers (n=8); government agencies at the local and national levels (n=11); former heads of the national environmental authority (n=2), national and international environmental and conservation organizations (n=20) and the oil/gas industry representatives (n=3), and cooperation agencies (3), intergovernmental organization (2), oil and gas consultants (1). Table 2 contains a list of the interviews conducted. Approval from the University of Oregon's Institutional Review Board ("Human Subjects") to conduct this research. The overall aim of interviews was to understand the roles of the key actors, the political and institutional framework, and the power relations between the parties involved in oil/gas projects in protected areas and indigenous territories.

Table 2. List of Interviews Conducted, 2012-2015.

Number	Affiliation	Location	Year	Recorded
1	National government official	Lima	2012, 2013,2014	N
2	National government official	Iquitos	2014,2015	Y
3	National government official	Lima	2011,2014	N
4	Researcher	Iquitos	2013	Y
5	NGO representative	Lima	2014	N
6	NGO representative	Lima	2014	Y
7	NGO representative	Iquitos	2013	N
8	Economist / policy expert	Iquitos	2012, 2013	N
9	NGO representative	Iquitos	2014	N
10	National government / regional research institution	Iquitos	2013	N
11	National government	Iquitos	2014	N
12	indigenous leader	Lima	2015	Y
13	NGO representative	Lima	2014	N
14	NGO representative	Iquitos	2014	N
15	NGO representative	Iquitos	2014	N
16	NGO representative	Lima	2014	N
17	indigenous leader	Pucallpa	2013	Y
18	NGO representative	Lima	2013,2014	Y
19	indigenous leader	Iquitos	2013	N
20	indigenous leader	Iquitos	2012,2013,2014	N
21	NGO representative	Iquitos	2013	N
22	National government / regional research institution	Iquitos	2013,2014	N
23	NGO representative	Lima	2014	N
24	Congress worker / environment and indigenous rights	Lima	2013,2014	N
25	International Cooperation officer	Lima	2014	N
26	Former Minister of the Environment	Lima	2014	N
27	Congress worker / legal advisor	Lima	2015	N
28	Consultant – environmental policy and law	Lima	2014	N
29	NGO representative	Lima	2014	N
30	NGO representative	Lima	2015	Y
31	National government representative	Lima	2013,2014	N
32	National government / local branch	Iquitos	2014	N
33	NGO representative	Iquitos	2014	Y
34	indigenous leader	Pucallpa	2013	N
35	indigenous leader	Pucallpa	2012	N
36	Researcher/ indigenous issues expert	Lima	2012	N
37	National government / local branch	Iquitos	2014	N
38	Oil company representative	Lima	2015	N

39	Oil company representative	Lima	2015	Y
40	Oil company representative	Iquitos	2015	N
41	NGO representative	Iquitos	2014	Y
42	Regional government representative	Lima	2014	N
43	Regional government representative	Lima	2015	N
44	NGO representative	Lima	2015	Y
45	NGO representative	Lima	2014	N
46	NGO representative	Lima	2013	N
47	NGO representative	Lima	2015	N
48	Cooperation agency / expert in indigenous issues	Lima	2015	N
49	Journalist	Iquitos	2015	Y
50	indigenous organization	Iquitos	2015	N
51	indigenous organization	Iquitos	2015	N
52	indigenous organization	Iquitos	2015	N
53	indigenous organization	Lima	2015	N
54	Researcher	Switzerland(*)	2015	Y
55	Researcher	U.S.	2015	Y
56	indigenous organization	Cusco	2015	N
57	indigenous organization	Loreto	2015	N
58	indigenous organization	Loreto	2015	N
59	NGO	Lima	2015	Y
60	NGO	Lima	2013	N
61	Researcher –environmental science	Spain(*)	2013	N

(*) via skype.

Second, I participated in 21 meetings and workshops between indigenous organizations, oil/gas companies, national and local authorities. These meetings took place in the Amazon locations of Iquitos (Loreto), Cusco and Lima, these meetings are listed in Appendix B. It is important to mention that it is not uncommon to find Am

Amazon indigenous leaders in Lima and Iquitos, since they regularly travel to meet with both regional and national authorities, as well as leaders of other indigenous federations. These meetings were related to oil and gas projects, specifically about indigenous rights, governance, and social-environmental issues.

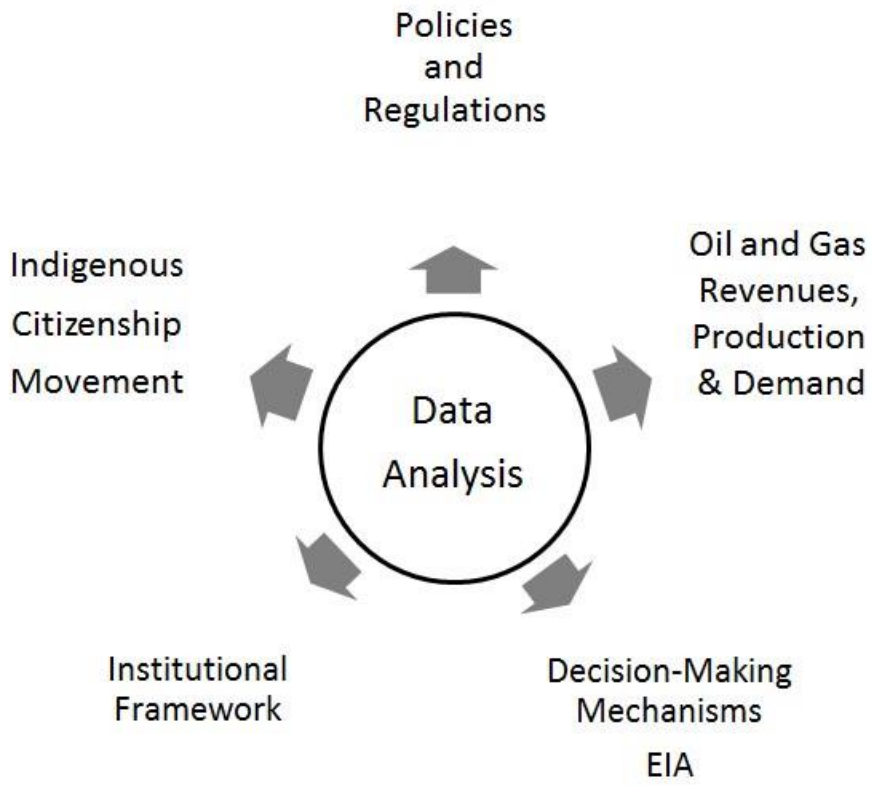
Although the indigenous leaders each speak their native language, everyone was also fluent in Spanish; therefore, interviews for this research were all conducted in that language (of which I am a native speaker). Along with formal interviews, I also engaged in informal conversations with members of environmental and indigenous organizations, and participated in events that facilitated the access to contacts and additional information. Though not initially planned, indigenous leaders, PUINAMUDT and DAR invited me to participate in meetings with representatives of national and regional authorities and government agencies, oil companies, human rights, conservation and environmental organizations. Through these organizations I was able to meet with Congress representatives, review environmental studies, health reports, policies and legal documents related to oil and gas projects. DAR and PUINAMUDT facilitated the access to key decision-making documents, regulations, maps, information about oil and gas activities in blocks 1AB, 8 and 88 that otherwise would have been impossible to access. These include reports from government agencies with their opinions to the EIA for the expansion of the Camisea project in block 88 that, despite the fact that they are public documents, are not available to the average citizen. I was also able to interact with an array of state and non-state representatives about environmental and health issues related to extractive industries.

Research also included a detailed review and analysis of literature about the hydrocarbon concessions since the 1970s, especially government policies, laws and regulations of the oil and gas sector, internal communications between government organizations, indigenous, environmental and conservation organizations, and official reports of the environmental and social impacts of oil/gas projects (Appendix C).

Additionally, I followed news, websites and media reports with current information about the ongoing events with regards to hydrocarbon activities in protected areas and indigenous territories in the study area.

Given the broad and heterogeneous sources of information about the social, political, and economic aspects involved in the hydrocarbon sector, the collected data (in the form of primary texts, observational field notes, and interviews) was organized in major analytic code categories such as ‘policies and regulations, “indigenous citizenship”, indigenous movement”, “oil and gas revenues, production and demand”, “institutional framework”, “decisión-making mechanisms” and “EIA” (Figure 9).

Figure 9. Categories of Data



These major analytic categories were defined early on and based on my research questions. The content analysis of audio recordings, interview and meeting notes, media articles, laws, online and printed reports were analyzed and coded by hand to identify terms and phrases to identify primarily themes and patterns to answer my dissertation questions. I chose this approach as several relevant laws, reports and events appeared or happened as I conducted this research. These broad categories were then applied to the new and emerging data and allowed me to identify important themes, patterns and make connections between the different categories of data. The mentioned analitic categories were also applied to the notes taken from the during numerous meetings and workshops where I participated. This approach was used to answer all the research questions as these categories allowed the organization of data and identify and interpret recurring

themes such as institutional changes, social-environmental conflicts, identify state and non-state actors and the specific sets of information relevant to answered this study's research questions. The analysis of the distribution of revenues from oil and gas activities in Loreto and Cusco involved semi-structured interviews and the collection and analysis of reports (government and non-government organizations). This information was collected from public sources, particularly from the economy and energy and mines authorities, Perupetro, Revenue Watch, the Extractive Industries Transparency Initiative (EITI) and the regional govenments of Loreto and Cusco.

Positionality

I have been aware of the ethical considerations and challenges in relation to my long-term affiliation to local and international non-profit organizations, sustained support to indigenous organizations, and its implications in academic research. Ethical considerations have been undertaken with careful and thoughtful attention to conducting this research, especially given the polarized opinions around resource extraction in the Amazon among indigenous and environmental organizations, companies, and government institutions. As I write this dissertation, several ongoing controversies and acute tensions are still present in relation to resource extraction in Peru, specifically as a result of numerous oil spills, as well as legal and political changes in the decision-making processes for mining and hydrocarbon projects that are taking place at this moment. These changes include legal reforms to facilitate large scale oil and mining projects, new ways to regulate indigenous peoples' participation in decision-making processes (such as

the creation of the Prior Consultation Law – *Ley de Consulta Previa*[19]), and new exemptions for the requirement of environmental impact assessment studies of oil/gas exploration projects, among other legal changes. All of these elements affect how oil and gas projects are approved and managed, particularly with regards to the role of national and local government institutions (this will be analyzed in Chapter IV). Consequently, as in other countries in Latin America, resource extraction (especially mining and hydrocarbons) is becoming increasingly polarized due to the struggles over land, resources, as well as its impacts on health, livelihood, power and political interests.

Maintaining a broad, reflective, and rigorous analysis in the process of advancing academic knowledge is a difficult task. There is considerable debate in the social sciences about "activist" scholarship and the ethical considerations about the value of such research to produce scholarly knowledge within the paradigm of 'traditional science' (Calhoun, 2008, p.xviii; Ruddick, 2004; Hale, 2008; Clocke, 2002; Pain, 2003; Warnaars; 2013; Hindery 2004). These critiques are based on early assumptions that academic endeavors and activism are 'a problem child' (Ruddick, 2004), an issue that could be perceived as problematic for scholarly rigor. However, as Hale (2008) argues, "all knowledge claims are produced in a political context; notions of objectivity that ignore or deny these facilitating conditions take on a de facto political positioning of their own, made more blatant and unavoidable by the very disavowal." But what does "activism" mean and what are its implications in geography? A review of the definitions of "activist" and "activism" reveal different interpretations of these terms. The *Merriam-*

[19] Law for the Indigenous Right to Prior Consultation, Acknowledge by the Convention 169 of the International Labor Organization / *Ley del Derecho a la Consulta Previa a los Pueblos Indígenas u Originarios, Reconocido en el Convenio 169 de la Organización Internacional del Trabajo.* Approved in September 2011, enforced in April 2012.

Webster Dictionary does not define "activist" but defines activism as "a doctrine or practice that emphasizes direct vigorous action especially in support or opposition to one side of a controversial issue." Likewise, the *Oxford Dictionary* defines activist as "a person who campaigns to bring about political or social change", and "activism" as "the policy or action using vigorous campaigning to bring about political or social change." The definition of "activist" and "activism" has different connotations in Spanish. Activist denotes "political agitator, a member of party propaganda actively involved in direct action or practice" and activism an "intense dedication to a particular line of action in public life" according to the Dictionary of the Royal Spanish Academy. These definitions emphasize the nature of militancy and the necessary implication of engagement and response to ongoing issues of political and social nature (Ruddick, 2004, p. 231). The terms "activism" and "activist" also imply taking a stance with the concomitant aspiration of achieving a goal. This nature of activism is what seems to be at the core of the conflict with scholarship. But, as Pain (2003, p.652) points out, "while many social geographers engage in forms of political activism, recent years have seen sharp refocusing of interest in activism as an explicit strategy and outcome of research and vice versa. Earlier assumptions insinuated that academic endeavors and activism were distinctive and separate pursuits which had to be forcefully and problematically combined have been dispelled." Some of the criticisms to activist scholarship depart from the assumption that a researcher's epistemological alignment with particular groups of people could hinder the ability to analyze them critically or as Ruddick (2004) says, activism is often counted as an irrational, emotive, partial and biased lens that clouds proper judgement. However, scholars such as Charles Hale, recognize that activist

researchers have dual loyalties, to their discipline and/or academic community and to a political struggle (Warnaars, 2013 p.70, Hale, 2008).

My own experience working in an environmental organization and as a scholar is in agreement with Charles Hale when he says that research and political engagement can be mutually enriching and offers a wide range of disciplinary and interdisciplinary perspectives on how the two have been brought together (Hale, 2008, p.2). In conducting this dissertation, I was aware of my professional background and that methodological rigor is even more of a crucial commitment in the research process. I managed these tensions by finding the best ways to combine these roles instead of inhibiting my fieldwork. This research gave me an opportunity to reflect about the alternate activities that geographers are immersed alongside the academic life, and how theory and praxis could be interconnected and mutually beneficial. After all, as Ruddick (2004) points out, many geographers came to the discipline to try to make sense of issues they were already involved in on the outside, whether it is human rights, issues of separatism in Ireland, struggles for water resources in India, or adaptation to climate change in the Andes. During my fieldwork process, I encountered several indigenous leaders and NGO members who cautioned me that academic researchers are not trusted because they are seen as information gatherers who leave without contributing to the people they research. Researchers such as Warnaars (2013, p.71) mentions that in some instances researchers are compared to mining companies: "I recall a saying, that just as mining companies extract minerals, academics extract information and when they are done they never come back."

Conducting this research required critical reflection about one's own subjectivity and a systematic assessment of both the content and meaning of the data collected. It required a special awareness to follow the principles of methodological rigor and compliance with them in order to produce valid and legitimate results. I have been very careful following the university research protocols required by the University of Oregon. I found that it is not only possible but complementary to be an activist alongside conducting academic research. As mentioned earlier my contacts in government institutions, indigenous, and environmental organizations facilitated access to information and policy documents that otherwise would not have been easy to access. I disclosed my affiliations with the people I interviewed and managed information about my academic research openly and with transparency. This also meant that obtaining interviews with members of oil/gas companies such as Pluspetrol was more challenging. This was due in part because of my affiliations and also because of the media reports since 2014 about environmental and social impacts in blocks 1AB, 8 by Pluspetrol. Overall, representatives of government agencies were accessible and willing to meet and were able to facilitate information. However, representatives of oil and gas companies and their guilds such as the Peruvian Hydrocarbon Society (*Sociedad Peruana de Hidrocarburos* - SPH) and the Peruvian Society of Mining, Oil and Energy (*Sociedad Peruana de Minería, Petróleo y Energía* – SNMPE) are generally more cautious about granting interviews to people affiliated to environmental and/or indigenous organizations.

Action-oriented research involves a "researcher trying to change the system while at the same time generating critical knowledge of it" (Small, 1995, p.942). This approach is part of what has been called "Participatory Action Research", a research method that is

essentially different from many other scholarship methods because its end is not just to explain or analyze social reality but hopefully would lead to action or positive changes for the social groups involved (Hay, 2010). Action-oriented research does not have a prescribed methodology, but it does require a power balance between the researcher and the people studied and an awareness of the attitudes and behavior of the researcher since these could affect the relationship with the research group (Ibid.).

CHAPTER III

POLITICAL, ECONOMIC AND SOCIAL CONTEXT

Introduction

This chapter reviews the political, economic and social environment influencing the extraction of hydrocarbons in the Peruvian Amazon, particularly in blocks 1AB, 8 and 88 in Loreto and Cusco respectively (Figure 1). This region has experienced profound changes as tropical forests have become a strategic objective for the conservation of biological and cultural diversity and for economic growth. The Amazon rainforests are known not only as an important repository of local and global ecological services but also as a resource to stabilize the planet's climate. This region has also been in constant transformation through human activity, particularly in the last ten years as a result of a new cycle of public and private initiatives for the exploitation of natural resources and infrastructure projects (Dourojeanni, 2010; Barrantes & Glave, 2014).

As Dourojeanni (2010, p.23) explains, the Peruvian rainforest (*selva*) is entering an unprecedented cycle of frenzied resource exploitation. As has occurred in the past with extraction of rubber and petroleum, this new rush for resource exploitation does not take into account the social and environmental consequences. Of the nation's 52 new large hydroelectric projects, including transmission line, half are proposed on the Marañon, Ene and Inambari rivers. Hydrocarbon concessions cover more than 70% of the *selva* region, overlapping protected areas, buffer zones and indigenous territories. Mining concessions cover more than 10 million hectares of the Amazon basin in the departments of San Martin and Amazonas and have already devastated more than 7,000

hectares in Madre de Dios (Dourojeanni, 2010). The construction of 2,600 miles of waterways on the Marañon River, a 1,600 interoceanic highway connecting the coast to Iñapari in Madre de Dios on the border with Brazil, is only one of the IIRSA (South American Regional Integration Initiatives) projects funded by the Inter-American Development Bank (IDB) and the Latin American Development Bank (CAF). The size of palm oil plantations doubled from 2006 to 2012 and covers today more than 100,000 hectares of Loreto's rainforests. In addition, there are more than 500 logging concessions in the Peruvian Amazon, covering more than 7 million hectares. However, a World Bank report estimated that illegal logging produces as much as 80% of Peru's exported timber.

These transformations are regulated and conditioned by multiple factors (political, economic, social and cultural) that define the use of this space. What is not up for debate is the expectation that Peru's *selva* remain "untouched" as many of these extractive activities are already occurring; instead, the issue is that resource extraction and large-scale infrastructure projects are evaluated and approved in an isolated manner without coordinated and comprehensive long-term, economic, social and environmental assessments. In addition, the patterns of resource use in this region have revealed that often these practices have failed to fulfill the expectations of economic and social well-being for the local populations. Moreover, as Barrantes and Glave (2014) note, public policies (by action or omission) permitting these activities have the capacity to transform social and economic trends and generate irreversible ecosystem changes. This chapter explains this context and also sets the stage for subsequent chapters that compare the cases of the oil activities in Loreto and Cusco in order to assess the changes in decision-

making processes affecting hydrocarbon activities from the 1990s and the influence of the hydrocarbon sector in Peru's resource governance.

Political and Economic Reforms 1990-2014

The transition from Alan García's first government (1985-1990) to Alberto Fujimori's presidency in 1990 took place in the midst of a severe economic and political crisis. Peru's annual inflation rate reached 7,600 percent, and the armed conflict of the Tupac Amaru Revolutionary Movement (*Movimiento Revolucionario Tupac Amaru* - MRTA) and Shining Path (*Sendero Luminoso*) was spreading throughout the country. Fujimori's strategy prioritized stabilizing the economy, defeating terrorism and settling the frontier conflicts with Ecuador (Santos Granero & Barclay, 2000 p.309). In the midst of this social, political and economic chaos, or perhaps because of it, Fujimori urgently petitioned the World Bank for economic support. Soon after, the country experienced economic and political reforms promoting the liberalization of the economy by reducing the state's size (Barrantes & Cardenas, 2010). Due to these neoliberal reforms (known as "*fujishock*'), the inflation rate rocketed overnight to 398% to "correct" the prices of goods and reactivate the economy (Gonzales de Olarte, 1993).

Fujimori's reforms included legal changes to facilitate oil and mining extraction. One of these included Supreme Decree No. 8-91-EM-VME authorizing an oil concession (block 61, by the U.S. Company Texas Crude) in the Pacaya Samiria National Reserve (PSNR) in Loreto. This law countered the intent of Article 71 of the recently enacted Environmental Code[20] (*Código del Medio Ambiente y Recursos Naturales*) that restricted

[20] Legal Decree No. 613

the exploitation of non-renewable resources in protected areas. However, as will be described in Chapter IV, the Occidental Petroleum Corporation (OXY) was already extracting oil within the PSNR, and, in fact, the company's oil operations started two decades before the creation of the protected area. A national and international campaign to "save" PSNR from new oil projects argued that the local people in the reserve already produce $80 million USD each year in fish and agricultural products (Soria, 2004; Solano, 1999). The international pressure forced Texas Crude to decline the contract and close the project. In 1992 the government amended or cancelled 28 articles of the Environmental Code enacted the year before. To compensate for these changes, in 1993 the government instated the requirement to conduct environmental impact assessment studies prior to granting new licenses for the exploitation of oil in the Amazon (Morel, 2014). That same year, Peru ratified the International Labor Organization (ILO) Convention 169 *Concerning Indigenous and Tribal Peoples in Independent Countries* (which influenced the enactment of the Prior Consultation Law in 2012, described later in Chapter IV).

After Fujimori's reelection in 1995, Congress passed the Law No. 27037 for the Promotion of Integrated Development of the Peruvian Amazon to further stimulate investment in the region (Santos Granero & Barclay, 2000). Fujimori's legal reforms also reflected the state's cautions about the creation of new protected areas[21]. Solano argued that this was probably because the National Natural Resources Institute

[21] Three protected areas were declared during Fujimori's first regime: Batán Grande, Tumbes Reserved Zone and the Algarrobal el Moro.

(INRENA- the sector's authority at that time)[22] observed that protected areas and high poverty levels overlapped; therefore, the government assumed that these areas were seen as an impediment to economic development (2011, p.88). There is still an extensive debate about the impacts of protected areas on human welfare. Ferraro and Hanauer (2015) argue that these controversies are due to the variety of methods used to assess the mechanisms through which protected areas affect human welfare. Brockington and Wilkie (2015) point out that most of the controversies are about the physical displacement or eviction of people, the restriction of economic activities within protected areas, compensation payments to affected populations and the governance or management authorities of these areas.

A year after Fujimori's re-election in 1995, Petroperu signed a landmark contract with the Royal Dutch Shell Company and Mobil Oil for the exploration of gas deposits in block 88 in Camisea, Cusco. This project was also a focal point for national and international groups concerned about the potential impacts of the project on the environment and indigenous population, especially on Matsigenka, Yine, Nahua and Nanti groups living in voluntary isolation. For the next two years, the Shell-Mobil consortium invested approximately $19 million USD in explorations, but in July 1998 the companies announced their decision not to continue with the project. The consortium requested benefits that the government did not grant, such as the possibility to export the gas to Brazil to participate in the distribution of gas in Lima.[23] By 2000, the country had one of the most liberal economies in Latin America and was one of the world's top

[22] At that time part of the Ministry of Agriculture and national authority of the protected areas. In 2008 it was replaced by the National Protected Areas Service (SERNANP) of the Ministry of the Environment.
[23] Organic Law for the Sustainable Use of Natural Resources (Law 26821), Protected Areas Act (Law 26834) and the Law for the Sustainable Use of Biological Diversity (Law 26839).

mining production centers. The following administrations of Alejandro Toledo's (2001-2005) and Alan García's second term (2005-2010) were characterized by a consolidation of an economic model based on resource extraction, exports of primary goods, increased foreign investments in the mining sector and the signing free trade agreements mentioned earlier.

In sharp contrast with his left-leaning first mandate, Alan García's second government ((2006-2011) was characterized by a rise of social-environmental conflicts and aggressive free market economic reforms to facilitate even more resource extraction (large-scale metal mining and agriculture and hydrocarbons) in the Amazon. García published a series of controversial articles in the newspaper *El Comercio* outlining his ideas about how to increase the economic growth. In the first article, "*El Síndrome del Perro del Hortelano*" (the dog in the manger syndrome) published in October 2007, García said that Peru owned many resources that could not be sold, did not attract investment and did not create jobs due to "old ideologies, laziness and insensibility of the dog in the manger, which says if I cannot do it, nobody can do it." García added: "There is the old communist anti-capitalist disguised as an environmentalist of the 21st century, but he is always anti-capitalist, opposed to investment with no ways to explain how it could be possible to boost development with subsistence farming." The article also said, "Against petroleum, [they] have created the image of the 'non-contacted' native, who are unknown but presumed [to exist]. Because of this, millions of hectares cannot be explored, and the Peruvian oil must remain underground while the world pays $90 USD per barrel. They prefer for Peru to import oil and continue getting poorer."

For García the solution to poverty was to formalize individual land tenure, open large extensions of the land to investment and bring modern technology to rural areas. García also granted power to the ministries to pass laws without the intervention of the Congress, which promoted foreign investment and negotiated a free trade agreement with the US in 2006. Shortly after the publication of these newspaper articles, the García administration passed 100 decrees between January and June 2008 based on the above mentioned principles. These articles were influenced by Peruvian economist Hernando de Soto who promoted the concentration of land and natural resources in the hands of individual owners as opposed to the collective land ownership preferred by the native communities (Chirif, 2009; Bebbington 2009)[24].

These reforms were sanctioned in the context of the United States – Peru Free Trade Agreement and required amendments to the Peruvian legislation. Among the most controversial decrees passed were the Legal Decrees 1090 (Forestry and Wildlife Act) and 1073 which facilitated the sale of communal lands by lowering the quorum necessary for communities to sell their lands from two-thirds to fifty percent. Also of particular concern were decrees 1064 and 1090 which facilitated the change of land use in the Amazon. These decrees changed the property regimes of the native communities in the Amazon, which were considered communal lands. These reforms changed the communal lands to the same legal designation of the agricultural and peasant lands of the Andes and the coastal regions. Controversies were not only about the number and

[24] In *The Other Path: The Invisible Revolution in the Third World* (1989) and in *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (2000), de Soto argues that capitalism has failed in developing countries due to the lack of easy access to individual private property. He contends that legal barriers are a problem for the emerging popular sectors in urban areas to access to credit, to create capital and end urban informal economies.

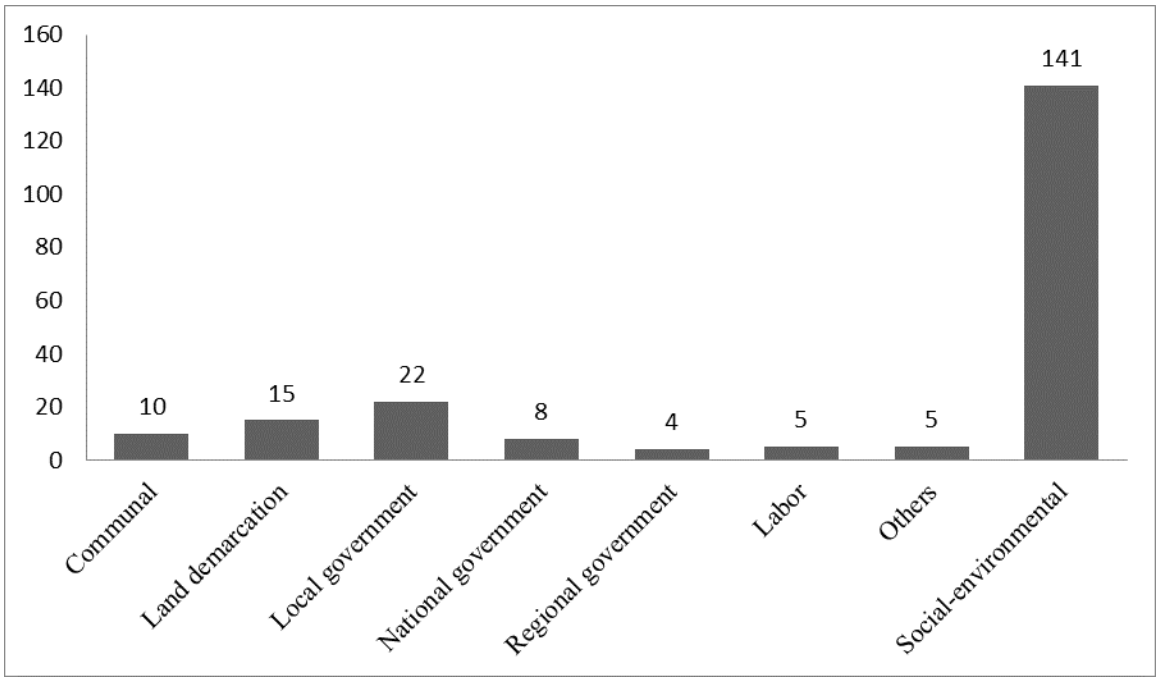
content of the decrees but also about the way they were passed. These were enacted directly by the executive branch without any public consultation or participation of the congress.

The above mentioned decrees sparked violent protests throughout the country and resulted in the protests of Bagua, Department of Amazonas in June 5 of 2009, where 33 people died (most of them police) in a violent clash between the police, indigenous peoples, and settlers opposed to these legal reforms. The decrees were rescinded and the protest gave unprecedented visibility to the Amazon native communities that had been mostly ignored by authorities in Lima. A few days before the protests in Bagua, a congressional commission presented the document "Prior Consultation: Fundamental Right of the Indigenous People and Tool to Strengthen the Democracy" (Congress of Peru, 2011). After the protests in Bagua and rise of conflicts in the Amazon related to development and extraction projects, Congress appointed a commission to study and formulate recommendations about the problems affecting indigenous people (*Comisión Especial Multipartidaria Encargada de Estudiar y Recomendar la Solución a la Problemática de Los Pueblos Indígenas*). On December 2009, this commission formulated a set of recommendations that included the implementation of intercultural dialogue and the adoption of laws to enforce ILO Convention 169. By May 2010, the urgency to adopt a legal framework for more effective public participation was at its peak. It was then when the Constitutional Court declared that the lack of a specific rule for the consultation process to enact the International Labor Organization Convention 169 was unconstitutional (Constitutional Court Decision: 22-2009: Principles 10-12).

The Free Trade Agreement with the U.S. also required the Peruvian government to create a Ministry of the Environment. The law creating the ministry[25] in 2008 stated its purpose was "to facilitate the implementation of the Trade Agreement between the US and its Amendment Protocol" (paragraph 1). The creation of this ministry in 2008 replaced the previous environmental authority, the National Environmental Council (*Consejo Nacional del Ambiente* - CONAM) created in 1994. The new ministry aimed to fill the institutional gap in environmental law and policy-making of several ministries regulating and controlling the environmental issues independently. This decision irritated some private corporations but was welcomed by many state and non-state actors. It could also be interpreted from the Gramscian perspective of power as a decision to reduce the tension caused by the rise of social-environmental conflicts in Peru. During the government of Alejandro Toledo (2004-2006), the number and intensity of social-environmental conflicts rose to a record high. In the first quarter of 2008, social environmental conflicts comprised half of the overall conflicts in the country (Ombudsman's Office, 2008), and by the time President Humala was elected in 2011, the social-environmental conflicts had reached peak levels, prompting the creation of a special Bureau for the Management of Social Conflicts.[26] In June 2015, the Office of the Ombudsman reported that 67% of Peru's social conflicts (141) were primarily (70%) related to oil and mining projects in the Amazon and Andes, and at least half of them involved violent protests (Ombudsman's Office, 2015).

Figure 10. Causes of Social Conflicts in Peru, June 2015

[25] Legal Decree No. 1013 of May 2008.
[26] Created by Supreme Decree No. 010-2010-PCM



Data source: Ombudsman's Office 2015

The severity of these conflicts also prompted Humala to enact the Prior Consultation Law (*Ley de Consulta Previa*)[27] only a few weeks after his inauguration in 2011 (see analysis of this law in Chapter IV), but the law has not been effective in reducing the number and violence of conflicts. The enactment of the Prior Consultation Law was followed by the adoption of more laws to "reactivate the economy" through resource extraction. These sets of laws or *paquetazos* (analyzed more in detail in Chapter IV) put extractive projects on the fast track, reduced the number of requirements to obtain environmental permits, and eliminated many penalties for environmental contamination. Although some groups welcomed the Prior Consultation Law as an acknowledgement of indigenous peoples' rights to participate in decision-making processes, others believe it would be an obstacle to foreign investments. The fact is that the law does not allow indigenous peoples the right to veto activities that may affect their livelihoods and grants

[27] Law No. 29785. Law for the Right to Prior Consultation of the Indigenous Peoples According to the International Labor Organization Convention 169. Published on September 7, 2011.

the government the right act as the final arbiter. In practice, there is great uncertainty about the law's implementation even in government agencies and indigenous organizations because its mechanisms for implementation (procedures, responsibilities, budget, etc.) are not clearly defined. This could be interpreted as Charles Hale (2004, p.19) argues, as a form of neoliberal multiculturalism, where indigenous organizations are permitted, as long as they do not "amass enough power to call basic state prerogatives into question."

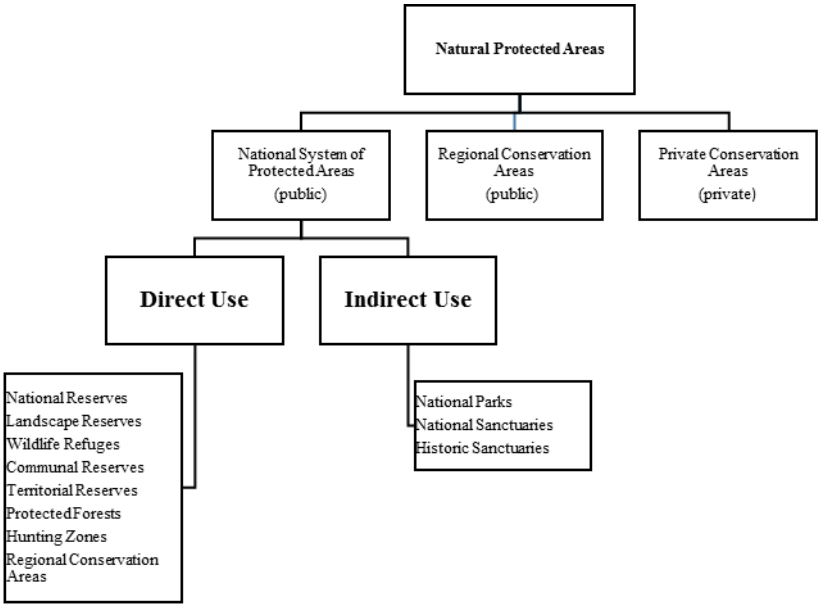
Protected Areas

Protected areas are continental and/or maritime spaces designated to protect the nation's biological diversity, cultural, historic and landscape assets. These areas can be managed by the SERNANP (the National Protected Areas Service), regional authorities, individuals, or private entities. Protected areas are not only meant to protect natural assets but also are created to safeguard historic sanctuaries, indigenous communal lands, and territorial reserves where economic activities are regulated. These are considered a "powerful engine for economic development" as they sustain key economic sectors such as forestry, fisheries, agriculture, and tourism. Peru's National Protected Areas System (*Sistema Nacional de Areas Naturales Protegidas por el Estado* – SINANPE) includes ten communal reserves (*Reservas Comunales)* defined as areas for the conservation of flora and fauna for the benefit of local populations and indigenous or peasant communities. Communal reserves are managed directly by its beneficiaries, and their natural resources can be used according to management plans approved by the protected areas' national authority SERNANP. For decades many indigenous communities inside

protected areas demanded titles to their territories. The first groups exerting their legal rights include indigenous populations living inside the protected areas or in the surroundings of the Manu National Park, the Yanachaga-Chemillen, Bahuaja-Sonene, Cordillera Azul, Otishi, and Alto Purús. IUCN estimates that roughly 30% of Peru's protected areas overlap indigenous territories.

The surge of resource extraction such as mining (metals, coal, sand and gravel) and hydrocarbons often overlap protected areas and their peripheral spaces (buffer zones). Researchers, politicians, corporations and civil society groups have been discussing the sustainability of resource extraction in protected areas for decades. Among these dialogues is the 2nd IUCN World Conservation Congress in Amman, Jordan in 2000, where members recommended the protection and conservation of biological diversity from resource exploration and extraction in some categories of protected areas. Approximately 14.6% of the world's land and 2.8% of the oceans are part of 200,000 protected areas. Peru has 76 protected areas covering 19.3 million hectares, equivalent to 16% of the national territory. The national protected areas system (SINANPE) organizes these areas into two types of use: direct and indirect (Figure 11).

Figure 11. Classification of Protected Areas



National Protected Areas Act (No. 26834)

Areas of **indirect use** (national parks, national sanctuaries and historic sanctuaries) are considered highly vulnerable to resource extraction; therefore, they are under a special protection regime. Consequently, the only activities permitted in these areas are scientific research activities that would not affect the areas' conservation purposes. Tourism and recreational activities can only take place in designated areas and resource extraction and any transformation or modification of the natural environment is prohibited. Resource use and extraction is permitted in the **areas of direct use** such as national reserves, wildlife reserves, communal reserves, protected forests, hunting zones and regional conservation areas (Table 3). Extractive activities are permitted primarily by local communities and in zones defined in the area's management plan and must be compatible with the objectives of the protected area defined by SERNANP (SPDA, 2007).

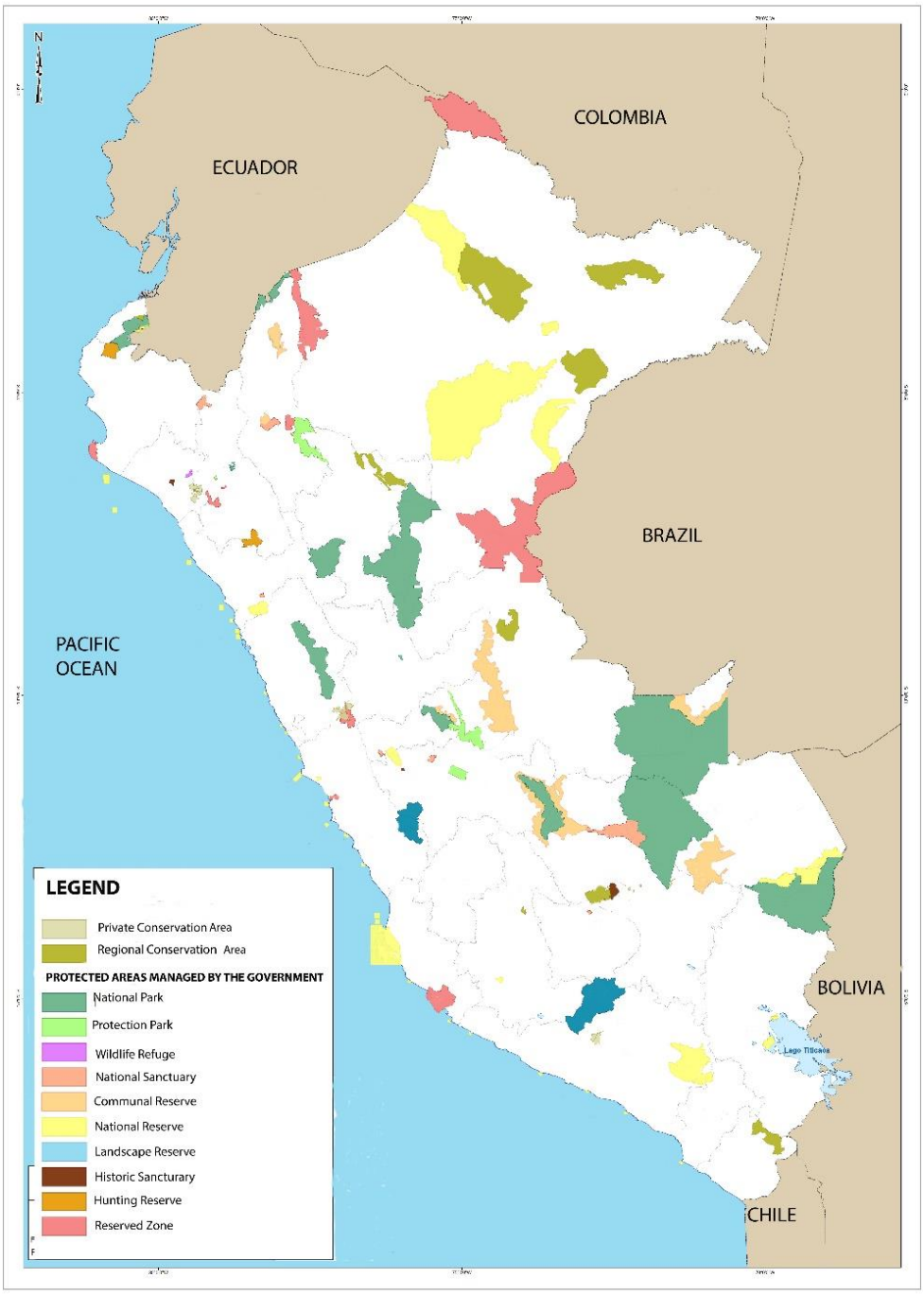
Table 3. Activities Permitted in Protected Areas According to their Category

Category	Indirect Use	Direct Use

Type	National parks, national sanctuaries, historic sanctuaries.	National reserves, landscape reserves, wildlife refuges, communal reserves, protected forests, hunting reserves, and regional conservation areas.
Activities permitted	Scientific research, recreation and tourism. These areas do not allow the extraction of natural resources nor the transformation and modification of the environment.	Use and extraction of natural resources conducted primarily by local populations and in areas defined in the management plan. All use and activities must be compatible with the area's objectives.

Source: SERNANP

Figure 12. Protected Areas of Peru



Ministry of the Environment, 2015

In addition to the above mentioned areas in the national system, there are 16 Regional Conservation Areas (*Areas de Conservación Regional* - ACR) and 78

conservation areas (*Areas de Conservación Privadas* - ACP) throughout the country. These are managed by the regional government or the private owners and must comply with a management plan. The designation of the ACR and ACP are subject to an evaluation process by the government. Therefore, there are 170 areas under some category of protection nationwide (see categories in Table 4).

Table 4. Categories of National Protected Areas

Category	Definition
National Parks	Areas that contain representative populations of natural diversity and ecologic units. They are declared untouchable to protect one or more ecosystems, wild flora and fauna, evolutionary and succession processes, as well as associated cultural and landscape assets.
National Sanctuary	Areas where the habitat of species of flora and fauna communities are declared untouchable, as well as natural formations of scientific and landscape value.
Historic Sanctuary	Untouchable areas with relevant natural values that have significant national interest. They may contain monumental and archeologic assets or places where outstanding historic events have taken place.
Landscape Reserve	Protected areas whose geographic integrity exhibits a harmonious relationship between humans and nature, and they host relevant natural, cultural and aesthetic assets.
Wildlife Refuge	Areas that require active intervention for the management and maintenance of the habitat, supply the special needs of determined species, such as reproduction areas or other critical places for the recovery and maintenance of the population of those species.
National Reserve	Areas destined for the conservation of biological diversity and the sustainable use of wild flora and fauna (terrestrial and aquatic). In these areas, the commercial use of natural resources is permitted according to management plans previously approved and supervised by the national authority in charge.

Category	Definition
Communal Reserve	Areas designed for the conservation of wild flora and fauna for the benefit of the rural populations in their vicinity. The use and commercialization of resources will be undertaken according to management plans approved and supervised by the authority and conducted by the beneficiaries. These areas could be established in farmlands, livestock areas, forestry areas, and wetlands.

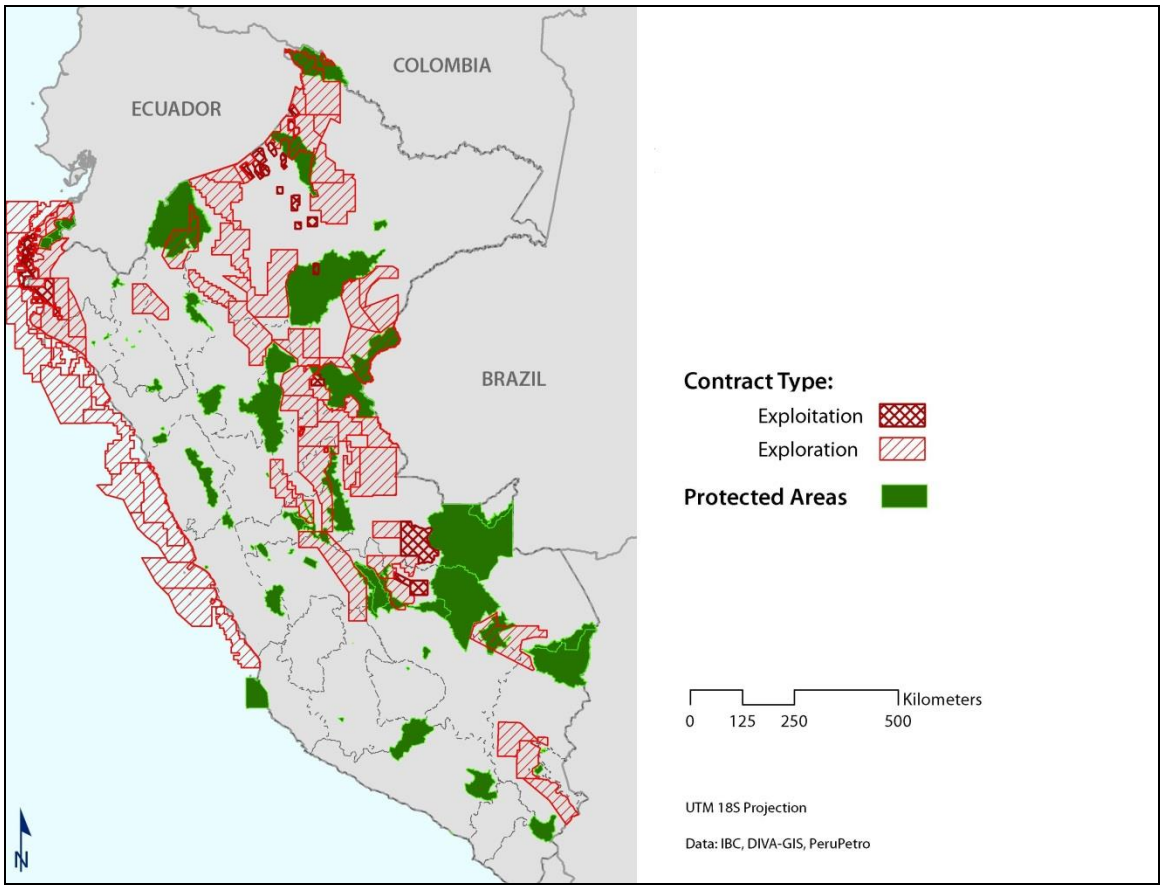
Protected Forest	Established to protect water catchment areas, river banks and other water sources in general for the protection against erosion. Use of resources and activities that would not affect the vegetation coverage is permitted.
Hunting Reserve	Areas designated to the use of wildlife through the regulated practice of sport hunting.
Reserved Zone	This is a temporary status for areas that initially qualify for protection but are under assessment to determine the extension of the area and its category of protection.

Approximately 16 oil and gas concessions overlap 12 natural protected areas; some of them are considered priority conservation areas such as the Pacaya Samiria National Reserve and the Reserved Zone Pucacuro in the Department of Loreto. Oil concessions also overlap five out of the ten existing communal reserves (DAR, 2010; Calle & Brehaut, 2007). As mentioned earlier, some areas inhabited by indigenous groups and denominated as "communal reserves" are also listed as protected areas managed by the central government. The Protected Areas Act of 1997 defines communal reserves as areas for the conservation of wild flora and fauna for the benefit of the neighboring rural populations. As mentioned, use and commercialization of resources by the local population is permitted according to management plans approved and supervised by the national authority (SERNANP, 2010). Today oil and gas concessions overlap half of the existing communal reserves (Benavides, 2010a).[28, 29]

Figure 13. Spatial Overlap of Oil Concessions and Protected Areas

[28] A separate category is the "territorial reserves," or *reservas territoriales*, designated for the protection of indigenous people in voluntary isolation or in initial contact. It is estimated that territorial reserves cover an area of 2,812,868 hectares of the Peruvian Amazon.

[29] Communal reserves cover an area of 2,166, 588 hectares of the total 13,599, 898 hectares of demarcated (not necessarily titled) indigenous territories in the country.



Scurrah, 2014

The Indigenous Peoples in Blocks 1AB (192), 8 and 88

Ethnic groups[30] of the Peruvian Amazon are very diverse; varieties include indigenous groups in voluntary isolation[31], others in initial contact, and many also entirely integrated into the mainstream society. The Amazon is also inhabited by a wide

[30] Ethnicity is not a term that has fixed referents. *Ethnos* refers to "nation: in Greek although it is understood as a discourse of cultural meaning, which in this case is spread over geographical space by virtue of the fact that social, kin and blood relations become concrete in spatialized form. This is translated in the principle of territoriality through which this group of individuals claims primacy over the use of resources within a common territory (Wade 2006, Barclay 1980).

[31] Are native groups who do not have permanent social relations with the other members of nation's society, or who after brief contact have opted to discontinue them (Ministry of Culture 2014). These groups are small in number and include the Yora, Yaminahua, Amahuacas, Pisabo, Kugapakori, Nahua, Nanti, Murunahua, Mashco Piro, Isconahua and few others. The term "initial contact" refers to a wide variety of situations depending on the nature of the social and economic relations in which they are involved (García Hierro and Barclay 2014).

variety of migrants and settlers (*colonos*) from all over the country. The Peruvian Amazon comprises an area of 78,282,060 hectares (61%) of the national territory and is distributed in 11 departments (Loreto, Ucayali, San Martin, Cusco, Ayacucho, Junin, Pasco, Huanuco, Madre de Dios and Cajamarca) (IIAP, 2005).

The 2007 census indicated that this area is inhabited by 3,675,292 people (13% of the national population is estimated at 28,220,764) of which 332,975 (9%) live in native communities that occupy approximately 27.1 % of the region (Benavides, 2010). Although it is difficult to make a simple classification of these native groups, officially there are approximately 53 ethnic groups from 12 linguistic families (a list of the ethnic groups is in Appendix E). The colonization of the Peruvian Amazon since the 1800s has been deeply influenced by boom and bust cycles of natural resource exploitation. The exploitation of rubber in the late 1800s had a profound impact on the indigenous population, particularly in Putumayo where thousands were enslaved and died from diseases brought in by *colonos* and explorers.[32]

The Achuar

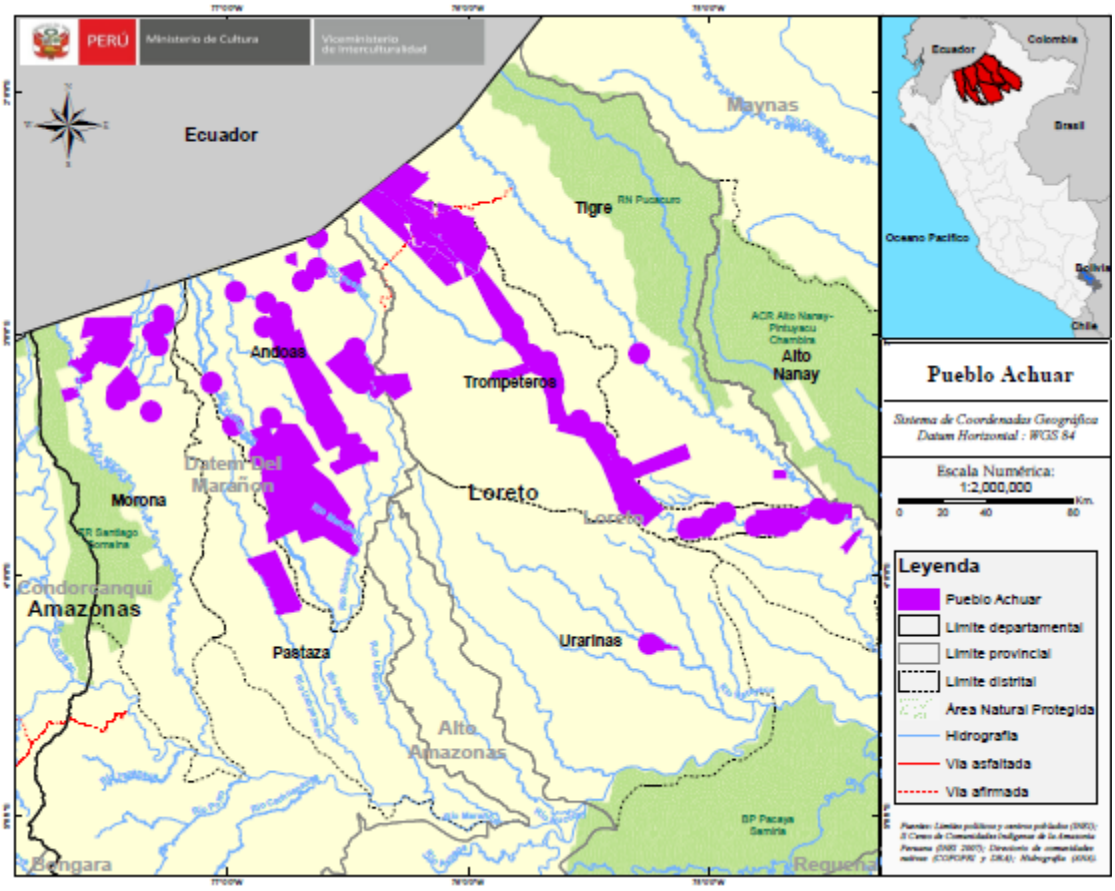
The Achuar are one of four indigenous groups of the Jivaro[33] linguistic family (Achuar, Shuar, Candoshi, Aguaruna, and Huambisa) and are probably the largest homogeneous culture of the Amazon basin (Descola, 1986). Their territories comprise rainforests in the southwest of Ecuador and northwest of Peru. In 2007, Peru's Achuar

[32] Abuses against the indigenous peoples and other social impacts are documented numerous publications and novels such as *The Vortex* of Jose Eustasio Rivera (1924); *The River that God Forgot* by Richard Collier (1968) Roger Casement's Report (1904) that inspired Mario Vargas Llosa's novel "*The Dream of the Celt"* (2010).

[33] Jivaro is also a term used in Puerto Rico to refer to mountain peasants or *gente de montaña*. Different from the Jivaro of South America, the Jivaros of Puerto Rico are descendants of the Taino indigenous peoples and Spanish.

population was estimated at 11,000 and is a subgroup of the Jivaro group, which has a total of 79,871 members in the country.[34] The Achuar live in the provinces of the Datem of Marañon and Alto Amazonas in Loreto; Bagua and Condorcanqui in Amazonas; San Ignacio in Cajamarca, Rioja in San Martin and Coronel Portillo in Ucayali (Figure 14).

Figure 14. Spatial Distribution of the Achuar Indigenous Peoples



Ministry of Culture, 2016

[34] The most numerous group of the Jivaro linguistic family is the Aguaruna (Awajún) with 55,366 people. The Huambisa population is estimated at 10,163, Candoshi-Murato 3,255.

The early records of the Amazonian Jivaros[35] describe their first contact with Spanish Jesuit missionaries from the first encounters in the mid-1700s until the expulsion of this religious group from Peru in 1769. Records from the mid-1880s detailing the arrival of foreigners in the Achuar territories describe the first exchange of guns and other goods with the indigenous peoples until the early 1900s. Researchers such as Karsten (1935), Stirling (1938) and Harner (1984) published some of the earliest ethnographic information available about this ethnic group. More recent works by Descola (1986) and Uriarte (2007) note that the Achuar remained mostly isolated from Western society until the 1970s. This group has been known as warriors for their head shrinking tradition and especially for their defensiveness against outside threats (Harner 1984). Before the 1970s, the Achuar of Peru occasionally traded mahogany (*Cedrela sp.*) and lupuna (*Ceiba pentandra*) with non- indigenous traders known as *patrones* (bosses) in exchange for manufactured goods such as guns, machetes, and hatches. These exchanges were only possible through the rich fluvial system in their territory, especially along the Marañon River.

Descola (1986) argues that oil activities in the Achuar territory in the early 1970s could only have been possible after the indigenous peoples established contact with the protestant missionaries of the Summer Institute of Linguistics (SIL), who tried to evangelize and "pacify" them. The SIL used a system similar to the old *reducciones* in which the missionaries managed to concentrate indigenous groups by encouraging the formation of small communities around the land strips surrounding the protestant organization. The presence of missionaries in the area also weakened the cultural and

[35] Jivaro is also a term used in Puerto Rico to refer to mountain peasants or *gente de montaña*.

economic influence of *patrones* in the area as the religious group brought new trading opportunities and social values. Today, approximately half of the Achuar population 14 years and older are independent workers. Most of them are exclusively self-sufficient farmers, and only small groups (roughly 12.8%) are seasonal, part-time and/or temporary workers for the oil company (INEI, 2007).

The Achuar are organized in at least five federations representing communities along the main rivers in their territories[36]. Organizations such as FECONACO and FECONAT (from the Corrientes and Tigre rivers respectively) represent the Achuar in the oil concession 1AB (now 192). These organizations and their activities are described in more detail in Chapter IV.

The Cocama Cocamilla

The Cocama Cocamilla (Kukama Kukamiria) are members of the Tupí Guaraní linguistic family and live in the flooding areas of the low Ucayali, Tigre and Marañon rivers (Figure 15). Their population is estimated at over 11,000 (INEI, 2007). Their livelihood is influenced greatly by seasonal flooding in their territories. They prepare well in advance to survive during the two to four months of the rainy season by storing corn and other agricultural products such as wood, meat, etc.; and plant crops in the river banks during the dry season.

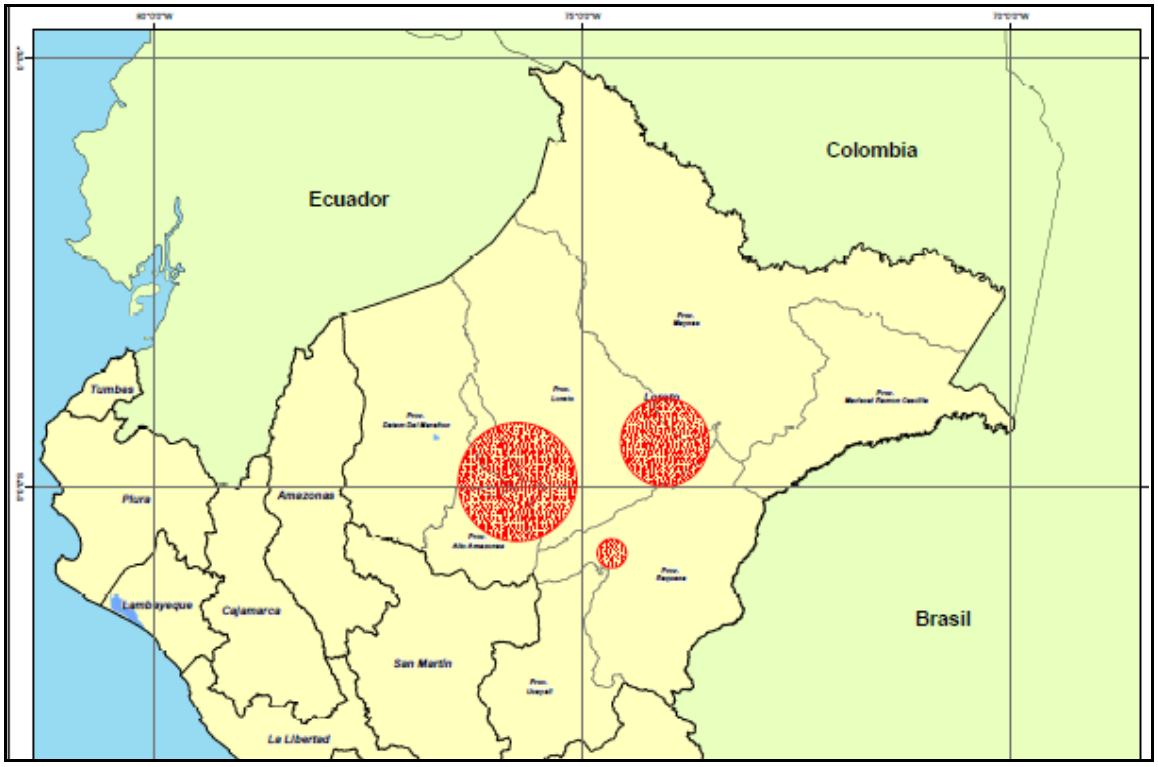
The federation ACODECOSPAT (Cocama Association for the Development and Conservation of San Pablo of Tipishca) coordinates closely with FECONACO and other indigenous federations in Loreto and Ucayali. The organization defines its mission:

[36] These include the National Achuar Federation of Peru (FENAP), FECONACO, FECONAT of the Corrientes and Tigre rivers respectively, ATI (Achuarti Irontramu), ORACH (Achuar Chayat Organization), and others.

> "We make [the authorities] hear the voice of the Cocama Cocamilla, request the authorities to address problems caused by resource extraction that affect our communities in any claim they have against oil companies which have been contaminating and enriching themselves for over 40 years. We want to request that Pluspetrol stop contaminating our water so we can live healthy without lead, cadmium and mercury in our blood streams."

(Lopez Tejada, 2011).

Figure 15. Spatial Distribution of the Cocama Cocamilla Indigenous Peoples



Ministry of Culture, 2015

Although the men of this native group are known for their fishing skills, they also hunt and gather to supplement their income and feed their families (Rivas, 2011). The group also has had extensive commercial experience (trading tools, guns, etc. for lumber, fish and other forest products) with other indigenous people in the area since the 1800s and have been involved in commercial activities ever since. In the 1970s these

communities received loans from the Agrarian Bank to support their agricultural production and worked temporarily in productive activities in the area (Ministry of Culture, 2015). An interviewee mentioned that some groups along the major rivers (*ribereños*) are losing their native language and prefer to be identified as mestizos.

The Kichwa

This ethnic group is located mainly in the margins of the Pastaza, Tigre, Marañon, and Huallaga rivers and their affluents in Loreto, although there is a group of Kichwas in Madre de Dios (Figure 16). The Kichwa (estimated population 20,467 in 2007) are divided in four major groups distributed in three departments: The Napo and Tigre rivers of Loreto, Lamas in San Martin, and the Kichwa Santarrosinos in Madre de Dios. Despite their diverse origin and spatial distribution, the Kichwa share an identity as a single ethnic group (Ministry of Culture, 2015).

Information about the origin of this indigenous group is scarce; however, there are reports that Jesuit and Dominican missionaries used the Quechua language from the Andes to evangelize indigenous peoples in the Amazon (AIDESEP, 2000). It is believed that the Kichwa of Loreto formed from small groups of indigenous peoples in Ecuador and Peru such as the Canelos, Urarinas, Romaynas, Arabelas, Muratos and Achuar who may have migrated in the 1700-1800s to areas neighboring Dominican missions seeking refuge from forced labor.

Figure 16. Spatial Distribution of the Kichwa Indigenous Peoples

Ministry of Culture, 2015

Dominicans could have contributed to the genesis of the Kichwa peoples by promoting the marriage between the Canelos, Achuar, and Kichwas peoples of the Napo River and imposing the Quechua language. Lumber and oil extraction in the 1900s affected the social and economic structures of this group and catalyzed the formation of federations such as FEDIQUEP (Kichwa Federation of the Pastaza) and FECONAT (Federation of the Native Communities of the Tigre). As other ethnic groups in the area, their livelihood depends on farming, fishing and hunting. They grow yucca and bananas,

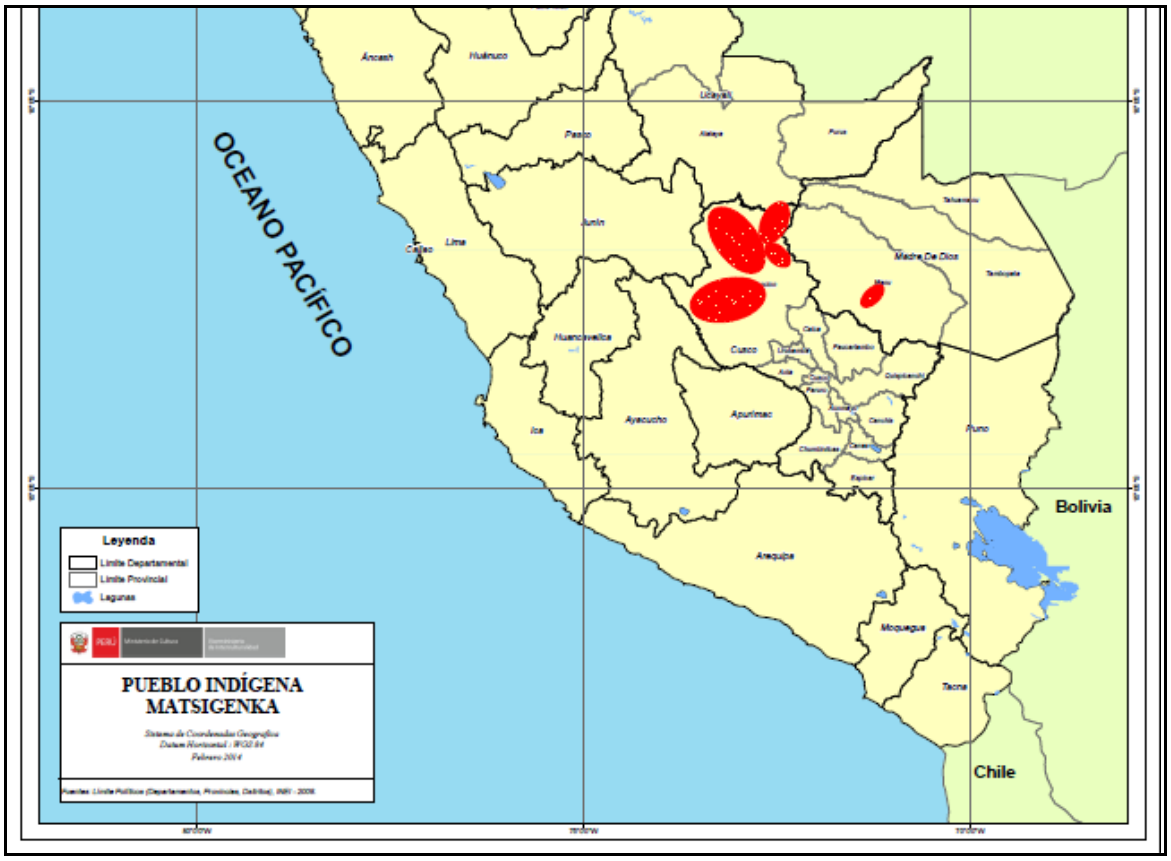
and raise chicken and pigs, which they sell to merchants who travel along the rivers and to Pluspetrol.

The Matsigenka

The Matsigenka or Matsiguenga are members of the Arahuac linguistic family, a large group widely distributed in the tropics of the Americas (Santos-Granero & Barclay 2004). In Peru, the Matsigenka are located in the Urubamba, Camisea, Timpia, Manu, and Apurimac rivers in the Departments of Cusco and Madre de Dios (Figure 17). Their population is estimated at 11,279 (INEI, 2007).

The first records of the Matsigenka date from the late 1700s, when Franciscan missionaries arrived in Urubamba. Some of the early references to this group use the denomination *Campa* (mostly used by the Franciscans but perceived by the indigenous as a derogatory name) in reference to both the Ashaninka and Matsigenka people. The establishment of Dominican missions in the early 1990s contributed to the creation of more detailed records that are currently available in the Jose Pío Aza in Lima. Rosengren (2004) notes that some segments of the Matsigenka people remain in voluntary isolation, such as the Nanti, which in Matsigenka mean "I am." The Nanti have also been called Kugapakori, a derogatory term rejected by this group of people as it means "those who do as they want," (Ibid.).

Figure 17. Spatial Location of the Matsigenka Indigenous Peoples



Ministry of Culture, 2015

As mentioned, records show that the Matsigenka people have had contact with Dominican, Franciscan and Jesuit missionaries since the 1700s. Interviewees mentioned that this contact profoundly influenced the Matsigenka's views about western societies, development and progress. They agree that the Matsigenka are more "docile" than other ethnic groups and are more open to negotiations with oil companies compared to the Achuar (as explained in more detail in Chapter IV). Another influential presence was the protestant missionaries of the Summer Linguistic Institute (SLI); this group arrived in 1952 in the locality of Kompirushato, which is located in the Upper Urubamba, and expanded to the Lower Urubamba. The presence of both groups of missionaries is greatly influential in the shaping of the Matsigenka's societal values; a large group of

indigenous peoples from this group consciously seek what they perceive as "modern ways of life." As Rosengren (2004, p. 55) notes:

> "It is observed that the dominant positions that the missionaries have in the rainforest societies is frequently associated with the notion that whites have special powers (Santos Granero 1991). For the Matsigenka, the material wealth and political power of white people is evidence of those powers. The fact that white people have these powers does not mean for the Matsigenka that whites are better people but that they have superior technical capacities. A myth of the Matsigenka explains the origin of white people's experience and knowledge as coming from Chonkávari, the 'inventor" god, who actually lives and shares their knowledge with them."

As mentioned, interviewees also described the influence of Catholic and non-Catholic missionaries on the Matsigenka's perception of the discourses of modernity and development linked to resource extraction. Several NGO and indigenous leaders mentioned that the Evangelical and Catholic missionaries in the area of the Camisea project have brought with them different views of development, rivalries and power dynamics. Olson's (2006) study of the influence of Catholic and non-Catholic churches in Cusco shows the influence of religion in the construction of development epistemologies and how people and their religious leaders think and act about modernity and development. His comparative analysis of two cases in the highlands of Cusco demonstrates how religious organizations mediate development through the production of social values (886). Jean Pierre Bastian (1998) examined this issue in his book *La Mutación Religiosa de América Latina* (The Religious Mutation of Latin America), where he explores the social and political implications of Protestantism among indigenous populations living in a subsistence economy in Latin America. As Bastian noted, it is in the poor communities and villages of the "abandoned" where salvation movements emerge. Olson (2006) and Bastian (1998) also point out that the dominance

of North American religious literature engenders particular sets of truths about development. Olson's study about the influence of Catholic and non-Catholic missionaries in Cusco's Andes coincides with the answers given by people from Camisea. The development agendas of the indigenous federations of Catholic and Protestant affiliations are different. The indigenous federation CECONAMA (Central of Native Matsigenka Communities "José Santos Atahualpa") has closer ties with Protestants of the SLI than COMARU (Matsigenka Council of the Urubamba River) which has a higher number of Catholic members. Both organizations have been working for over 25 years with the native communities in block 88 and have different perspectives about the presence of oil companies in the area. While both organizations are open to dialogue, COMARU has been vocal about their opposition to the expansion of the Camisea gas project in block 88. However, CECONAMA has been more welcoming to the project as an opportunity to access material benefits, health care and educational opportunities, which is described in more detail in Chapter V. It is possible that the presence of Catholic and Evangelicals influenced the way the indigenous peoples affiliated with CECONAMA and COMARU perceive development and modernity. Some studies agree with Max Weber's (1930) arguments in *The Protestant Ethic and the Spirit of Capitalism* about the influence of Protestantism on economic development and the existence of a negative correlation between economic progress and Catholicism. Some interviewees corroborate the studies by Zalanga (2010) that link economic development with Protestantism, but assert that religion cannot be the only determinant of how people perceive development and modernity. However, Grier (1997) and other

Weber critics such as Fanfani et al. (1984) contend that Protestantism is not the only determinant of growth.

The Amazon Indigenous Movement

There are four levels of Amazonian indigenous organizations: (a) native communities formed by groups of families living within a stretch of a river or its tributaries and which address specific needs related to their immediate environment; (b) federations organized by several native communities, mostly of the same ethnicity. Federations may include more than one ethnic group, but generally their members share the same ethnicity. These organizations address social, economic and political issues affecting their members; (c) regional organizations are formed by groups of federations that could include different ethnic groups; and (d) national organizations that coordinate with their affiliates at the regional level or with federations. In addition there are international organizations such as the Indigenous Coordinator of Indigenous Organizations of the Amazon Basin (COICA).[37]

In the 1960s, a few indigenous leaders of the *selva central* (central jungle) started to organize in order to defend their territories from colonization, but it was not until the early 1970s when indigenous federations started to proliferate in the region (Dandler, 1998; Santos Granero & Barclay, 2000). The Native Communities Act of 1974 required indigenous peoples to organize and register as native communities. Due to this law, the Amazonian indigenous peoples were recognized as a legal entity for the first time and

[37] COICA was created in 1984 in Lima during the 1st Congress of Indigenous Organizations of the Amazon Basin. Members: AIDESEP – Peru, APA – Guyana; CIDOB – Bolivia; COIAB – Brazil; CONFENIAE – Ecuador; FOAG – French Guyana; OIS – Suriname; OPIAC – Colombia and the Regional Organization of Indigenous People of the Amazon (ORPIA).

had access to land titles.[38] Moreover, this law declared native territories as inalienable and indivisible. At that time, Catholic missionaries and officials of the national system of social mobilization (*Sistema Nacional de Mobilización Social* – SINAMOS), a public entity created during the leftist dictatorship of General Juan Velasco, were pivotal to inform and organize the rural native communities about the national legal system and the Native Communities' Act. Shortly after the law's passage, the first registered organizations[39] started to emerge in Loreto among the Naporuna and Shipibo-Conibo indigenous peoples.

In 1979 the Amuesha, Awajun and Ashankinka of the Central Amazon (*selva central*) created the Coordinator of Native Communities of the Peruvian Amazon (*Coordinadora de Comunidades Nativas de la Selva Peruana*). The following year this organization changed into the Inter-Ethnic Association for the Development of the Peruvian Amazon –AIDESEP- (Dandler, 1998). Today AIDESEP has nine regional branches and represents 64 Amazon indigenous federations and 1,809 communities (AIDESEP, 2015). The organization's mission is to: (1) achieve the recognition of indigenous ancestral territories in order to guarantee their existence; (2) exercise the right to live fully with respect to indigenous people's spirituality and world view and to pursue social and human development; (3) implement the right to free determination as included in international treaties and declarations such as the United Nations Declaration of Human Rights, among others; (4) develop a system to manage the economy of the

[38] Although legal amendments later established that indigenous community lands would only be granted in lands categorized for agriculture and livestock uses, excluding forest lands. Native communities could only be granted permits to use forest lands but not land titles (Law Decrees: 22175, 1090).
[39] *Organización de Desarrollo Shipibo* (Organization for the development of the Shipibo people) and the *Frente de Defensa de las Comunidades Nativas del Ucayali*, a coalition of native communities of the Ucayali River basin.

indigenous communities in harmony with nature's laws and principles of interdependence (Idem).

In late 1980s AIDESEP went through an internal crisis that triggered the formation of CONAP, the Confederation of Amazon Nationalities of Peru. AIDESEP and CONAP are parallel organizations with different objectives and discourses such as CONAP's more conciliatory position with the government and private interests. For more than 30 years, CONAP and AIDESEP have held different views about development, private investments and other strategic arenas (Benavides 2010). While AIDESEP has expressed its opposition to resource extraction on more than one occasion, CONAP is openly in favor of these activities and has accompanied Perupetro's officers around the world to show their support to oil activities in the Amazon (Bebbington, 2008). Since its early days to the present, AIDESEP's priorities have been to achieve the demarcation and titling of their territories and to defend the collective land rights of its members. As Bebbington (2008, p.57) noted, Andean and Amazonian indigenous groups differ substantially in their views about the land. Some leaders interviewed stated that while Andeans prioritize dividing the land in parcels, the Amazonian indigenous peoples prefer to defend collective land rights based on a broader perspective as an ethnic group.

Land titling has been a struggle for the Amazonian indigenous peoples, especially with the rise of resource extraction since the mid-1990s. These groups are still struggling with complex and slow bureaucratic processes that are delaying recognition of their collective property rights (Richard Chase Smith, 2003). A report of the Ombudsman's Office from 2014 show that 1,271 of 1,469 recognized Amazonian communities have titles to their land and adds that some of the reasons why the number of titles granted to

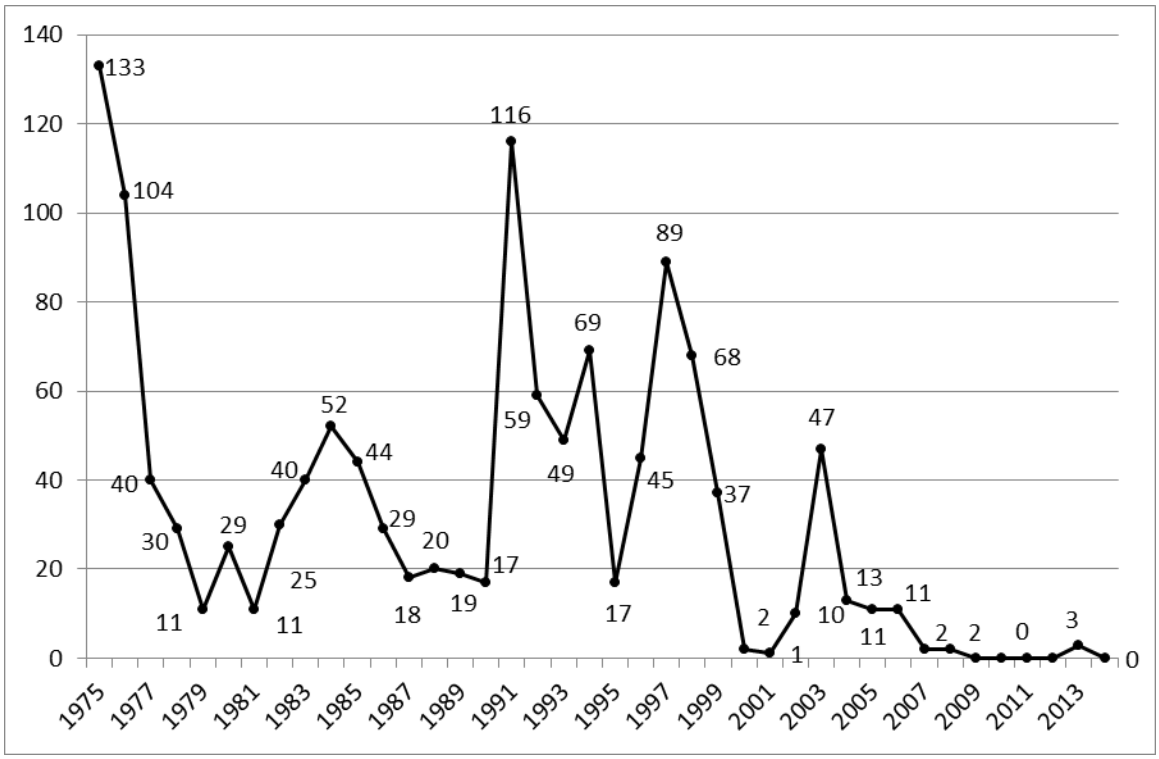
native groups in Peru have dropped in the last years are the complex, disperse and contradictory regulations, lack of an official registry of titles and financial limitations. As a result, the way the federations have strategized and articulated their demands has evolved. Today many of the federations have gained expertise networking nationally and internationally and demand the recognition of their citizen rights along ethnic lines, especially in the case of resource extraction, especially wood and hydrocarbons.

Extraction has always been a concern for the indigenous organizations. Fifty-eight of the existing 64 oil concessions in the Amazon overlap titled native lands. Twenty concessions overlap 11 communal reserves, and 17 concessions are located in areas proposed for territorial reserves for the indigenous in voluntary isolation (Chirif 2011). According to articles 7 and 8 of the Hydrocarbon Law (*Ley Orgánica de Hidrocarburos* – No. 26221), the state owns underground hydrocarbons and designates Perupetro as the agency in charge of signing contracts for oil and gas exploration and exploitation. The law also allows Perupetro to transfer property rights of the extracted hydrocarbons to companies (national or international) through license contracts.

Despite their differences, indigenous organizations articulate their demand for equality as citizens and the recognition of their collective rights in similar fashion. The rise of oil concessions overlapping indigenous territories of the Amazon in the last decade has not only prompted indigenous peoples to organize but also to network and coordinate at the national and international levels. This process and the indigenous peoples' protests successfully pressured the government to create state agencies such as the Ministry of Culture, the INDEPA, the Congress' Commission of Indigenous and African Peruvian Affairs and to enact the Prior Consultation Law (described more in

detail in Chapter V). Then, as Yashar (2005, p.5) notes, the question is to assess whether the creation of these institutions and legal frameworks are (un)intentionally shaping political identities and ethnic cleavages in a postliberal democracy.

Figure 18. Number of Native Communities Titled in Peru (1975-2014)

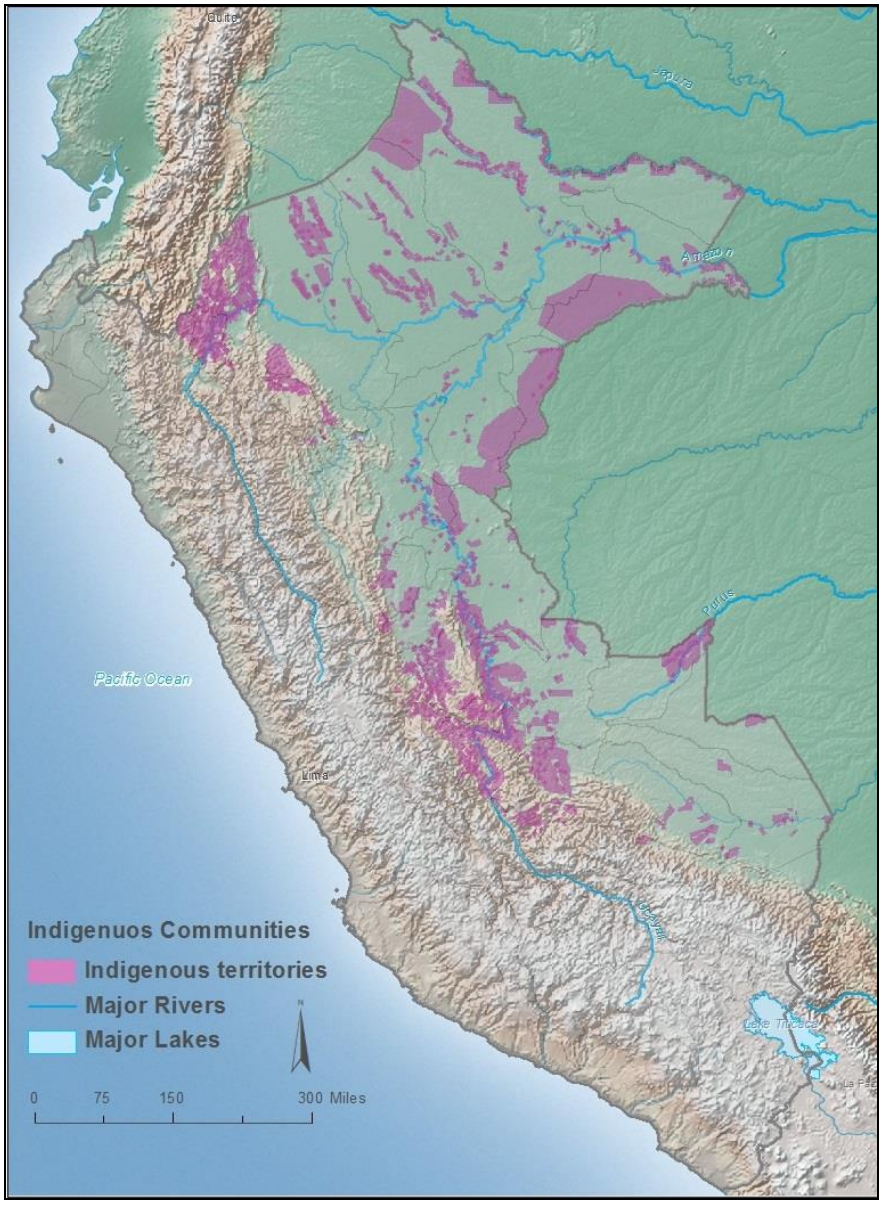


Source: AIDESEP 2014

The context described in this chapter gives an overview of the complex economic, political, environmental, social and cultural dimensions that influence hydrocarbon activities in the Peruvian Amazon. The contradictory and overlapping interests of

conservation agencies, international oil corporations, and national economic plans; the need to recognize and protect indigenous peoples' rights; and a growing national demand for fossil fuels define when, how and under what conditions decisions are made. Chapters IV, V and VI present a fine-grained analysis of the formal and informal ways that variously scaled state and non-state actors and institutions negotiate heterogeneous interests and how these interactions define how hydrocarbon extraction takes place.

Figure 19. Indigenous Territories Titled in the Peruvian Amazon



Lu, 2012. Data sources: Perupetro 2015; IBC 2013.

CHAPTER IV

EXTRACTING OIL AND JUSTICE: BLOCKS 1AB (192) AND 8: 2006-2015

Introduction

This chapter examines the trajectory of the indigenous mobilizations in blocks 1AB (since August 2015 renamed block 192) and 8, and the role of the state, private, and public institutions in the governance of hydrocarbon in Peru. The analysis focuses on the events immediately after the signing of the Dorissa Accord between Achuar federation FECONACO, Pluspetrol Norte S.A., and national and regional authorities on October 22, 2006 (described in more detail later) until the implementation of the prior consultation process to transfer block 1AB (192) to a new company in August 2015.

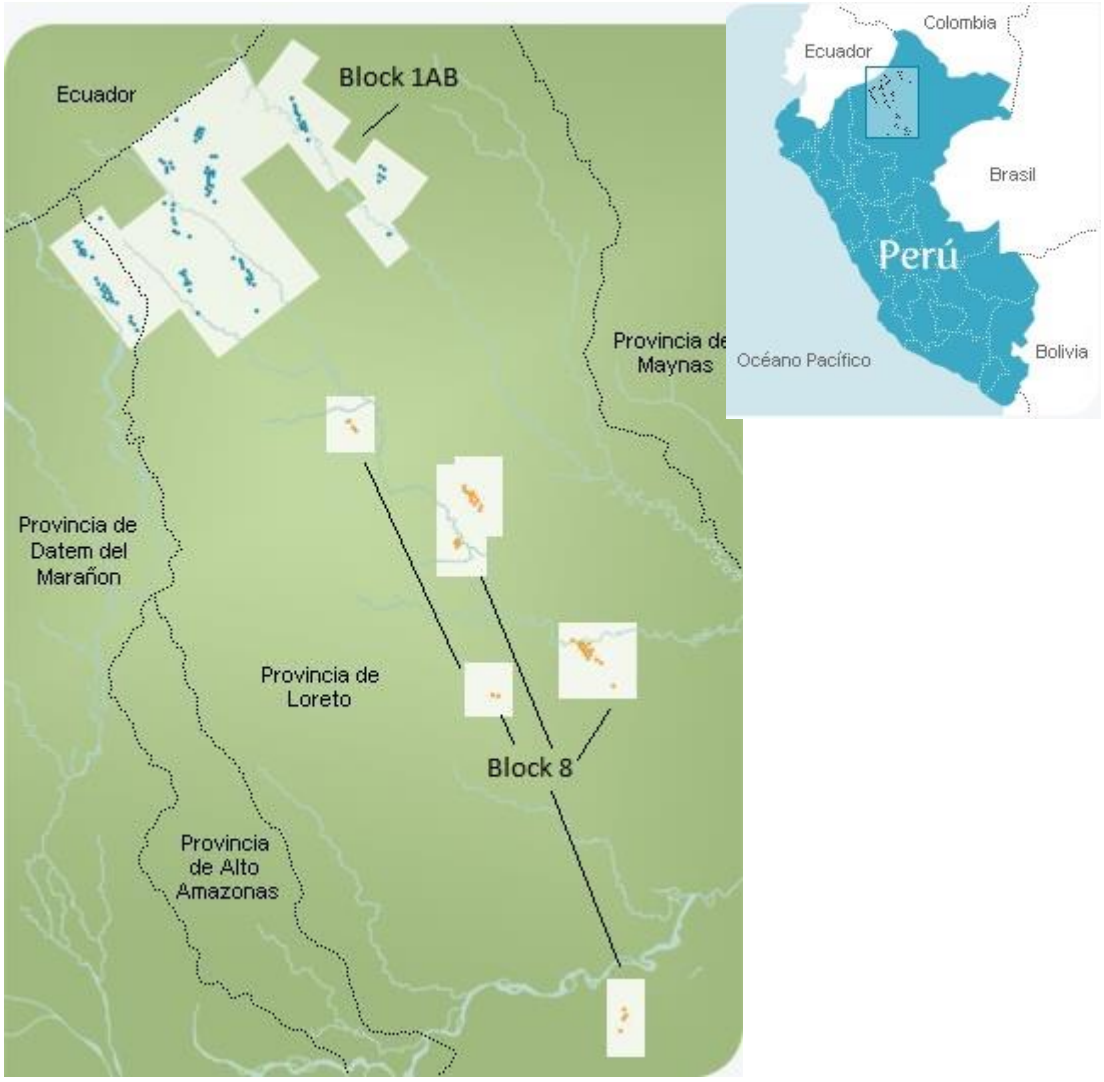
The period 2006 -2015 is particularly important as it involved even more neoliberal reforms than the ones described in Chapter II. As mentioned, today Peru imports meet roughly 67% of the national demand for crude oil (200 MBD), supplying the growing needs of the transportation and the industrial sectors. The fluctuations of the international oil market in recent years and the country's dependence on imported oil and mining resources as a source of state revenues prompted the Peruvian government to reform the decision-making process for resource extraction. Key to those reforms was the enactment of sets of laws, known as "*paquetazos*" (big bundles), that involved legal and

institutional changes to speed-up the decision-making procedures, especially in the environmental impact assessment process, lessening the requirements and reducing the duties of environmental enforcement agencies. The Congress and Presidents García and Humala (in office in 2006-2011) approved four *paquetazos* to remove obstacles for extractive industries, such as property rights of landowners, and to reduce the requirements for environmental licensing. As Castree (2008, p.142) argues, deregulation or the yielding of state interference in environmental issues is usually accompanied by regulation, that is, the arrangement of state policies and norms to facilitate resource use.

To understand the implications of these measures, this chapter explores the decision-making processes affecting blocks 1AB (192) and 8, Peru's main onshore oil production areas.[40] To analyze this case, this chapter is divided into three sections: (a) a background on the Dorissa Accord, (b) decision-making processes of social-environmental issues after the Dorissa Accord, the declaration of environmental emergency of the Pastaza, Tigre, Corrientes and Marañon basins and the finalization of the contract with Pluspetrol Norte, and (c) the prior consultation process for the transference of block 1AB to a new company. These events are still under debate as I write this dissertation; therefore, it is comprised of an analysis of events only through the expiration of the contract with Pluspetrol Norte S.A. on August 29, 2015, and the official declaration of end of the end of the consultation process with the indigenous communities of block 1AB/192.

[40] Average production in 2014 of blocks 1AB 12,972 BPD and 8 9,559 BPD were equivalent to 7.5 and 5.53 percent of national production (69,304 BPD) respectively (Perúpetro, 2014).

Figure 20. Blocks 1AB and 8



Pluspetrol, 2015

My trips to Peru in 2014 and 2015 coincided with several ongoing strategic meetings and negotiations between the indigenous federations of the Corrientes, Pastaza, Tigre and Marañon river basins and national authorities. I had the privilege to attend these meetings which addressed the concerns of the indigenous federations in the four

basins and included negotiations of the Prior Consultation Law to transfer the operations of block 1AB from Pluspetrol Norte S.A. to a new company (Pacific Stratus Energy from Canada) in the now renamed block 192.

Table 6. Summary of Blocks 1AB (192) and 8

Block 1AB (2010)	
Contract signed (Pluspetrol Norte S.A.)	June 2000
Expiration date	August 29, 2015
Contract signed (Pacific Stratus Energy)	August 30, 2015
Expiration date	September 8, 2017
Area 1AB 192	 1,119 square miles (2,900 square kilometers) (197,181 square miles 512,347 square kilometers)
Production	18.7 thousand barrels/day
Target market	Domestic

Block 8 (2010)	
Contract signed (Pluspetrol Norte S.A.)	May 20, 1994
Expiration date	August 2024
Area	1,119 square miles (2,900 square kilometers)
Production	11.7 thousand barrels/day
Target market	Domestic

Source: Perupetro, 2016

Events that Led to the Achuar Protests in 2006 and the Dorissa Accord

Oil exploitation in blocks 1AB and 8 started in the early 1970s when the Occidental Petroleum Company (Oxy) began operations until the concession 1AB and 8 were transferred to Pluspetrol (Argentina) in 2000 and 1994 respectively. For roughly 30 years, Oxy disposed toxic effluents and wastes (including produced water and drilling muds) without treatment into rivers and forests. At that time, the state company Petroperu operated block 8 until Pluspetrol took over the concession in 1996. These practices continued unabated until very recently. It is estimated that for 30 years Oxy discharged 850,000 barrels a day of produced waters (toxic brine at high temperature). Produced waters have high levels of chlorides, barium and lead and were discharged to the Corrientes, Pastaza, Tigre and Marañon rivers and their tributaries. Pluspetrol continued production with the same practices in both concessions, causing severe contamination that affected the health of the Achuar, Kichwa, Urarina and Cocama Cocamilla (described later). This remote area is only accessible by air, and its local population depends on the rivers and forests to survive.

After more than ten years of unfruitful requests to the central government in Lima, in 1996 the Achuar, Kichwa, Urarina and Cocama Cocamilla organizations of the Corrientes, Tigre and Marañon basins in blocks 1AB and 8 (represented by their federations FECONACO, FEDIQUEP (Corrientes), FECONAT (Tigre) and ACODECOSPAT (Marañon) started to take strong actions and voice their demands.

Picture 1. Discharge of Produced Water in Block 1AB (2006)

DIGESA, 2006

Picture 2. Crude Dump Outlet in Block 1AB (José Olaya)


FECONACO, 2006

Picture 3. Block 1AB, José Olaya.

FECONACO (n.d)

During that year, leaders of these federations addressed a letter to President Alberto Fujimori requesting that the Ombudsman's Office, the International Labor Organization (ILO), the Congress, and the national Amazon indigenous organization AIDESEP assess the contamination affecting the native communities of the Tigre, Corrientes and Pastaza rivers. They wanted the government to declare these zones in a state of environmental emergency and to take actions in order to prevent future contamination. The Commission of Ecology and the Amazon of the Congress answered this request by asking the Ministry of Energy and Mines to respond. The ministry replied that there was no evidence of contamination and that Pluspetro's quarterly environmental monitoring reports showed that effluent discharge levels complied with the legal standards (Chirif, 2010; Lu 2009; La Torre, 1998). The indigenous federations decided to continue requesting government

agencies (ministries of environment, energy and mines, health, the Ombudsman's Office) to take immediate action and to build alliances with national and international organizations and research institutions (such as the University of Barcelona and E-Tech) to conduct independent environmental assessments (water, soil and sediment) quality.

Peru's legal and economic reforms of the 1990s also included the creation of national environmental laws, guidelines, standards and authorities. One of them was OSINERG, a governmental authority in charge of supervising the energy sector (called OSINERGMIN since 2007 after it assumed responsibilities for the overview of mining activities). This new agency began to generate the "official" and technical or "scientific" data independent from the Ministry of Energy and Mines (MEM) about the environmental performance of oil (and mining) companies that civil society groups, including indigenous federations, needed to "demonstrate" public health risks caused by resource extraction.

In 2004 OSINERG questioned MEM's conflicts of interests as the authority in charge of both promoting hydrocarbon projects and enforcing social-environmental standards. OSINERG reported that MEM's single source of information used to supervise pollution prevention measures of ongoing oil operations was the quarterly environmental reports submitted by the companies. Until the mid-2000s, MEM stated publicly on several occasions that Pluspetrol "did not show any evidence that there is a violation of the environmental standards" (Lu, 2009). Nevertheless, the initial inspection report by OSINERG in July 2003 of block 1AB revealed that "the points used [by Pluspetrol] to monitor the discharge of toxic produced water were different from the actual discharge points [and] that the actual effluent discharge points showed levels of

chloride, barium and temperature significantly exceeding legal standards." The report also indicated that there was evidence of environmental contamination of and damages to the rainforest ecosystem in the areas between the actual points of discharge and the receiving water sources.

The indigenous federations in block 1AB pressured the government to take action and conduct health assessments in the area. In 2004 I had the chance to participate in a meeting between the Achuar federation of the Corrientes (FECONACO), the Vice-Minister of Health and representatives of Pluspetrol in which the Achuar leaders demanded a health assessment of the area. In July of the following year, the Ministry of Health reported[41] that the levels of lead in some river water samples exceeded legal standards[42] but that their laboratories did "not have the capacity to analyze the hydrocarbons levels" (DIGESA, 2005, p.3).

When Pluspetrol started operations in the area in 2000, the company agreed to follow a seven-year Environmental Management Plan (*Plan de Adecuación y Manejo Ambiental* - PAMA[43]) for blocks 1AB and 8, which was approved by the Ministry of Energy and Mines in 1994 and 1996 respectively. Despite the approval of these plans, in 2006, the ministries of production and health reported that the concentration of heavy metals in fish and human samples in the concession 1AB exceeded the WHO guidelines (Chirif, 2010). For Pluspetrol, addressing the current and previous contamination from OXY's

[41] Report N°1429-2005-DEEPA-APRHI/DIGESA

[42] Samples of the creeks Jibarito and Huayuri showed levels of lead equivalent to 2.27 times the limit established in for CategoryVI of Peru's Water Act (*Ley General de Aguas*). The report show the values of lead found in some samples were close to the legal limit.

[43] After the enactment of new national environmental laws and specific provisions for the energy and mining activities in the early1990s, the Ministry of Energy and Mines established that activities starting prior 1993 should present seven-year environmental management plans (PAMA) to progressively comply with the Rule of Environmental Protection for Hydrocarbon Activities (Supreme Decree N°046-93-EM).

operations was more challenging than expected; therefore, in 2006 the company requested the MEM's approval of an updated version of the environmental management plan called *Plan Ambiental Complementario* –PAC)[44]. The MEM approved the request and also extended Pluspetrol's deadline to be in full compliance of environmental laws by two and three additional years for blocks 1AB and 8 respectively (PUINAMUDT, 2012a). With this evidence in hand, FECONACO asked for the intervention of the authorities to address the persistent contamination in the area and the health impacts on the population. The indigenous federation FECONACO organized events and meetings between 2004 and 2006 without tangible results (Orta, 2008; Lu, 2009). Given these circumstances, on October10, 2006, FECONACO decided to take over the oil wells of block 1AB and 8 and demanded the government take immediate action to stop the contamination and address the health problems of the indigenous population, which had been affected by decades of exposure to toxic pollutants from the oil activities in the area. For approximately ten days, indigenous peoples took over Pluspetrol's facilities, an action which halted approximately 50% of national oil production (115 oil wells producing at that time roughly 30 thousand barrels a day) and transportation (roads and fluvial) along the Corrientes area.

The Achuar's protest received the support of the national Amazon indigenous organization AIDESEP and of international environmental and indigenous rights groups. The protest caught the attention of the national authorities and of Pluspetrol, which up to that day underestimated the capacity of the local people to organize; indeed, the occupation has been considered a landmark in the emergence of the Amazonian indigenous movement (Scurrah, 2010). Roberto Ramallo, at that time General Manager

[44] Supreme Decree N° 028-2003-EM

of Pluspetrol Norte S.A., stated that the Achuar's mobilization was inspired by the protests in La Oroya and other mining sites in the mid-1990s, where residents had also been by decades of contamination. On October 12th, a delegation from the government was already in block 1AB negotiating with FECONACO leaders.

Negotiations were tense and under time pressure because the interruption of oil production meant a loss of $3 million USD each day. As in similar circumstances, the government targeted individual leaders and their advisors with accusations of being subversive and opposed to development. On October 16, 2007, Pluspetrol Norte S.A. filed a legal petition in the Prosecutor's Office of Nauta, Department of Loreto, against Lily La Torre, a lawyer from the NGO Racimos de Ungurahui supporting FECONACO and ten Achuar leaders of FECONACO for the crimes of coercion, violation of private property and threatening the security of the oil company[45]. The timely intervention of the Ombudsman impeded the increase of tensions. A October 18, 2006, letter from the Prime Minister Jorge del Castillo addressed to the Ombudsman[46], Beatriz Merino, stated that "[the attitude of] some indigenous leaders was instigated by the presence of Lily La Torre, representative of the NGO Racimos de Ungurahui, who *persuaded the leaders to maintain a hostile attitude* …" (emphasis added). Merino replied by saying she had a different interpretation of the issue and that the Ombudsman's Office had "denounced the serious environmental and health situation affecting a large percentage of the Achuar population caused by the discharge of produced water and accumulated environmental contamination [and that] the Ombudsman had publicly and officially requested the

[45] Public Ministry, Provincial Prosecutor's Office of Nauta, Loreto. Petition received on October 16 2006 at 13:09 hrs.

[46] Presidency of the Council of Ministers of Peru, Letter N°492-2006-PCM

intervention of the Executive Branch, without any immediate response from the Ministries of Energy and Mines or Health."[47]

After four days of tense negotiations FECONACO, the ministries of Energy and Mines and of Health, the Regional Government of Loreto, Pluspetrol Norte S.A. and a representative of Ombudsman's Office signed the Dorissa Accord on October 22, 2006. The agreement was preceded by disagreements between the parties about the validity of an agreement made on October 13 which the indigenous peoples claimed was signed without their consent. The Achuar argued that this first agreement omitted important petitions of the native population, that it was not translated into Achuar, and that they were pressured to sign it using only a flashlight to read it (La Torre, 2014 personal communication).

The Dorissa Accord is considered a landmark agreement as it achieved the unprecedented commitment of the government and an oil company to comply with a plan to prevent contamination and to take concrete measures to minimize the health and environmental impacts of resource extraction in Peru. The agreement included a number of measures requested by the Achuar of the Corrientes River such as:

1. The reinjection of all the produced water discharged in the Corrientes River basin and in block 8 by December 31, 2007.
2. A comprehensive health plan conducted by the regional health authority (DIRESA) in coordination with the Ministry of Health (MINSA). This plan called Integrated Health Plan of the Corrientes (PEPISCO) for $11.9 million USD and the construction of a hospital both funded by Pluspetrol.

[47] Letter N° 0215-2006-DP

3. Health insurance for the indigenous communities managed by the Ministry of Health and the Regional Government of Loreto.
4. A $4 million USD development plan coordinated between FECONACO (based on the native populations' priorities and understanding of development) funded by the Regional Government of Loreto.
5. Temporary food supply provided by the National Food Support Program (PRONAA) and the municipalities.
6. Clean drinking water supplied by Pluspetrol to all the communities.
7. Monitoring of water contamination and the cleanup and remediation of the environmental damages in blocks 1AB and 8.

In the midst of the crisis that led to this agreement, the president in office Alan García passed the Urgency Decree N° 028-2006, which states that the communities living in oil exploitation areas expressed their dissatisfaction with the way they had been deprived of the economic benefits generated from the exploitation of natural resources: "impeding in an extraordinary and unpredictable manner the normal development of oil exploitation, with a clear negative impact in the country" (7th paragraph). The decree explicitly states that "in order to mitigate the mentioned negative economic impact, it is necessary that the state take action take urgent economic measures […] and require local and regional governments to invest 5% of the economic benefits from the exploitation of the aforementioned resources in social projects [known as *canon petrolero*]" (6th paragraph). The decree was amended in 2009 and 2010 to require that the funds must benefit the communities in the areas where oil and gas exploitation activities are undertaken.[48]

[48] Urgency Decree N°079-2009, amended by the Urgency Decree N°026-2010

These benefits include social and health services, education, electricity, potable water and sanitation.

FECONACO noted that the media distorted the events, portraying the blockade as violent, and announced the agreement as a victory. “We have achieved 98% of our demands, and won recognition of our rights,” said Andres Sandi, President of FECONACO, the representative organization of the Achuar people of the Corrientes River. “This victory is the result of the strength of our people who came together and pressed hard and would not abandon our demands,” he stated (Lu, 2009).

After the Dorissa Accord

The Dorissa Accord was followed by another agreement signed in May 2011 between the Kichwa indigenous peoples of the Pastaza River basin and the Regional Government of Loreto (the Pastaza Accord). This regional authority made a commitment to persuade Pluspetrol to draft a work plan to address the local people’s environmental concerns and comply with the agreements. According to FECONAT, the regional government failed to attend the follow-up meetings scheduled in July and September 2011 and in March and May of 2012. In June 2012 a public statement of the indigenous federation of the Tigre River (FECONAT) said that “the regional government of Loreto lied to us for a year. We are tired.” (*La República*, June 1, 2012). In an effort to find ways to improve this situation, FECONAT announced that the indigenous peoples would march and demand the government appoint a special commission to address the persistent delays. This announcement was effective in mobilizing the Ministers of Environment

and Health, representatives of the Ministry of Culture, Energy and Mines, and other national and local authorities to fly to the remote locality of Alianza Topal, district of Andoas, province of Datem del Marañon in Loreto, to negotiate another agreement with FEDIQUEP'S President, Aurelio Chino. The agreement, called the Accord of Topal, was signed on June 16, 2012, when the government committed that within ten to fifteen days it would create a "high level" commission[49] to (a) conduct a health campaign in Alianza Topal and address the health concerns of the people living in the Corrientes, Tigre, Pastaza and Marañon river basins; and (b) draft a comprehensive health plan for the aforementioned communities.

To date, the enforcement of these agreements has been incomplete and has required the native leaders to build strategic alliances with NGOs in Lima and abroad in order to coordinate with the national and regional authorities. However, one of the most tangible achievements of these agreements and negotiations between the indigenous federations and the national government is the enforcement of the reinjection of all the produced water according to a legal provision[50] created in 2006, the same year the Dorissa Accord prevented the discharge of thousands of barrels of untreated toxic effluents in the freshwater sources not only in block 1AB but at the national level as well. However, none of these agreements include provisions requesting an investigation to determine legal responsibility for current or past environmental or social impacts.

In 2013 the Justice and Human Rights Commission of the Peruvian Congress reported that the local and regional government of Loreto failed to enforce the Dorissa Accord and

[49] Created in October 3 2006 with the participation of the Ministry of Energy and Mines. Supreme Decree 346-2006-PCM

[50] Supreme Decree No. 015-2006-EM Rule for the Environmental Protection in Oil Activities, published in March 3, 2006 and replaced by Supreme Decree No. 039-2014-EM of November 2, 2014.

that the indigenous communities in areas of oil exploitation "have not seen the benefits of the necessary services and infrastructure to improve their life standards according to their cosmology." Additionally, the Comptroller General of the Republic (the independent audit institution in charge of controlling the public administration) reported in 2010 that the regional government of Loreto failed to distribute the funds received from the oil revenue "canon" due to the lack of capacity of the authority to conduct social projects in the communities in areas dedicated to oil exploitation. The report also stated that in 2008 only 21% of the benefits received by the regional government from oil activities were actually spent; by 2010 more than one million USD of these funds remained unused, and this situation persisted in the following years (Congress of Peru, Commission of Justice and Human Rights 2013).

Table 7. Status of Completion of the Dorissa Accord in 2010

Commitments	Deadline	Responsible party	Status of Completion
Reinjection of 100% produced water block 1AB in the Corrientes River	12/31/2007	Pluspetrol	Complete
Reinjection of 100% produced water block 8 in the Corrientes River	7/31/2008		Complete
Ministry of Energy and Mines will review and approve the environmental management plans of blocks 1AB and 8	12/31/2007 for block 1AB and 7/31/2008 for block 8	MINEM	Complete
Enactment of a comprehensive health plan		MINSA (regional), GOREL, FECONACO	In process
Election of four representatives of the communities participating in the enforcement of the agreement through a Special Plan	11/26/2006	FECONACO and the communities	
A board will be appointed to participate in all the stages of		Board of the Special Project	

the project, including the management of funds			
The Health Plan will be funded by Pluspetrol for 10 years, managed by the regional health authority		Pluspetrol	Complete
Commitments	**Deadline**	**Responsible party**	**Status of Completion**
Start date of the health plan	December 2006	MINSA (regional)	Ongoing
Support resources for the health plan		MINSA	
Construction of a rural hospital in Villa Trompeteros	Start date January 2007	GOREL, funding by Pluspetrol	
Annual audit of the health plan		Pluspetrol	Complete
Health insurance for native communities	2007	GOREL, MINSA (regional)	Complete
Implementation of small scale health services in the Corrientes River basin	2007	GOREL, MINSA (national and regional)	Ongoing
Census of the communities in the Corrientes River basin	1/2007	GOREL, FECONACO	Complete
Draft an Integrated Development Plan (IDP) for the communities of the Corrientes River basin according to the priorities defined by the indigenous peoples			Approved
Allocation of US$ 3.5 million dollars for the IDP		GOREL	Partially accomplished
The native communities of the Corrientes will define a schedule to enforce the IDP and will overview the distribution of funds		Pluspetrol, GOREL, MINSA (national and regional), FECONACO	The indigenous communities are coordinating with the authorities its enforcement
Pluspetrol will pay the lease of a boat for the native communities of the Corrientes, to transport agricultural goods to the markets of Iquitos		Pluspetrol in coordination with the GOREL	GOREL, pending
National Food Program (PRONAA) will provide food for one year		PRONAA, Pluspetrol	Partial
Food during a year to the indigenous people of the Corrientes River, while they recover their production capacity.	1/2007		Ongoing

Commitments	Deadline	Responsible party	Status of Completion
Health authorities will monitor the quality of drinking and freshwater sources quarterly		MINSA (regional) and FECONACO	Follow up
Train community members to conduct native leaders to monitor the impacts of oil activities	Starting in January 2007	Pluspetrol	
Petroperu will contract a company to remediate the areas affected by oil pollution in block 8		Arcadis	Ongoing
Overview of the enforcement of the Dorissa Accord		Ombudsman and FECONACO	Ongoing

Source: Scurrah, 2011

In compliance with the Dorissa Accord, in March 2007 Pluspetrol made its first payment of roughly $156,200 USD out of a total of $12 million USD to the regional health authority to conduct a ten-year health plan managed by the Ministry of Health. The plan, called PEPISCO (Special Project for the Integrated Health Management Plan of the Corrientes River Basin), had no precedent. The plan has four components: cover the costs of providing a health center, pay salaries of health staff, conduct environmental and nutritional assessments and provide onsite health services. For the regional health authority (DIRESA), it was the first time it had sufficient funds to work on a river basin (Chirif 2010). The project was not able to launch during the first three years due to bureaucratic requirements, limited management capacity and institutional weaknesses (Scurrah 2011). In the interim, the MEM approved the environmental rule for hydrocarbon activities in March 2006[51] after receiving complaints from the indigenous

[51] Supreme Decree No. 015-2006-EM

populations on blocks 1AB, eight reports from eight other Amazon indigenous peoples such as the Shipibo indigenous affected by oil spills in block 31-B in Ucayali[52], alerts of impacts on the Kugapakori Nahua Nanti Reserve in block 88[53] in Cusco, and anticipating the Achuar's protest in the Corrientes (Caffrey 2002, Weemaels 2005).

Health and Environmental Effects of Oil Activities in Blocks 1AB and 8

The environmental and health effects of oil activities in blocks 1AB and 8 have been documented extensively in numerous government reports since the mid-1980s to date. In 1984 the at that time environmental authority, the National Office for Natural Resource Assessment (ONERN) reported that produced water and waste effluents from campsites and oil facilities were discharged to the rivers without treatment. ONERN reported that freshwater sources in blocks 1AB and 8 had chloride concentrations of 34,000 ppm, consequently this agency declared this area "one of the most the most critically polluted environmental regions in the country" (La Torre, 1998). Since then, several community members stated that oil activities in the area entailed the discharge of drilling muds, produced water and other toxic substances in these concessions. In 1988 Roberto Pezo, Research Director of the Research Institute of the Peruvian Amazon reported that lead and chloride levels of concentrations in the Tigre River in block 1AB exceeded 100 times the guideline values (Chirif, 2010, La Torre 1998).

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[52] Operated by Maple Energy since 1994.

[53] The Camisea Gas Project is operated by a consortium: Pluspetrol (leader), Hunt Oi, SK Corporation, Sonatrach, and Graña y Montero since 2000.

In 1998, an assessment by the Ministry of Energy and Mines (as part of a World Bank's Technical Assistance Program) reported high levels of oil, grease and mercury in all the Corrientes, Pastaza and Tigre rivers receiving the discharges of produced water from oil operations in the mentioned area. Results showed high levels of heavy metals, chlorides and hydrocarbons as high as 43 595.5 mg/kg. The mentioned ministry found 34 hectares with high levels of barium (a common component of oil drilling fluids) and estimated that 52.2 hectares were highly contaminated from the dump due to the unprotected dumping of drilling muds (Orta et al. 2007, p. 5). In 2004 OSINERG reported high levels of contamination in soil samples due to old and new oil spills in rivers and soils around oil production facilities. This report also stated that Pluspetrol Norte S.A. did an inefficient separation of hydrocarbons and grease prior to discharging the produced water on the soil or freshwater sources (ibid. p.6). This report also stated that Pluspetrol's sampling points (for its environmental monitoring reports for block 1AB and 8) were not located in the points of discharge of effluents.

Since the 1990s the Achuar indigenous federation of the Corrientes River requested many times the intervention of the national authorities to assess the potential effects of oil activities in the local people's health. In July 2006, Peru's national environmental health authority (DIGESA) reported the results of water consumed by local communities in blocks 1AB and 8. This report found that 66.2% of 74 blood samples from people under 18 years of age exceeded the (at that time) reference value of 10µg/dL of lead. This report also revealed chloride levels in six out of 24 fresh water samples exceeded 20 to 73 times the U.S. EPA freshwater criteria of 230 mg/L for the protection of aquatic life. In addition, of five sediment samples, all showed

concentrations of total petroleum hydrocarbons between 370 and 1560 mg/kg and lead levels of 18-24 mg/kg (Orta et al., 2007, p. 6). This situation is especially serious since the indigenous communities in blocks 1AB and 8 depend of the local freshwater sources for drinking water and food supply, particularly fish.

In 2012 the indigenous federations of the Corrientes, Pastaza, Tigre and Marañon rivers achieved the creation of a commission coordinated by the Ministry of the Environment and included authorities from the health, water, hydrocarbon sectors, as well as agencies in charge of enforcing environmental laws (OSINERGMIN, OEFA). This group assessed the social and environmental impacts of oil activities in blocks 1AB and 8. This group found high levels of pollutants that motivated the declaration of environmental and sanitary emergency in all the mentioned basins in 2012-2013.

The Declaration of Environmental Emergency of the Corrientes, Pastaza, Tigre and Marañon River Basins

Management of the environmental contamination in blocks 1AB and 8 was more complex than Pluspetrol had expected in 2000 when it acquired the concessions. OXY's environmental management plans of these concessions required a review and update; therefore, the MEM granted extensions to the plans in 2003 and 2005.[54] The new environmental management plan or PAC mentioned earlier included the installation of new reinjection wells in the Jibarito and Dorissa oil production sites, closing old oil wells and remediating polluted areas in both oil concessions (PUINAMUDT, 2012b).

Figure 21. Location of the Tigre, Corrientes, Pastaza and Marañon River Basins

[54] Supreme Decree No. 028-2003-EM

In 2006, Pluspetrol requested the MEM grant another extension and make amendments to these plans in order to reinject the produced water using a different process. The following year the ministry approved another plan to reinject the produced water with an investment of $165.4 million USD and a new deadline of December 2008 (Ibid.). Although the reinjection of produced water meant a significant improvement, there were 25 spills in block 1AB, releasing 473,845 barrels of crude oil and 80.5 barrels of produced water to the environment. These spills were due to the corrosion of old pipelines and the overflow of storage tanks between 2009 and 2012. During the same period, there were 30 spills in block 8, releasing 2,722.33 barrels of oil and 566 barrels of drilling fluids (PUINAMUDT, 2012a).

In June 2014 the Cocama Cocamilla organized a three-day march named "*Fuerza del Pueblo*" where roughly 800 members walked 100 kilometers from Nauta to Iquitos, where they camped for ten days. They demanded the Regional Government of Loreto to

take actions about the oil contamination in the Marañon River. The Regional Government agreed to support the creation of a community monitoring group and provide them technical training. With the support of NGOs in Lima, ACODECOSPAT was able to use drones to take images of the oil contamination of their lands and to provide them to a Congress representative, who presented them at the Indigenous People's Summit in New York in September 2014. Indigenous communities are using not only small drones to film the contamination in the Amazon, they are also using social media such as Facebook to network with national and international groups and raise awareness about the impacts of oil activities in their territories (*El Comercio,* September 26, 2014). Pío Quinto Pérez, inhabitant of the native community San José de Saramuro said "this gizmo is very important for me, we need to be better prepared and know more about this" (*Este aparatito es para mi importante, que nos preparen más y podamos conocer esto a fondo*). Alfonso López Tejada, leader of ACODECOSPAT added: "[drones] allows us to overview the territory in a more efficient and practical manner, using technological advances" (*son un mecanismo para poder vigilar el territorio de forma mas eficiente, práctica y con los avance técnicos*). The use of new technologies to gather evidence of pollution and social media are some of the new *estrategias de lucha* (strategies of struggle) that the indigenous peoples living in remote areas of the Peruvian Amazon have begun to use more extensively. Videos and pictures of polluted rivers and forests are powerful ways to show the local people's concerns in a clear and eloquent manner and gain national and international support. Social media provides a space to network and build linkages with other indigenous, human rights and environmental organizations and bring local concerns to a global audience. Using Escobar's terms, the use of social

media by the indigenous federations affected by oil pollution in the Amazon is a way to "transnationalize" their struggles for environmental justice.

In 2006 the environmental authority OEFA fined Pluspetrol for failing to comply with the environmental remediation commitments in the PAC. This first fine was imposed due to 12 irregularities detected during inspections of block 1AB and 8 between 2012 and 2014. During that period, OEFA fined Pluspetrol at least nine times for not complying with its environmental commitments and environmental standards[55]. Eleven out of the 22 inspections OEFA conducted between 2012 and 2013 were responses to oil spills. Official reports supporting the fines describe the following violations: soil pollution, drilling without the required environmental license, discharging hazardous wastes in open spaces, exceeding the area granted for drilling oil wells, failing to comply with environmental rehabilitation plans, failing to install pressure valves to control oil spills, and polluting and draining the Shanshococha pond, etc. Although owing payments for over $5 million USD, Pluspetrol refused to pay these fines and brought six of them to court (Congress of Peru, 2013; OEFA, 2014). Since its creation in 2008, OEFA (agency of the Ministry of the Environment) has been in charge of overseeing, controlling and imposing penalties on environmental polluters, especially mining, hydrocarbon, energy, fisheries and manufacture industries. As mentioned in Chapter 1, OEFA could be considered an example of those institutions that Tanaka (2008) argues are created within the state with certain (and now more limited) degree of independence from longstanding economic and political interests.

[55] These penalties are documented in the Directorate Resolutions No. 056-2012-OEFA/DFSAI, 209-12-OEFA/DFSAI, 124-2012-OEFA/DFSAI, 176-2013-OEFA/DFSAI, 203-2013-OEFA/DFSAI and OSINERGMIN's General Management Resolution No. 009880.

One of the most notorious examples of Pluspetrol's attempt to challenge the environmental authority was the legal action filed against OEFA's report No. 411-2014-OEFA/DS-HID in which the authority stated that the environmental management of block 1AB is fragmented; "it does not have an integrated environmental management instrument comprising all the elements that form part of the oil concession in an integrated manner." Additionally, the report found serious violations such as inadequate management of solid wastes, industrial and domestic effluents, fuels, lubricants and chemical substances, and lack of maintenance of equipment and facilities, among others. Pluspetrol filed a legal action requesting the government to dismiss the report and its content. On December 16, 2014, Judge Alexander Rioja Bermúdez of the Civil Court of Maynas, Loreto, decided in favor of Pluspetrol and ordered "to suspend the juridical efficacy" of OEFA's report. OEFA appealed this decision and obtained a favorable court decision on April 10, 2015, which denied Pluspetrol's request to dismiss OEFA's report No. 411-2014. OEFA was surprised by the decision of Judge Rioja Bermúdez; Sandra Rossi, OEFA's officer, attributed the judge's decision to a misinterpretation or lack of knowledge of the law (Luna 2015).

From 2012 to 2013, the Ministry of the Environment (MINAM) facilitated an unprecedented process to assess the environmental and health impacts of an oil activities in blocks 1AB and 8 and coordinated with the Agency of Environmental Assessment and Control (OEFA), the National Water Authority (ANA) and the General Directorate of Environmental Health (DIGESA) in these efforts. These agencies conducted six soil, water, and sediment samplings in the Corrientes, Pastaza, Tigre and Marañon basins between October 2012 and September 2013. MINAM's intervention responded to the

pressure of the indigenous federations. In 2014 MINAM presented the results to leaders of the four basins in separate events in Iquitos. I observed one of those meetings in 2014 and had the chance to observe the presentation of water and soil sediment analyses to approximately 40 indigenous leaders from blocks 1AB and 8. The assessment confirmed the existence of 92 locations in block 1AB critically contaminated with oil, heavy metals, barium, chloride and other pollutants from Pluspetrol's operations. These agencies also reported that Pluspetrol failed to adequately manage its industrial wastes and that the levels of contamination in the four basins exceeded the environmental standards.

These results prompted the Presidency of the Council of Ministers to declare the four basins (Corrientes, Pastaza, Tigre and Marañon) in a state of environmental emergency.[56] Additional water quality assessments showed that the water used for domestic use and consumption in the four basins is unfit for human consumption so the area was also declared in sanitary emergency (Presidency of the Council of Ministers, 2015). The Ministry of the Environment coordinated new action plans for the affected area that included the installation of emergency health services, provision of drinking water, assessments and rehabilitation of the areas affected by effluent discharges and/or oil spills, an environmental monitoring system and surveillance of priority areas (Ministry of the Environment 2015).

Between 2010 and 2014, OEFA fined Pluspetrol 12 times for failing to comply with the PAC and environmental regulations for over $13 million USD (S/. 39'400,592 New Soles). Between March and May 2012, OEFA fined Pluspetrol only three times[57]

[56] Pastaza: March 25 2013; Corrientes: September 7 2013; Tigre: December 2 2013 and Marañon May 21 2014.
[57] Directorate Resolutions No. 056-2012-OEFA/DFSAI; 098-2012-OEFA/DFSAI; 100-2012-OEFA/DFSAI

for approximately $ 2.4 million USD (S/. 7'491,405 New Soles) for not complying with the PACs and exceeding environmental standards in blocks 1AB and 8 (PUINAMUDT 2012). The PAC specifically required the company to remediate 27 polluted sites in blocks 1AB and 8, especially in the Corrientes, Capirona, Pavayacu, Valencia and Yanayacu oil production sites by March 17, 2009 (*Diario Gestión,* June 11, 2015). The company refused to pay the fine , challenged six of them in court and filed a precautionary measure against an OEFA report that declared that the company was liable for the contamination and was required to remediate 92 polluted sites in block 1AB (Luna, N. *La República* February 15, 2015).[58] In June 2015, a Court in Lima[59] decided against Pluspetrol's request to invalidate one of the fines for $9 million USD (S/.29'773,900 New Soles).

The tense negotiations between the indigenous leaders of FECONACO, FEDIQUEP and ACODECOSPAT and the national government continued. Another unprecedented accomplishment took place in May 2015, when the Peruvian government (without the participation of Pluspetrol) allocated $12 million USD for an Environmental Remediation and Contingency Fund (Ley No. 30321). The creation of this fund was one of the conditions that the indigenous federations had requested in the agreement signed with the government in March 2015 in preparation for the consultation process to transfer block 1AB (renamed 192) to a new operator after Pluspetrol's contract expired in August 2015 (explained in the following section). Currently the fund is managed jointly between

[58] http://larepublica.pe/15-02-2015/las-heridas-de-pluspetrol-en-la-amazonia-peruana

[59] Fifth Special Administrative Litigation Court of Lima (*Quinto Juzgado Especializado en lo Contencioso Administrativo de Lima*)

the federations and the government. As I write this dissertation, the funds are allocated to health assessments in the areas affected by more than 30 years of oil activities in the Corrientes, Pastaza, Tigre and Marañon.

Termination of the Contract of Block 1AB and the Consultation Process with the Indigenous Peoples in the New Block 192

The Prior Consultation Law

Pluspetrol's contract to operate block 1AB expired on August 29, 2015, and the new concession was renamed block 192. The continuation of oil activities in this concession would entail the enforcement of the Prior Consultation Law (Law No. 29785) based on the International Labor Organization (ILO) Convention 169[60] (*Ley de Consulta*

[60] Created in 1993 and ratified by Peru in February 2, 1995 according to the Legislative Resolution No. 26253. The ILO Convention 169 grants social and economic rights to indigenous populations such as self-determination.

Previa a los Pueblos Originarios Reconocido en el Convenio 169 de la Organización Internacional del Trabajo – OIT) and enacted in September 2011.[61] This was the first time that a consultation process was be undertaken in an Amazonian community for an oil project. As the name of the law states, the act was inspired by the principles of international law protecting indigenous rights, specifically ILO Convention 169. James Anaya, former U.N. Special Rapporteur on the Rights of Indigenous Peoples, argued that the states have a duty to consult with indigenous peoples and that this principle is the cornerstone of the ILO Convention 169 (2013). Peru ratified the convention in 1993. but it did not go into force until two years later. The process of "consultation" differs from the right to obtain free, prior and informed "consent" mentioned in Article 19 of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) of 2007. Anaya emphasizes that "ILO and UNDRIP stated that the purpose of a consultation with indigenous peoples is to obtain their consent or agreement." Peru's Prior Consultation Law was created after heated discussions between indigenous federations, congressional representatives and authorities in context of a growing number of social-environmental conflicts. The debates included discussions among Amazon indigenous federations that resulted in a "Pact of Unity" (*Pacto de Unidad*) through which they decided to participate in drafting the Prior Consultation Law.[62] As mentioned, this law aimed to reduce or control the increasing number of conflicts and the escalation of violent protests against mining and oil projects in Peru. These protests were an expression of a deep mistrust and frustration among some groups of the civil society, particularly in relation to the

[61] Law No. 29785.
[62] The Pact of Unity includes AIDESEP, the Confederation of Communities Affected by Mining (CONACAMI), the National Organization of Andean and Amazonian Women of Peru (ONAMIAP), the National Agrarian Confederation (CAN), and the Peruvian Confederation of Peasants (CCP).

enforcement of the right to participate in decision-making processes of resource extraction and infrastructure projects. In 2011, the Ombudsman's Office reported that 124 (57.1%) of a total of 217 conflicts were related to local environmental concerns and that half of these gave rise to violent protests (Ombudsman's Office, 2011).

The Prior Consultation Law was also a pillar of Ollanta Humala's presidential campaign in 2010. The (at that time left-wing) presidential candidate Humala promised during his campaign that his government would respect the people's voice (*respetará la voz del pueblo*) and that all projects would be subject to consultation. At the peak of his presidential campaign, Humala said to the communities of Puno and Cusco: "If the communities disagree about projects that would affect environmental and human development, then these projects will be not be undertaken. The people's voice is the most important thing. If I am elected president it will be because of their votes and we will defend their voices" (América Economía, July 7 2011).

The Congress drafted the Prior Consultation Law in June 2010, but president García refused to support it, arguing that he "could not allow indigenous communities to stop the economic growth that would benefit all the Peruvians" (BBC, 2010). President García sent a letter to the Congress explaining his objections: (a) the lack of the government's power to act as final arbiter in cases when parties in consultation processes do not reach an agreement, (b) the possibility that the consultation may open the path to more laws and administrative measures that may paralyze the country, and (c) the need to make sure that the communities consulted would not have the right to challenge the government's decision pertaining the participation of indigenous people. According to

Gamboa (2012a, p.15), President García's objections to the law were influenced by corporate interests, which were communicated through recommendations channeled to the Ministry of Energy and Mines. On July 13, 2010, a congressional commission[63] bowed to the government's pressure and edited the draft of prior consultation law, specifically eliminating the right of indigenous peoples to veto.

Some controversial issues of the law referred to defining who is indigenous, whether or not the law is legally binding and who has the final word in a consultation process. One of the issues most debated is the application of the law to the indigenous and peasant *campesinos* in the Andes who are living in the area of influence of large scale metal mining projects. As explained in Chapter II, the Peasant Communities Law (*Ley de Comunidades Campesinas*) of the 1970s adopted the term peasant (*campesino*) for the groups of indigenous ancestry in the Andes and "native communities" *comunidades nativas* to denote the Amazon indigenous peoples (Yashar, 2005). Thus, the Prior Consultation Law has an unresolved problem defining who is indigenous, especially in the Andes where most of the large scale metal mining projects take place. Roque Benavides, CEO of the Peruvian Buenaventura gold mining company, stated "there are no indigenous communities in the Peruvian Andes" (La Mula, September 22, 2013). Benavides also said, "the Andean communities were created by Velasco" (Remy, 2013). During an interview about the consultation law, Carlos Gálvez, Financial Manager of Buenaventura, stated "…simply anyone who puts on a feather on the head feels they have the right to be consulted…" (SPDA, 2014). Therefore, the enforcement of the

[63] Peruvian Congress Commission of Andean, Amazon and African-Peruvian Peoples, Environment and Ecology.

consultation law has significantly more resistance in the mining sector operating in the Andes than among oil and gas companies in the Amazon. Consequently, the complexity of the Prior Consultation Law exceeds the legal sphere as it strives to regulate the rights of groups of people whose identity is questioned, especially in the Andes where most of the large scale metal mining takes place. To solve this controversy, the Ministry of Culture created a database of indigenous peoples and generated methodological guidelines for the application of the consultation law. The creation of the database did not solve the problem. Controversies about the indigenous identity of the community of San Juan de Cañaris in the Department of Lambayeque and their right to consultation caused profound divisions within the Ministry of Culture.

Even though the indigenous identity of the Amazonian communities of hydrocarbon concessions in this research was not questioned, there are still other critical questions to address. One of these issues is the fact that the results of a consultation process are not binding. In the words of Luis Peirano, former Minister of Culture: "The [Prior Consultation] law is mandatory, but the results of a consultation are not binding" (Silva Santisteban, 2014). This is because Article 15 of the Prior Consultation Law establishes that the state has the final decision and that this decision should be based on:

> "…an assessment of the different points of view, suggestions and recommendations provided by the indigenous people during the dialogue process as well as an analysis of the consequences of the adoption of a particular legal measure on the collective rights and the international agreements ratified by the Peruvian government."

This article also states that the agreements reached as a result of the consultation process are mandatory for the parties and that the state will make a decision in cases

when no agreement is reached between the parties. Article 5 of the consultation law rule adds:

> (e) "The aforementioned consultations do not imply the right to veto, but the need that the indigenous population be heard and to formulate proposals, trying through all possible and legitimate means to reach to consent with regards to the measures matter of the consultation."

As mentioned, ILO Convention 169 addresses the concept of *consent* as a desired outcome of a consultation process, but it does not mention the right of veto. Eva Linde (2009) analyzed this issue in detail and argues that a number of countries rejected the concept of consent in a consultation process "as it effectively constituted a veto right for a certain group which was incompatible with democracy and equality, insisting that sub-soil resources were in state ownership" (40). This issue is reaffirmed by state officials; in a recent interview Ivan Lanegra, Vice-Minister of Cross-Cultural Affairs declared that the "right of consultation does not imply the right to veto" (newspaper *El Comercio,* November 18, 2011). This objection is similar to the points raised by several countries during the drafting of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The US mission to the U.N. clearly sets out this objection:

> "The text also could be misread to confer upon a sub-national group a power of veto over the laws of a democratic legislature by requiring indigenous peoples, free, prior and informed consent [of indigenous peoples] before passage of any law that "may" affect them (e.g., Article 19). We strongly support the full participation of indigenous peoples in democratic decision-making processes but cannot accept the notion of a subnational group having a "veto" power over the legislative process."
>
> (Linde, E. 2009, p. 51)

Canada also voiced its concerns about granting the right to veto to a group of people, arguing that such document would be unworkable in a western democracy under a constitutional government. Therefore, it seems unlikely that the rule of the prior consultation law in Peru would include the right to veto. It is clear then that the state will continue being the ultimate authority in decision-making and in control of the consultation process. The issue of consultation and consent in Peru's Prior Consultation Law is still debated. Important legal cases such as the *Kichwa Indigenous People of Sarayacu v Ecuador* in the Inter-American Court of Human Rights affirmed the right of indigenous peoples to free and informed consent. In this case the Ecuadorian government was accused of signing a contract in 1996 with a foreign company to initiate oil exploration in the titled lands of Kichwa indigenous community of Pastaza without their approval. In June 2012, the Inter-American Court of Human Rights acknowledged the indigenous population's rights to consultation before projects begin.

As mentioned, the Prior Consultation Law continued to be debated during the 2010 presidential campaign of Ollanta Humala when he expressed solidarity with peasant communities affected by gold mines in the Andes. Humala started his government in the midst of an unprecedented number of conflicts related to resource extraction projects (Table 8).[64]

Table 8. Number of Social Conflicts in Peru (2005-2010)

Year	Number of New Conflicts	Percentage
2010	95	26%
2009	121	33%
2008	90	25%

[64] www.defensoria.gob.pe/temas.php?des=3

2007	29	8%
2006	9	2%
2005	18	5%
Total	362	100%
Conflicts in populations of extreme poverty	318	88%

Source: Ombudsman's Office (2010c)

The number of conflicts reflects problems with key areas creating asymmetries of power between the state, corporations and community actors. These emerge from the issuance of permits for oil projects on lands with pre-existing rights such as indigenous territories or protected areas and the access and management of information during decision-making processes. Most of the interviewed indigenous leaders expressed concerns about the effects of oil/gas projects on their quality of life, subsistence, social group, geographic space (territorial rights), culture and health, but these are addressed superficially in the environmental impact assessment studies. These conflicts have been exacerbated by a feeling of a lack *reconocimiento* or "acknowledgement," which were frustrations expressed by the indigenous leaders interviewed. This *reconocimiento* refers not only to an acknowledgement of the existence of the native communities and recognition of their concerns but also to a request to be treated with equality and justice.

First Consultation Processes of Oil and Gas Projects in the Peruvian Amazon

The first consultation processes with indigenous communities in oil project in the Peruvian Amazon took place in 2013 and 2014 blocks 169 and 195 in Ucayali and Huanuco. These first consultations were useful to build trust between representatives of the government (Perupetro) and the local indigenous populations. By mid-2015, there

were five successful consultation processes concluded (blocks 169, 195 and 164 in Loreto; 175 and 189 in Ucayali) with 11 indigenous groups involving 20 organizations. The groups that participated are the Ashaninka, Asheninka, Yaminahua, Amahuaca, Shipibo-Konibo, Kakataibo, Cocama-Cocamilla, Capahanua, Yine and Matsigenka.

The objective of the consultation is to reach to an agreement about the delimitation, name and size of the oil concession included in oil and gas contracts (exploration and exploitation) and that the Ministry of Energy and Mines would approve as a Supreme Decree.[65] As mentioned, the law establishes that Perupetro is the agency in charge of consultation processes of oil and gas projects and coordinates with the Ministry of Culture during the planning and implementation of the consultation process.

An initial assessment of the first consultations from the Ministry of Culture found that there are still some challenges to address, such as building cross-cultural communication skills of the government staff, inform the local people about the purpose, scope and legalities of the consultation process. The implementation of the consultation also poses logistic problems to reach the communities in remote places of the Amazon. In addition, negotiations between the government and indigenous representatives result in specific commitments and agreements that require follow-up.

During these processes both the government and the indigenous communities learn from each other's views about the project in question. The first five prior consultation processes undertaken from 2013 to June 2015 resulted in agreements between the government and the indigenous groups involved.

The Prior Consultation Process of Block 192 (former 1AB)

[65] According to the Ministry of Energy and Mines Order No. 350-2012-MEM/DM

In early 2013, Perupetro met the indigenous leaders of FECONACO, FEDIQUEP, ACODECOSPAT and FECONAT, the main three indigenous federations representing the Achuar, Kichwa, Cocama Cocamilla and Urarina communities in block 1AB (192). Pluspetrol's contract was due to expire on August 29, 2015, while Perupetro at that time was preparing to start an international bid process to select the company that would continue operations in the area for the next years. The government was also interested in coordinating with the native leaders what would be the consultation process with Amazon indigenous communities of the concession producing for an oil project. The indigenous leaders replied that they would accept a consultation process but set conditions to the government; they asked for: (a) remediation of the existing contamination; (b) a comprehensive assessment of the social and environmental conditions; (c) a government commitment to provide clean water and sanitation services; (d) titles for the native communities; and (e) the declaration of a state of environmental emergency of the river basins affected by oil pollution (described earlier); and (f) a fair compensation for the existing and future environmental damages.

A group of congressional representatives addressed these requests and visited the Kichwa communities of the Pastaza River in March 2013. They reported that the indigenous peoples' claims were just and requested the Congress to declare an environmental emergency in the Pastaza later that month. The declaration of emergency entailed the creation of a plan with a schedule involving OEFA, OSINERGMIN and DIGESA to conduct more assessments in the affected area. The indigenous federations

insisted that their conditions were non-negotiable to their continuing participation in the consultation process. In response, the government created a coordination group (*mesa de desarrollo*) to negotiate and manage these requests. The indigenous organizations involved in the negotiation had already created a coalition with the support of national and international non-indigenous people who provided advice and represented them in meetings with the authorities. The coalition, called PUINAMUDT (Amazon Indigenous Peoples United in Defense of their Territories) is based in Lima but was equipped with a highly mobile staff and was able to network, build strategic alliances, and serve as a crucial liaison between the national authorities and the indigenous leaders from the remote communities of block 1AB (192).

What was clear was that negotiations of the prior consultation process depended on the success of parallel discussions demanding the enforcement of territorial, environmental, and social rights not formally established as a requisite in the Prior Consultation Law. Therefore, the consultation process faced several unanticipated complex problems: (a) addressing indigenous federations' claims that remained unresolved for decades; (b) coordinating and articulating efforts between several ministries and government authorities (representatives of the Presidency of the Council of Ministers, the regional government of Loreto, OEFA, Perupetro, the Ombudsman's Office, and ministries of environment, housing, culture and energy and mines) with different interests and agendas; and (c) negotiating the interests of people from different cultures, cosmologies, languages, values, and interests.

Despite the complications of these preliminary negotiations, they resulted in a landmark agreement between the indigenous federations and the government signed on March 10 2015, accepting the native communities' conditions described earlier. However, while the native federations expected the government to honor these commitments, some representatives of the oil sector had expressed previously a different perspective of whether the prior consultation law would allow indigenous groups to make definitive decisions about oil/gas projects in the Amazon. Luis Ortigas Cuneo, at that time President of Perupetro, stated:

> "That is not possible. It's not for them to decide the destiny of Peru. What we have to do is tell them what's going to happen, how it's going to happen, and reach an agreement. This is not a question asking them 'yes' or 'no.' Prior consultation is not consent because, imagine it; it'd be like having one country inside another. It's so they're well-informed and know what's planned."
>
> (The Guardian, May 14 2013)

Furthermore, President Ollanta Humala declared:

> "We have enacted a [Prior Consultation] law because there are vulnerable communities, but the problem is to define which ones are native communities and which one are not. With so much informality today, everyone wants to be consulted because it gives [people] power to negotiate."
>
> (Servindi, April 29 2013).

There were also difficulties within the indigenous federations. The indigenous peoples of the Tigre River and members of FECONAT decided to negotiate separately, which meant that there were going to be parallel consultation processes, one with FECONAT and another one with the other federations within block 1AB (192) of the Corrientes, Pastaza and Marañon rivers (FECONACO, FEDIQUEP, and

ACODECOSPAT). Perupetro handed the coordination of the meetings to the Ministry of Energy and Mines, which decided to schedule separate meetings with the two groups of federations in July 2015. Meanwhile the companies Perenco (France), Pluspetrol (Argentina) and Pacific Stratus (Canada) communicated their interest in block 192 to Perupetro.

In a parallel process, ACODECOSPAT, FEDIQUEP and FECONACO held meetings and consultations with their affiliated communities, agreeing on 27 points on July 5, 2015. These federations also requested the creation of an endowment fund of one billion soles (equivalent to $310 USD million) for development projects. In the meantime, the communities of Pastaza, represented by FEDIQUEP, faced a problem when a handful of Kichwa indigenous peoples of Capahuari decided to create an NGO named ORIAP (Interethnic Organization of the Upper Pastaza). ORIAP was not created through an open decision-making process with the communities, but it claimed the right to participate in the consultation process. According to President of FECONACO Carlos Sandi, ORIAP was created at the last minute by the state with "the purpose to legitimize the consultation" (Servindi, 2015). The Vice-Ministry of Culture and Perupetro acknowledged ORIAP in record time despite the lack of legitimate representation for the communities and invited its members to participate in the consultation process. The division of the communities of block 192 affected the consultation process since there were two groups of indigenous federations: one group was formed by FECONAT and ORIAP, and the other FECONACO, FEDIQUEP and ACODECOSPAT. These two groups had very different agendas and claimed equal right to negotiate with the government. The conciliatory attitude of FECONAT and the ORIAP is different from the

other organizations, who firmly request the government's commitment to enforce the agreements previously negotiated as a condition of the consultation process. Divisions between (and within) indigenous organizations during negotiation processes with other parties are not unusual.

Other cases in Latin America which evidence divisions within organizations such as the Indigenous Confederation of Eastern Bolivia (CIDOB) and the National Council of Ayllus and Markas of Qullasuyu[66]- CONAMAQ were attributed to the direct intervention of the Bolivian government in efforts to destabilize indigenous organizations opposed to Evo Morales' interests (EJU, n/d). This division and the lack of response from the government to the 27 conditions of the indigenous federations resulted in a delay of the consultation meetings scheduled in July 2015 in Iquitos.

Given these circumstances, the government had to undertake parallel negotiations with both groups of indigenous representatives and postponed the talks until mid-August (only two weeks prior to the expiration of Pluspetrol's contract on August 29). Meanwhile, the chair of Perupetro, Luis Ortega, resigned and was replaced by Rafael Zoeger, a former employee of Pacific Stratus Energy, a Canadian oil company that later expressed their interest in operating in block 192. In the interim, the bid process for block 192 failed, as no company expressed interest after Pluspetrol, Repsol and Perenco withdrew from it.

[66] The Qullasuyu or *Collasuyo* refer to the southernmost region or *Suyo* of the Inca Empire. This empire was known as the *Tawantinsuyo* (tawa means four in Quechua) alluding to the four *suyos* or regions. Cusco, capital of the Inca Empire was located at the center of the four *suyos*: Chinchaysuyo (north), Antisuyo (east), Contisuyo (west) and Collasuyo (south). During the Inca period (1438-mid-1500), groups of families sharing cultural and linguistic backgrounds or *ayllus*, were considered political-administrative units. The *marka* was a political, social and economic territory between the *ayllu* (small unit) and the *suyo* (major unit).

The government was then forced to act on a plan "B" and negotiate directly with one or more oil companies such as Omega (a junior oil company from Colombia) and explore the possibility of a two-year contract with the Canadian company Pacific Stratus Energy to solve the problem temporarily. On August 14, 2015, the MEM met with all the four indigenous federations offering 0.75% of the production value (roughly $300 thousand USD annually for each one of the four basins) as a counteroffer to the $310 USD million proposed jointly by FECONACO and allies. During this meeting, the government did not have a clear plan to address the 27 points negotiated earlier (that were still pending as a condition to continue with the consultation process) and gave the federations two hours to assess the offer and give a final answer. The pressure to make a decision in such a short time was contrary to the "appropriate procedures" that governments must follow to enforce ILO Convention 169, which international funders such as the World Bank advocated for (IFC, 2007). FECONAT and ORIAP accepted the MEM conditions and signed the agreement while FECONACO and allies, refusing to sign, requested 2% instead of the 0.75% offered by the government. The government abruptly declared that the prior consultation timeframe had ended and announced their decision to sign a two-year contract with the company Pacific Stratus to operate block 192 (Supreme Decree No. 027-2015-EM).

Even though the native federation of the Tigre basin and the NGO of the upper Pastaza signed the agreement, leaders of FECONACO and FEDIQUEP said that these groups lacked legitimate representation of the vast majority of the communities in block 192. FECONACO and FEDIQUEP represent the people of 11 out of the 13 production locations (known as "*baterías*") inside block 192; thus, the contract between the

government and Pacific Stratus does not have the necessary "social license" (*licencia social*) or communities' agreements to operate[67].

The decision sparked enraged reactions from the Regional Government of Loreto (GOREL), FECONACO and FEDIQUEP. GOREL and some leaders of the Tigre River basin supported a 48-hour regional strike in Loreto on September 2 and 3, 2015. The strike was organized by the Patriotic Front of Loreto, a regionalist non-indigenous group demanding that the state-owned oil company Petroperu should operate block 192. They wished to cancel the contract with Pacific Stratus and assign the oil concession to the state-owned company Petroperu. The proposal generated even more divisions, especially within the government where 15 members of the Congress presented a motion supporting the Patriotic Front of Loreto's request while the Ministry of Energy and Mines and the Prime Minister argued that Petroperu lacked the capacity and financial resources to manage the oil production in the concession. As mentioned earlier, the state-owned oil company Petroperu does not produce oil or gas; instead, it is dedicated to crude oil refining. For Humberto Campodónico, former President of Petroperu, the state company should have assumed control of the operations in block 192 and blames the Ministry of Economy for the failure to do so: "[the Ministry of Economy]'s real goal is another: to prevent Petropero from exploiting oil, and to advance and strengthen itself." Campodónico argues that Ministry of Economy does not want [Petroperu] to "look good" to the state (Campodónico, 2015).

[67] The concept of *licencia social* or social license emerged in the mid-1990s when a growing number of conflicts started to affect the reputation of mining companies. The term was used in discussions between representatives of mining companies and the World Bank in 1997 and was soon adopted as a standard term for the social acceptance, or local communities' agreement of an activity, project or initiative (Escobar Banda, 2015). The social license is not unique in this case, as Owen and Kemp (2013) argue, and it emerged as a response of extractive industries to opposition and a mechanism to ensure the industries' "survival".

FEDIQUEP and FECONACO announced that they were not opposed or against Pacific Stata or Petroperu. They submitted a petition to President Humala to continue the negotiations and solve the pending issues, while FECONAT and ORIAP supported the Regional Front of Loreto's strikes and proceeded to take over some oil facilities in block 192/1AB. As the regional strikes and social unrest threatened the political stability and the continuity of oil production in the area, the Congress in Lima reversed its decision and voted overwhelmingly in favor of assigning the oil concession to Petroperu. As of mid-September 2015, the issue was still a matter of heated debate and social unrest and the solution remains in discussion. Some communities are claiming that issues such as territorial, cultural, and social rights as well as environmental contamination and its impacts on health and life quality of the indigenous communities in the oil concession are currently not part of the political discussion and need to be resolved.

The right to a prior, free and informed consultation and consent has been a longtime demand of the indigenous peoples not only in the Peruvian Amazon but also around the world. James Anaya, the former United Nations Special Rapporteur on the Rights of Indigenous Peoples, declared in May 2010 that Peru's Prior Consent Act based on ILO Convention 169 "could set an important precedent of a good practice for other countries in the region and the world" (Anaya, 2010). Yet, Peru's "new" consultation law is not the first and only provision regulating public participation in decision-making processes of resource extraction. In the midst of the rise of social-environmental conflicts linked to extractive industries, the Ministry of Energy and Mines approved the Guidelines and the Rule of Citizen Participation in Hydrocarbon Activities with procedures to conduct workshops and hearings with civil society groups living in oil and

gas concessions.[68] However, public participation can only take place in a short window of time (45 days)[69] during the EIA process, in which the viability of a project is not questioned. Moreover, some politicians and representatives of the guild of oil and mining companies see the Prior Consultation Law as an obstacle to investment "larger than the surcharges imposed on the companies' revenues" (*La República*, October 30, 2011).

The Multiple Faces of the State

The consultation process of block 192 unveils multiple dimensions of the state in the governance of resource extraction. As mentioned, O'Donnell (2010) defines the state as a set of apparatuses and bureaucratic institutions; a legal system with variable binding and sanctioning capacities; a benchmark of collective identity; and a barrier that distinguishes between the state and other states. In Peru as in other countries in Latin America, the role and performance of the state has shifted following the dominant interests of a particular era (oligarchy until the 1940s, populism until the late 1980s, and neoliberalism onwards). Although it could be assumed that the state functions in a particular way according to these interests, a closer analysis in cases such blocks 1AB (192) and 8 show that the interactions between the civil society and the state in the last two decades has resulted in the creation of new institutions (such as OEFA, the Ministry of the Environment, OSINERGMIN and the regional governments) with a certain degree of autonomy within the state. Some new legal provisions such as the Prior Consultation

[68] Ministry of Energy and Mines Resolution No. 571-2008 and Supreme Decree No. 012-2008

[69] A timeframe questioned as too short for communities in remote areas to access, review and formulate observations to lengthy environmental studies.

Law also seem to counterbalance the dominant political and economic interests. However, these institutions and laws could end up legitimizing state decisions based on economic interests, particularly in projects dealing with key economic activities such as the expansion of resource extraction frontier in remote areas. However, today it is almost impossible to think about conducting these activities without some level of "participation" of social groups that have been traditionally marginalized and categorized as "subordinate." Carlos Herrera Descalzi, former Minister of Energy and Mines, said that "the Prior Consultation Law will be decisive to assure the development and will legitimize large projects that otherwise will be paralyzed" (interview in *El Comercio*, October 25, 2011). In that interview, Herrera Descalzi was clear about the government's views regarding the consultation; however, he emphasized that the population may express their opinion but could not veto a project: "the Prior Consultation Law will strengthen the country's efforts to advance key projects and will grant a platform for the people to express their opinion." As Foucault (1991, p.90) pointed out when referring to Machiavelli's *The Prince,* the objective of the exercise of power is to reinforce, strengthen and protect the principality. It does not represent the objective of an ensemble of its subjects and territory but rather the prince's relation with what he owns, with the territory…and with his subjects. Therefore, the consultation law could be used by the state as an instrument to legitimize its control over territories and the local communities.

In this analysis, the aforementioned state institutions were key to generating critical information, such as the environmental and health assessments in the Corrientes, Pastaza, Tigre and Marañon basins, that were contrary to the historic trend of the

Ministry of Energy and Mines (which traditionally centralized all decision-making in oil and mining projects) to deny the existence of environmental contamination and dismiss the indigenous peoples' allegations of its social and health impacts. Dargent (2008) explains that changes in the state institutions ensued from state reforms during the 1980-1990s (in the context of a market economy) when governments in Latin America created technical areas with certain degree of autonomy (such as OEFA and OSINERGMIN) with the objective to improve the state's inefficient management capacity in face of corruption and private interests.

The creation of regional governments in 2002[70] also created the opportunity to include multiple levels of government in the decision-making processes involving extractive industries, such as oil and mining projects. Contrastingly, the central government based in Lima decides the number, size, shape, and location of oil concessions, negotiates contracts, collects and administrates the revenues, grants environmental licenses and supervises oil/gas activities (Perupetro and the Ministry of Energy and Mines); however, the regional governments are now claiming more decision-making power in these political spaces.

The indigenous peoples living inside the oil concession 192 demanded the participation of the Regional Government of Loreto as the legitimate authority that should represent their interests in the negotiations with the central government. At the same time, they urged the regional government to solve the pending land title issues of the communities living in areas granted in concession to oil/gas companies. Even though

[70] After a process of discussions that started in the late 1980s (*proceso de regionalización*) which aimed to create decentralized political regions with administrative and economic independence from the central government based in Lima. Currently there are 25 regional governments in what were previously denominated "departments."

the current legal framework excludes the regional governments from the key decision-making processes affecting oil projects in the Amazon such as the oil concession negotiations , the recent events of block 192 show the importance of clearly defining their role and responsibilities in these processes.[71]

It is in this context of democratization that the ethnic mobilization in the Amazon has emerged and demanded recognition and a solution to the environmental and health problems they have endured for decades. There is no precedent in Peru of efforts of this scale and magnitude to advance the ethnic-based claims for the indigenous peoples of block 192. The state is struggling to have the final decision and keep control of the consultation process. Many communities are not satisfied with the results of the consultation. resulting in violent conflicts.

Political Identities and Neoliberalism

The previous analysis shows that while there is a substantial rise in the number of extractive projects, it is not possible to undertake them without the so called "social license" or a minimum level of agreement with the local communities (Bebbington et al., 2008; Slack, K., 2012). Consultations with local communities are now more common and are becoming "standard practice" in undertaking resource extraction and infrastructure projects. Peru's Prior Consultation Law and its regulating decree are the first ones of their kind enacted in Latin America to date and pose complex and contradictory problems to the government as it aims to grant special rights to groups of

[71] However, these decentralized governments receive part of the revenues of oil/gas activities in their jurisdiction (known as *canon petrolero* and *canon gasífero* for oil and gas projects respectively) although the allocation of these funds has been affected by allegations of corruption.

people based on ethnic and cultural distinctions without clear ways to identify and define them, especially in the case of Andean communities in mining areas. During a television interview in Lima's television station channel 2 on May 2013 about the law, President Humala said:

> "…where there has been a problem is defining which communities are natives [sic] or not. Because here –with so much informality- everyone wants to be consulted because it grants some power of negotiation."
>
> "In the Andes, most communities are peasants as a result of the Agrarian Reform, etc. Mostly, native communities are in the Amazon (*selva*); they were often or in the past called *no contactados* (not contacted), right? But today with infrastructure and modernity, we are trying to articulate with all communities."

The majority of oil and gas projects in the Amazon overlap indigenous territories; therefore, it is expected that indigenous groups will demand their rights more explicitly around indigeneity. For McDonell (2015), indigenous mobilizations in past years in Peru have been an expression of national and global-level neoliberal restructuring coupled with anti-extractive/indigenous rights claims. In McDonell's words, "this can be seen as neoliberal-era Polanyian "double movement," a reaction to usurpation and commodification of natural resources due to increases in extractive industries activity made possible by market deregulation." (113)[72].

The consultation process of block 192 (former1AB) provides empirical evidence that the law was not able to prevent social-environmental conflicts as expected. Based on this dissertation, it is possible to state that the consultation process of block 192 was undertaken mostly under pressure from the central government to reach an agreement in a

[72] In *The Great Transformation* (1944), Karl Polanyi argued there is a dialectical process or double movement through which market societies are shaped. On one side there is a movement to liberalize markets and other side a movement to protect the society from the negative effects of market pressures.

very short timeframe and included strategies to weaken and foster divisions between the indigenous groups participating in the consultation process. At the same time, the process was useful to strengthen the capacity of dialogue and organization of the parties involved. Despite the fact that the consultation law is not binding, it is now a right that indigenous groups can invoke to voice their claims and opinions about issues affecting their livelihoods.

The government accepted the recently created ORIAP (an NGO which is not an indigenous federation is aligned with the government) as a legitimate party in the consultation process to oppose indigenous federations participating in the process, thereby weakening indigenous demands. Therefore, the consultation process can be exploited in accordance with government interests, increasing the communities' level of frustration and conflict. While the Andean community of Cañaris (community listed as indigenous but opposed to mining) request to enforce their right to consultation under the new law was denied, ORIAP (NGO "malleable" to the government's conditions) was accepted as a participant in the consultation process. As Charles Hale (2004) states, neoliberalism entails a cultural project in which multicultural governments use cultural rights and the concept of the "authorized Indian" (*indio permitido*) to divide and domesticate indigenous movements. In other words, multicultural state policies encourage certain forms of indigenous identification and organizations and determine which indigenous groups, politics and claims are "legitimate" (McDonell, 2015; Schilling-Vacaflor, 2015; Hale, 2004).

The Amazonian and Andean populations living in areas rich in mineral resources of Peru are demanding their right to be consulted under the Prior Consultation Law.

Even though these groups have a long history of demanding that national authorities listen to their demands in relation to resource extraction, they are now organized along ethnic lines and are pushing for participatation in the decision-making processes. This entails opening the debate about identity politics, discussing how these rights and identities affect the use of space, and determining the best course of action to reshape the role of the state and the use of natural resources in the current economic context.

CHAPTER V

STRUGGLES OVER THE ENVIRONMENTAL IMPACT ASSESSMENT: THE EXPANSION OF THE CAMISEA GAS PROJECT IN BLOCK 88.

Introduction

This chapter analyses the EIA process for the expansion of the Camisea gas project in block 88 of the Peruvian Amazon that took place from November 2012 until its approval in January 2014[73]. In this chapter I examine the role of government and non-government actors in the decision-making process that authorized the expansion of exploration activities in block 88.

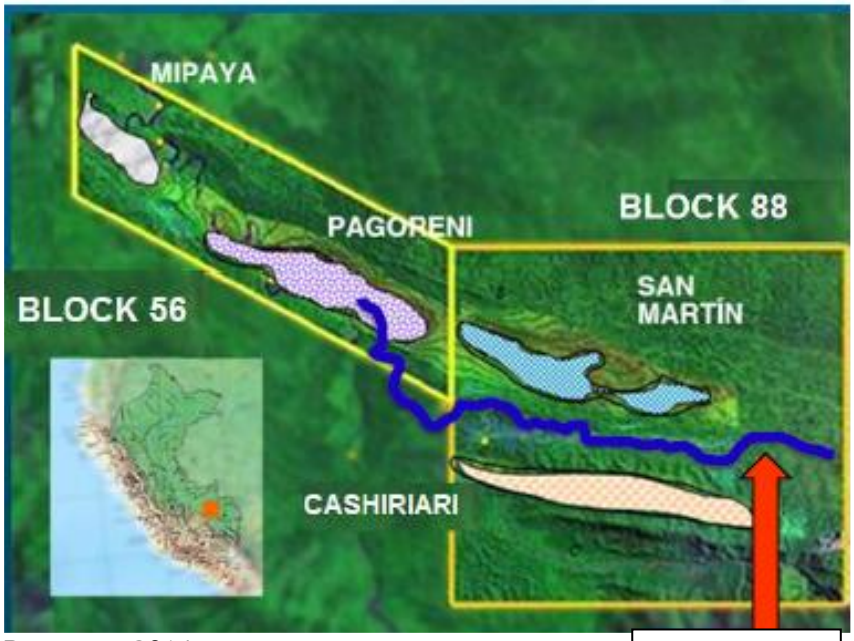
The Camisea project comprises the exploitation of Peru's largest natural gas deposits in blocks 88 and 56 (not included in this analysis) the low Urubamba valley in the district of Echarate, province of La Convencion in Cusco in the department of Cusco. With reserves estimated in 2012 of 11.96 trillion cubic feet (TCF) of natural gas and 614.7 million barrels (MMB) of natural gas liquids, Camisea is considered one of Latin America' most important energy breakthroughs of the past century (Perupetro 2014). Camisea (especially block 88) provokes controversy as it overlaps the buffer zone of the Manu National Park, one of the World Wildlife Fund's (WWF) "Global 200" eco-regions for conservation, and the Kugapakori, Nahua, Nanti Territorial Reserve (RTKNN), a protected area inhabited by indigenous people including groups in voluntary isolation and initial contact[74] (SERNANP 2010, Duellman 2005).

[73] Ministry of Energy and Mines Resolution No. 035-2014-MEM/AAE

[74] There are approximately 64 indigenous groups living in voluntary isolation in the Amazon forests of Brazil, Ecuador, Peru and Bolivia. These mysterious groups have avoided all contact with strangers for

The Camisea project comprises three independent components shown in Figure 23: (a) "upstream" operations consisting of the exploration and exploitation of the gas deposits in Camisea, Cusco and a processing plant in Las Malvinas (roughly 20 km from the main production locations) and operated mainly by Pluspetrol (in association with Hunt Oil, SK Corporation, Repsol, Tecpetrol and Sonatrach as investment parties); (b) "downstream" gas transportation along a 453 mile-long pipeline to the city gate in Lima and a branch pipeline to a gas terminal in Pisco (105 miles south of Lima) operated by the TGP Consortium (Tecgas, Pluspetrol, Graña y Montero, SK Corporation, Hunt Oil and Sonatrach); and (c) distribution of gas for industrial and domestic users in Lima and Callao, operated by the company *Gas Natural de Lima y Callao* (GNLC). This analysis focuses on the decision-making process for the expansion of gas exploration that is part of the *upstream* operations.

Figure 22. Camisea Gas Deposits (Blocks 56 and 88)

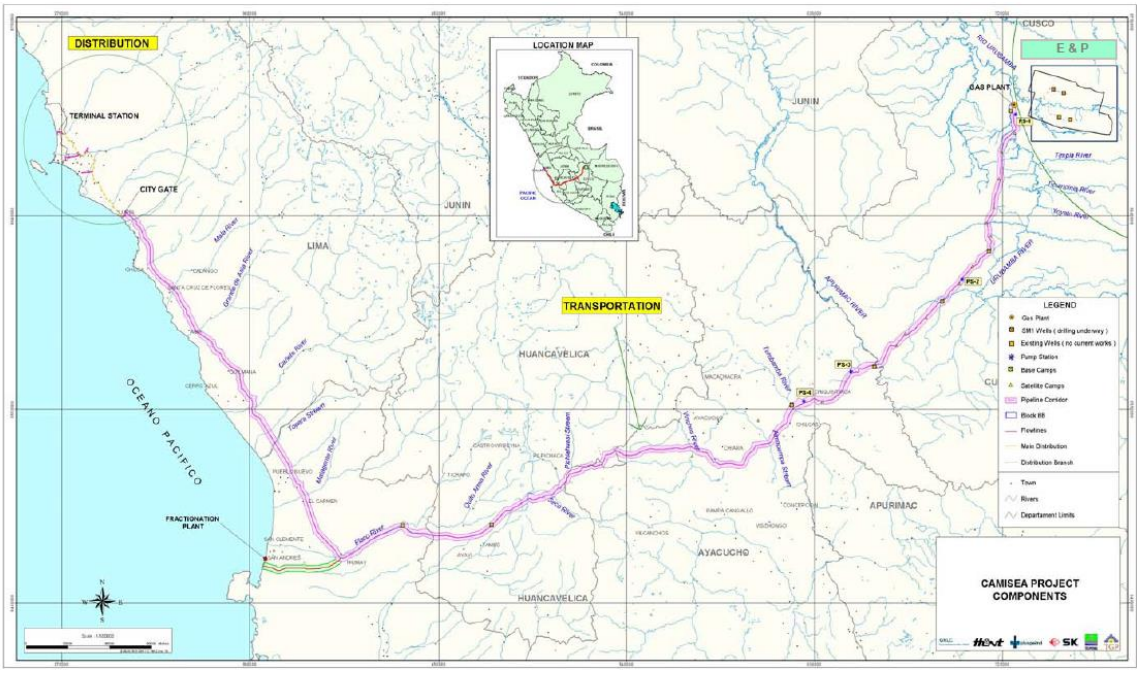


Perupetro, 2014

Camisea

centuries. Most of what is known about their existence has been gleaned from brief encounters with other indigenous groups or chance sightings of loggers, oil companies' staff and missionaries.

Figure 23. Location of the Three Components of the Camisea Project in Block 88 (Upstream, Transportation and Distribution)



Pluspetrol (n.d)

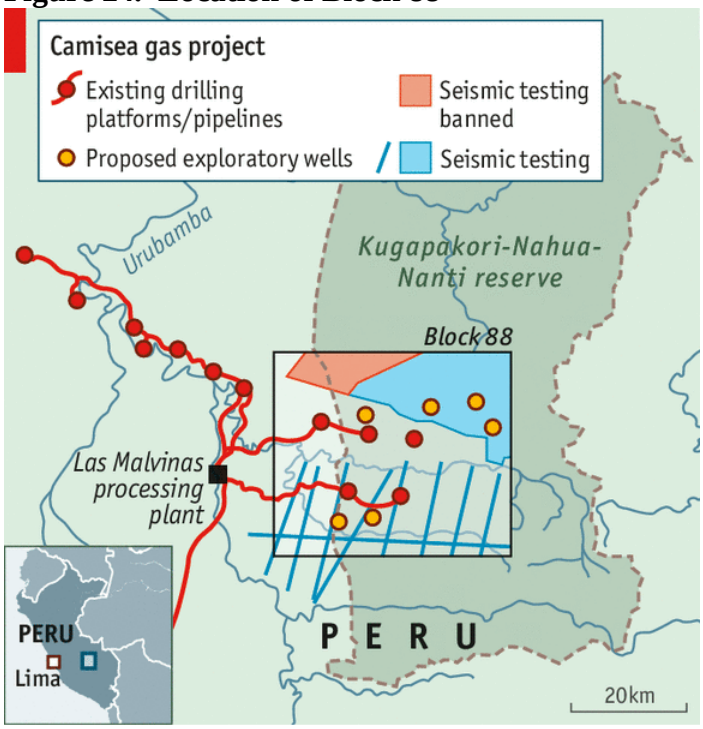
Block 88 began to produce natural gas in 2004 with an average production of 78 million cubic feet/day which increased to 709.75 million cubic feet/day by June 2015. This concession generates 52% of Peru's total domestic gas production (Perupetro 2005, 2015). During its first decade block 88 has contributed roughly US$ 10.7 billion dollars in state revenues (OSINERGMIN 2014, p.236).

Table 9. Summary of the Camisea Project (Block 88)

Block 88	
Contract signed	December 2000
Area	554 square miles (1435 square kilometers)
Companies	Pluspetrol (Argentina) 27% Hunt Oil (US) 25% SK Corporation (Korea) 18% Repsol (Spain) 10% Tecpetrol (Argentina) 10% Sonatrach (Algeria) 10%
Royalties (natural gas / natural gas liquids)	37.24% / 37.24%
Start production date	2004
Target market	Domestic

Data source: Perupetro

Figure 24. Location of Block 88



The Economist, 2014

Table 10. Investment of the Camisea Consortium

Year	Project Stage	Block	Activities	Million USD
2001-2004	1	88	Seismic prospecting, drilling, pipelines, transformation and transportation to the coast (Pisco)	703
2004-2008	2	56	Seismic prospecting, drilling, pipelines, transformation and transportation to the coast (Pisco)	846
2006-2012	3	88	Drilling, pipelines	647
2008-2014	4	88	Transformation plants (Malvinas and Pisco)	543
2008-2-14	5	88/56	Other work structures, drilling and internal gas pipelines	745

Source: Perupetro 2014

The Expansion of the Camisea Project in Block 88

In the early 2000s, Pluspetrol decided to reduce the size of their exploration activities[75] once the contractor firm Veritas found that these posed risks to the indigenous groups living in isolation and in initial contact living near the concession's boundaries (Barclay & García Hierro, 2014). In June 2010, Pluspetrol sent a letter to Perupetro requesting permission to conduct prospecting activities in an area not previously explored in block 88.[76] Perupetro accepted the initial request, which indicated that the next step for Pluspetrol was to undergo the EIA process in order to obtain the necessary license to start the proposed activities in the area.

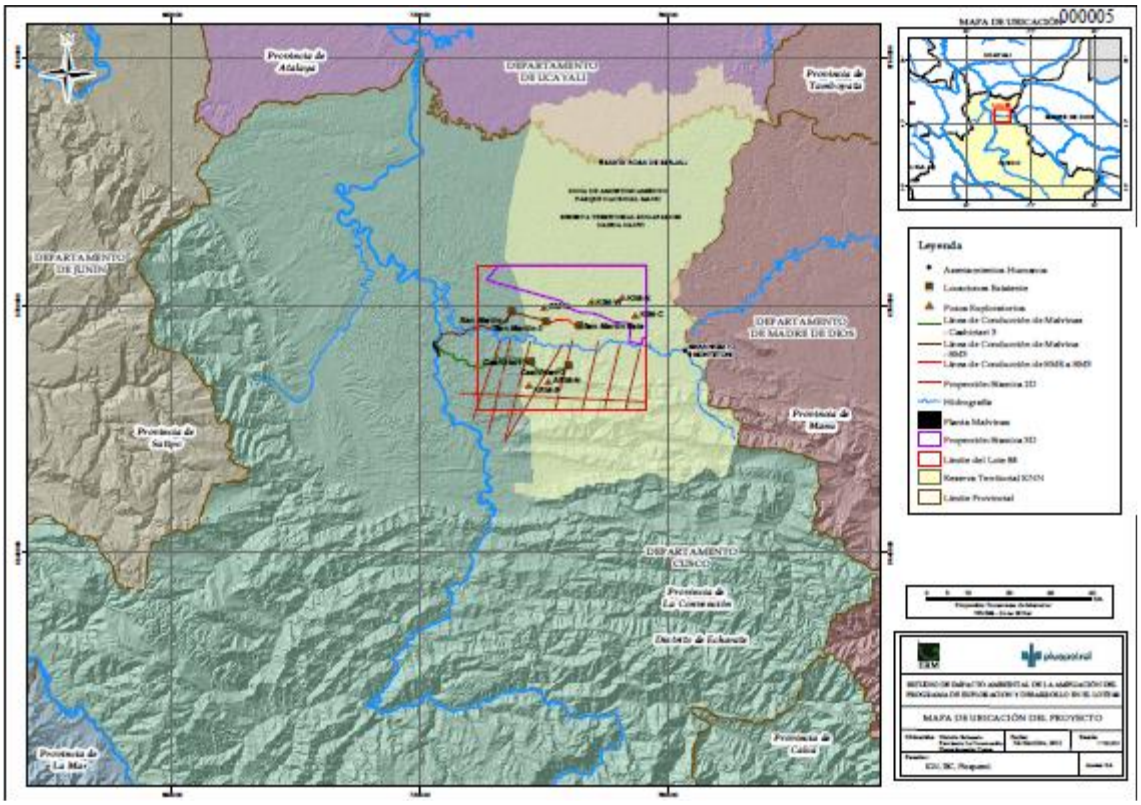
In 2012 Pluspetrol company decided to go ahead in its decision and officially proposed the government to expand explorations inside the RTKNN, including 18 exploration wells in six places (San Martin Norte, Kimaro Oeste, Kimaro Centro, and in Armihuari North and South) and the creation of a gas pipeline from San Martin Este to

[75] 3D seismic exploration in 13.51 square miles north of the Camisea River, and 154 square miles of what today is the Armihuari camp in the south of the Camisea River)
[76] Letter PPC-C0-10-0320-GOB

San Martin 3 (ERM, 2012). The expansion of exploratory activities in block 88 comprises exploration and development activities in the northwest and south areas of block 88, all of them inside the RTKNN (Figure 26). These activities are: (a) Seismic prospecting 2D (122.4 miles) and 3D (379 square miles); (b) Prospective drilling including at least 18 wells in 6 locations (two exploration wells and one to reinject liquid wastes in each site); and (c) Installation of a 6.2-mile gas pipeline from San Martin East to San Martin 3 (ERM 2012).

Proposed seismic activities were planned to take seven months each and comprise clearing forest along lines of 6.5 feet wide and excavating 3,300 holes 600 feet apart and 50 feet deep to install in each one 8.8 pounds of explosives. The estimated total amount of explosives required is 46 tons (ERM, 2012, p. 2-7, 14). Drilling operations would be conducted in a 15-month period, and the construction of the gas pipeline would take five months. The EIS is not clearly specify if these activities would be performed simultaneously.

Figure 25. Expansion of the Camisea Gas Project



(Proposed expansion of block 88 in red)
ERM, 2012

With an estimated cost of $480 million USD, the expansion of the Camisea project in block 88 entails clearing approximately 525 hectares of primary forests for seismic prospecting, drilling operations, and installation of pipelines, helipads, campsites and unloading areas summarized in Table 11. In addition, the project requires a labor force of 1,800 workers, 600 of which would be recruited from the local villages (ERM 2012).

Table 11. Expansion of Activities in Block 88: Area of Forest Cleared

Activity	Facilities	Area of Forest

			Cleared (ha)
Seismic prospecting	2D	Sesmic lines	39.4
		44 Temporary campsites (40 people each)	6.2
		At least 22 Helipads of 0.24 ha each one	10.6
		1,100 unloading áreas (for equipment and materials)	3.3
		Large campsites	3
		Sub-total	62.5
	3D	Sesmic lines	322.4
		36 Temporary campsites (40 people each)	5
		19 Helipads of 0.24 ha each one	8.6
		2,700 unloading areas	8.1
		Large campsites	3
		Sub-total	347.1
Area seismic prospecting 2D and 3D			409.6
Drilling	6 locations		34.5
Gas pipeline	Right of way		20.8
	Temporary campsites		1.0
	Workshops and other supporting facilities		18.8
			40.6
TOTAL			**525.3**

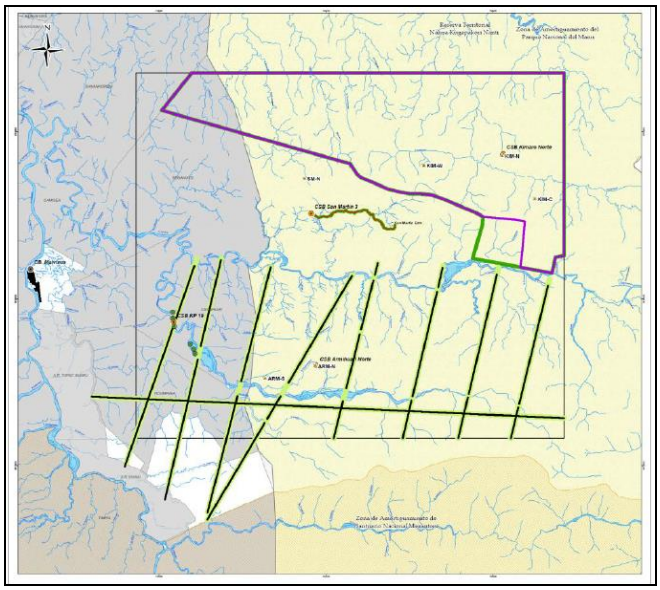
Source: ERM 2012

In addition, the expansion of the project would generate domestic, industrial and hazardous wastes, including drilling muds. The plan also requires creating facilities for health services, power generators, fuel storage, and water treatment, among others.

The project required undergoing an EIA process managed by the Ministry of Energy and Mines which entailed earning the approval of several state and non-state actors such as the indigenous federations COMARU (Matsigenka Council of the Urubamba River) and CECONAMA ("Juan Santos Atahualpa" Matsigenka Native Communities Groups of Low Urubamba). These organizations represented the indigenous communities living inside the concession area. In this case, since a

consultation with indigenous peoples in isolation would not be viable, the opinion of Ministry of Culture about the project was binding and there were consultations with the local indigenous federations and representatives of communities in initial contact whose opinion was also crucial to approve the project. The EIS for the expansion of the Camisea project in block 88, mention areas of 'direct' and 'indirect' influence depending on the degree of the project's intervention. The study defines 'direct' influence as the "area or geographic space where hydrocarbon activities would have considerable impact"; and 'indirect' influence as those areas where their activities would not be undertaken but that may affect indirectly the resources used by the indigenous peoples, especially those from the RTKNN (ERM, 2012, p. 4-2). Pluspetrol created social-environmental safeguards additional to the study and set up a community relations plan to prevent negative effects on the indigenous population in block 88.

Figure 26. Seismic Lines for the Proposed Expansion of Block 88



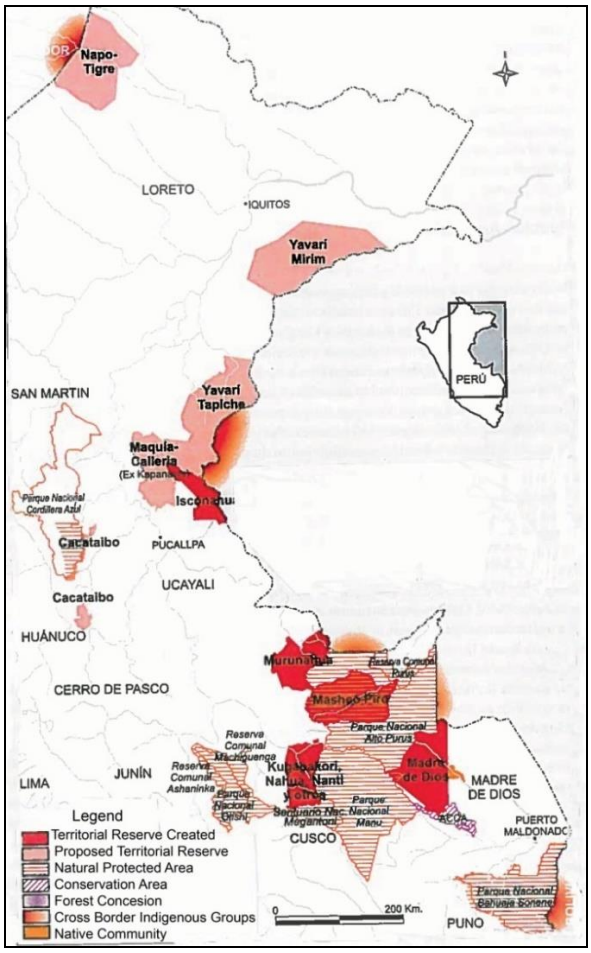
(Seismic lines in green). ERM, 2012

Indigenous Groups Inhabiting Block 88

One of the most controversial issues associated with the expansion of the Camisea project is that it overlaps with lands inhabited by indigenous groups in voluntary isolation and initial contact. In Peru, there are approximately 13 groups of people living in isolation and/or initial contact (Huertas, 2004; Barclay, 2003). The terms "isolated", "not contacted," and "voluntary isolated" refers to Amazonian groups who refuse to establish sustained contact with the rest of society. While the indigenous people in isolation tend to refuse to maintain interaction with other social groups, the people in initial contact have sporadic interactions with other groups (indigenous or otherwise) (Huertas, 2004). The exact population of these groups is unknown, and their level of interaction is variable. They are considered extremely vulnerable because their immune systems do not protect them from communicable diseases caused by microorganisms which are not necessarily lethal to the rest of society, and therefore, contact with

outsiders can cause diseases or death. Documents dating from the 1500s until the present show the devastating effect that the exposure to exogenous disease agents had on indigenous peoples, causing a massive number of deaths (Barclay, 2003)[77].

Figure 27. Spatial Distribution of Indigenous Peoples in Isolation in Peru



IWGIA. 2013, p. 59

The indigenous population in the RTKNN and block 88 is comprised of the Nahuas (Yoras) from the Mishahua and Serjali rivers, the Nanti of the Upper Camisea and Upper Timpia rivers; and the Matsigenka (Machiguenga) and Kirineri from the

[77] Detailed records from the 1500 to 1700s were important documents that aimed to explain the devastating effects that epidemics and how they influenced the failure of numerous religious missions during the colony (Barclay 2003).

Paquiria River (ERM 2012). The Matsigenkas are distributed in small native communities in the Lower Urubamba River, although there are some still living in various degrees of isolation distributed throughout the RTKNN, the Megantoni National Sanctuary, Manu National Park and the Matsigenka Communal Reserve. Some of these groups emphatically refuse all contact with other people, while others "occasionally exchange hatchets, pots and machetes with neighboring native communities" (ERM, 2012, Huertas 2010, p.12). A sub-group of the Matsigenka, the Kirineri, who live in Alto Paquiría, has sporadic contact. Reports from the early 2000s show that Pluspetrol's operations in block 88 resulted in forced contact with some Matsigenka people in isolation, leading Pluspetrol oil company to reduce the area for gas exploration and to enact laws declaring the area known today as RTKNN, as protected. Economic activities that could be undertaken within it were also limited. (Anaya, 2014; Ombudsman's Office, 2003; ERM, 2012).

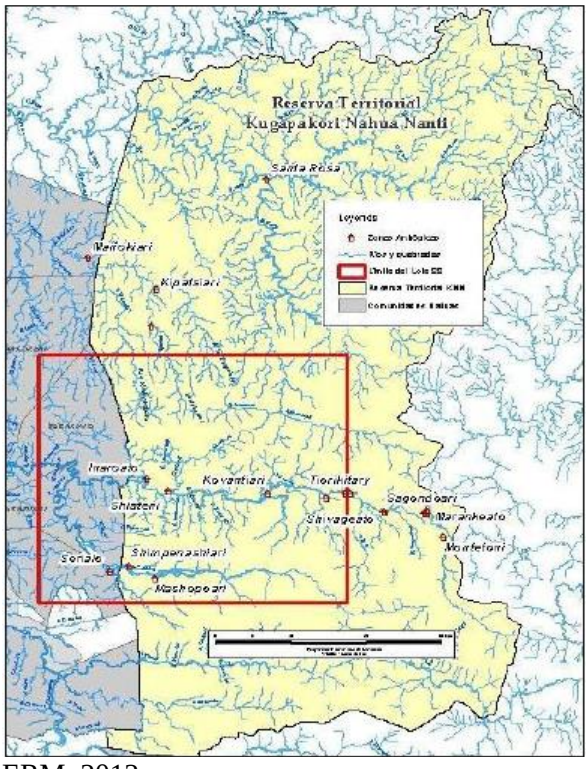
The exact population of these indigenous groups is unknown, although there are some estimates of the population in initial contact. The EIS for the expansion of activities in block 88 estimates the population of the RTKNN at 755 people (Table 12). This estimate does not include the population of the Timpia basin and the people in voluntary isolation due to lack of information.

Table 12. Estimated Population in the Area of Block 88 Overlaping the RTKNN (2007)

Basin	Ethnic Group	Village	Population
Mishahua/Serjali	Pano and Nahua (1)	Santa Rosa de Serjali	285
Paquiria	Matsigenka and Nanti (2)	Boca Kipatsiari Mañokiari	22
Camisea	Matsigenka and Nanti (3)	Inaroato Shiateni Kovantiari Tyorikitiari Sagondoari Marankeato Montetoni	409
Cashiriari	Matsigenka and Nanti (3)	Shimpanashiari Mashopoaro Serialo	44
Total			**755**

Source: ERM, 2012

Figure 28. Indigenous Communities in the RTKNN Overlapping Block 88



ERM, 2012

In the early 1970s, the French oil company Total Peru conducted preliminary oil exploration activities in the Lower Urubamba and High Ucayali. These explorations continued between 1982 and 1988 when Shell Oil Company conducted seismic prospecting in what today are blocks 88 and 56. In both cases workers had sporadic encounters with non-contacted indigenous people from the Yaminahua, Nahua and Kirineri groups in the Alto Mishahua and Serjali rivers as (according to these workers) who were looking for metal tools such as machetes and hatchets. In 1984 almost half of the Nahua population died from an epidemic of respiratory and infectious communicable diseases allegedly caused by the contact with oil workers (ERM 2012). There are other indigenous groups present in the RTKNN such as the Mashco-Piro, a hunter-gatherer nomadic group living in isolation and seen sporadically in the Purús, Las Piedras, Los Amigos, Manu rivers and its tributaries in Ucayali and Madre de Dios. Apparently this group inhabits the RTKNN during the dry season of July and August in order to gather turtle eggs (ERM, 2012).

Other native groups living in the RTKNN are the Nahua and the Nanti (estimated population under 1,000) who lived in voluntary isolation in the headwaters of the Timpía and Camisea Rivers until recently (Barclay, 2003). Records of the Nanti (also known as Kugapakori, although this is a derogatory term) are scarce and have been collected through oral accounts described in detail by Barclay and García Hierro (2014). The Nanti of Upper Camisea are located in Montetoni and Marankeato (Marlanksiari or Malaksiá) with an estimated population of 250 on the banks of the Timpía River (Ibid.). These groups lived in voluntary isolation until roughly 2000, when they started to visit community settlements in Montetoni and Marankiato sporadically (ERM, 2012).

Table 13. Indigenous Peoples in the Areas of Direct and Indirect Influence of Exploration Activities in Block 88

Project Component	Indigenous Village in the Area of Direct Influence	Indigenous Village in the Area of Indirect Influence
Seismic 3D	Indigenous community of Segakiato Villages: Kovantiari, Tyorikitiari-Shivageato-Koentiari	Villages outside the RTKNN: -Santa Rosa de Serjali - Montetoni -Marankeato _Sagondoari Areas used by indigenous peoples in the RTKNN – Block 88 Kovantiari Shivageato Kyoritiari - Koentiari
Seismic 2D	Indigenous Community of Cashiriari Indigenous Community of Ticumpinia Population living, hunting, fishing and gathering inside the RTKNN Cashiriari River basin: Shimpanashiari Creek, Mashopoari Creek, Mouth of the Serialo	Areas used by the indigenous groups in the RTKNN – Block 88 Camisea basin: Inaroato, Shiateni, Kovantiari and Shivageato. Kyiritiari – Koentiari Areas used by indigenous people of the RTKNN outside block 88: Camisea basin: Montetoni, Marankeato and Sagondorari
	Population living, hunting, fishing and gathering inside the RTKNN Cashiriari River basin: Shimpanashiari Creek, Mashopoari Creek	Areas used by indigenous peoples in the RTKNN – Block 88 Santa Rosa de Serjali Population along the Paquiria River basin (Kipatsiari). Areas used by the communities of: Segakiato, Cashiriari and Ticumpinia.
Gas pipeline	Not information available	

Source: ERM, 2012

Other group, the Nahua (Yora) live mostly near the Sepahua and Mishahua rivers. These groups lived in isolation until about the mid-1980s, when they began to contact the people of Sepahua more regularly, as they were looking for help during a flu and tuberculosis epidemic that caused the death of roughly 60% of their population (Hill & Kaplan, 1989; Dagget, 1991; Barclay, 2003). According to the national Amazonian indigenous organization AIDESEP (2008, p.13):

> "It is possible to say that this area [between the Camisea and the Mishahua rivers] has been tightly guarded by the Nahua until 1982 when workers from Shell Oil Company contacted them from the distance. It is said that several times the Nahua took clothes, tools and other items from the company workers performing seismic prospecting… they [Nahua] were forced to contact [other people] once they were chased and tied; this is how they were infected (with chickenpox, flu, tuberculosis, etc.), causing a massive death of the group and affecting their seasonal migration patterns."

Their exposure to other groups of society, even other indigenous groups such as the Yaminahuas, resulted in the exploitation of some Nahua people, who were not familiar with concepts of economic compensation for work and the market economy (Barclay, 2003; Wahl, 1990; Zarzar, 1987; Cloudsley, 1989; ERM, 2012). Consequently, the Nahua began to seek support from the Dominican missionaries in the late 1990s, creating the village of Santa Rosa de Serjali, where they live without much contact with other indigenous groups in the protected area (ERM 2012).

As mentioned, the RTKNN was created in 1990 in the western rainforests of Cusco to protect the Nahua and the Nanti indigenous people in voluntary isolation or in

initial contact. Laws to protect these groups were created when the Camisea project started in the early 2000s, however, as explained earlier, the at that time president Alan García questioned the existence of indigenous people in isolation in the RTKNN while the ministries of Culture, Energy and Mines, and Environment and the company Pluspetrol acknowledge their presence in the project area (explained below). President Humala's declarations of August 2013 stated, "Mostly there are native communities in the jungle (*selva*), often or in ancient times called 'non- contacted' (*no contactados*), right? But today, with infrastructure, modernity, we are trying to communicate with all communities." The presence of indigenous people in isolation in block 88 is at the same time debated and problematized. Barclay and García Hierro (2013) argue that there are efforts to assimilate the Nanti "no matter what" (*como sea*) and are trying to remove the RTKNN's status as a protected area because it overlaps a gas concession of great interest to the government and oil companies. In the early 2000s, the phrase *Camisea como sea* was coined as a way to describe the government's pressure to approve the initial EIS of the Camisea project despite strong objections from some groups (*La República,* August 6 2003). The expansion of block 88's overlap of the RTKNN would lead the government to take more actions to integrate the area's indigenous population and remove the RTKNN's protective status in the future (Barclay, personal communication).

Pluspetrol acknowledges the existence of the indigenous people in isolation in block 88. The company has admitted having at least 6 encounters and 11 sightings with the people in isolation by 2011. Page 78 of Pluspetrol's 2010 "Social and Environmental Sustainability Report" states:

> "During 2010 we continued with the implementation of Anthropological Contingency Plan (ACP), aimed at safeguarding the communities settled within

> the Kugapakori Nahua Nanti Territorial Reserve. The program seeks to preserve the traditional organizational patterns and productive systems of those indigenous communities settled in the reserve that live in voluntary isolation or uncontacted. To that end, 14 community watchmen perform monitoring with the purpose of registering any population displacement toward the reserve area that is close to the production platforms. In 2010, no encounters were produced with people uncontacted or in voluntary isolation. Nonetheless, watchmen registered 11 sightings in the vicinity of Pluspetrol locations. Most of these events were related to '*mitayo*' hunting activities."

In a report submitted to the IDB, the consultant firm Matrix Solutions Inc. of 2011 (p. 240) evidenced encounters with the indigenous people in isolation and initial contact in block 88:

> "[Pluspetrol] watchmen reported encounters with seven encounters. Six of these were with people [insolation] who approached them asking for food, blankets and utensils."

In addition, there are Nahua and Nanti indigenous in "initial contact" with the outside world. This groups of people (estimated population 800) live in the vicinity of block 88 but hunt, fish and gather food inside the gas concession area and began to interact with religious missionaries and neighboring indigenous groups in the 1980s. Today, these communities continue in contact with missionaries and have access to primary education and health services in Santa Rosa de Serjali. They are also in contact with AIDESEP, the national-level organization of Amazonian indigenous peoples to discuss their social and environmental concerns (del Río 2014).

The Inter-American Development Bank (IDB) and the Camisea Project

The IDB played a decisive role in the development of the project and the decision-making related to it. In 2002 the bank approved a $5 million USD loan to the Peruvian government to strengthen its capacity to "supervise and monitor the social and

environmental impacts of the Camisea project and implement instruments and mechanisms for sustainable development in its area of influence" (IDB, n.d). The project was highly criticized at the national and international levels, organizations such as Amazon Watch, Cultural Survival, International Rivers Network, Rainforest Alliance publicly expressed their concerns about the social and environmental impacts of the project. These fears influenced the decision of the Export-Import Bank of the United States (Ex-Im Bank) in 2003 to deny a $214.6 USD million loan to the Camisea project because it did not meet the Ex-Im Bank's environmental guidelines (Ortiz, 2003). Although the IBD did not fund the exploration and exploitation activities in block 88 (highly debated due to the potential impacts on the indigenous population), the bank endorsed it by approving a $75 million USD loan to TGP for the transportation component in 2003, which put pressure on the government approve the upstream operations.

This support sparked harsh critics from national and international indigenous rights and conservaton organizations which led the IBD to include 21 environmental and social conditions for the Peruvian government. The IDB also required the adoption of stricter legal provisions to secure a "permanent and adequate level of protection" of the RTKNN and to prohibit new rights for the use of natural resources within it, including those considered of national interest (Barclay & García Hierro, 2013). In this context, in 2003 the Peruvian government enacted a law (Supreme Decree No. 028-2003-AG), granting the highest level of protection to the RTNNK. The law established limits of the activities developed in the area and assigned national authorities to guarantee the rights of the indigenous people in voluntary isolation and initial contact in the area.

Even though the project proponents originally publicized that the gas from Camisea (blocks 88 and 56) would supply national demand for gas, in 2006 the government of president Toledo negotiated the export of gas from block 56 and built an LNG plant in the port of Pisco 105 miles south of Lima (funded by the IDB with a $400 miilion USD loan) to export the gas to Manzanillo, Mexico. The IDB backed this initiative and stated that the [Camisea gas] project could be shipped "to the west coast of the Americas and the Far East markets of the Pacific Basin" (IDB, Peru LNG Project – PE-L1016, p. ii[78]).

The Environmental Impact Assessment (EIA) Process

Hydrocarbon activities (exploration, exploitation, transportation and refining) require an environmental license obtained through an Environmental Impact Assessment (EIA) process. The EIA process lies at the heart of decision-making for a wide range of public and private projects worldwide and consists of a multi-step process created to assess the viability of a project based on assessments of its potential social and environmental impacts. This process also aims to ensure that environmental and social considerations are integrated in the design of a project or plan prior to its implementation. It also constitutes a legal requirement intended to analyze their overall potential positive and/or negative environmental and social effects of a project and that all concerns are addressed throughout its implementation. The principles of the environmental assessment have been also incorporated in large-scale development plans, or sets of projects of regional scale as "strategic environmental assessment".

[78] http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1195576

Overall, the EIA process is envisioned to inform all parties involved in the decision-making process (government and non-government) of social and environmental consequences so government and non-government parties can discuss, modify, reject or approve a project, plan or activity (UNEP, 2004). Preparing and reviewing an Environmental Impact Statement/Study (EIS) with an analysis of the potential social and environmental effects of a project is a key element of environmental governance. The EIS describes in detail a project, the physical, biological and social environment (also called "baseline" conditions); and an assessment of the project's potential social and environmental impacts and propose management measures to prevent, control and/or mitigate a project's impacts on the physical, biological and social environments. In Peru, the EIA process and the public review of an EIS are mandatory requirement prior to initiating national, local or regional plans and programs that could have significant environmental effects, as well as public and private activities, construction or works that could cause negative environmental impacts.[79]

The MEM has taken the lead in advancing guidelines, regulations and procedures, and enforcing this requirement prior to the initiation of mining and energy activities. Therefore, the EIA process is considered by the stakeholders as the most important instrument for environmental decision-making (Calle, 2012). In 2012 the government created the National Environmental Certification Service (SENACE) within the Ministry of the Environment to take charge of reviewing and approving EIS;[80] however as I write this dissertation SENACE was not still completely in operation as of December 2015.

[79] Article 1. National Environmental Impact Assessment Law. Legal Decree, No. 1078 April 20, 2001.

[80] Law No. 29968

As in most countries, EIA regulations in Peru require the opinion and authorization of national and/or local authorities, as well as the participation of local communities (with different degrees of influence). The passing of the legal requirement to undergo an EIA process prior to initiating oil and gas activities coincided with the adoption of structural economic, political and legal reforms to promote foreign investments and consolidate its primary-export growth model (mainly energy and mining sectors). One of these changes was the Law for the Promotion of Private Investment of 1991 (Decree No. 757), which designated the Ministry of Energy and Mines (MEM) to stimulate private investments in the sector *and* centralize decisions necessary to approve and supervise the environmental performance of oil and gas projects.[81] Therefore, the ministry's functions have been designed with a conflict of interest built into their very core as the ministry's role has been both to promote investment and to rein it in if this investment causes environmental and social damage (Bebbington, 2012, p.70). More recent institutional and legal changes added the requirement of endorsement from other agencies such as the newly created water authority ANA, the protected areas' agency SERNANP and in the case of block 88, the Ministry of Culture, whose approval of project was a requisite for the project to continue.

During and EIA process, the project proponent hires a private consultant firm registered in the Ministry of Energy and Mines (MEM) to prepare an EIS report according to the content defined in the Terms of Reference (ToR) drafted by the project proponent and approved by MEM. The report's goal is to present the results of a comprehensive evaluation of the potential social and environmental impacts of a

[81] The Law for the Promotion of Private Investment of 1991 (Law Decree No. 757) established that each sector's authority will develop and enforce the necessary requirements to grant environmental licenses.

proposed action to state and non-state actors (local authorities, communities, NGOs) that participate in the process. The principles of participation are included in international agreements such as Principle 10 of the Rio Declaration on Environment and Development of 1992,[82] ILO Convention 169, and U.N. Declaration on the Rights of Indigenous Peoples (UNDRIP) among others. By law, each environmental impact study (or statement) must be available to local communities and discussed onsite in public hearings (*audiencias públicas*) organized in the place where the project is proposed. Authorities, NGOs and local communities can submit written comments or observations prior to the public hearing deadline, which are discussed and answered by the project proponent. The MEM centralizes these comments and questions and submitted them to Pluspetrol for clarification. Responses are then submitted to the authorities (not to the public) for further review until each authority formally approves the environmental study. The centralization of EIA institutional arrangements and procedures is common in Latin America and other regions of the world.[83]

The overwhelming bias of the EIA process in favor of project proponents reduces its credibility in the eyes of the local communities (Beder & Connelly, 1997). While local communities and some authorities generally expect EIS to be 'scientific' and 'objective', in fact the studies are tailored in favor of the project proponent. Among other reasons, the financial stability of the consultant firms and the companies that hire them is at stake if a project is rejected (Hindery 2014, M. Scurrah, personal communication, July 20, 2014). Oil companies pay hundreds of thousands to millions of dollars to consulting

[82] Adopted in the United Nations Conference on Environment and Development, Rio de Janeiro, Brazil, June 3-14, 1992.

[83] Argentina, Bolivia, Brazil, Chile and Colombia are some countries where the EIA system is decentralized and where province and municipal authorities participate in the decision-making process (Verocai, I (n/d).

firms which spend several months to over a year to prepare each environmental impact assessment study. Companies and the consultant firms making these studies have invested interest in presenting studies that favor the proposed activity, consequently the EIA process have lost credibility among the population. Studies often claim that most of a project's impacts are "not significant", often omit describing significant parts of projects, and claim that all negative impacts will be managed using the "best technology", often does not happen (Hindery, 2012). In addition, the assessment reports are very lengthy (an environmental impact assessment study can run to many volumes), and can contain complex technical terms not accessible to the average citizen and authorities, therefore local communities question its value to safeguard their health and the environment from pollution. (Pratt, 2012; Earle, 2009).

The Environmental Impact Assessment Study (EIS) for the Expansion of the Camisea Project in Block 88

The Terms of Reference and Public Participation Plan

Prior to the preparation of the EIS, the law requires that the Environmental Affairs Office of Ministry of Energy and Mines (DGAAE) to approve the Terms of Reference (ToR) of the EIS and a Public Participation Plan (PPP). The ToR define the content of the EIS and the PPP must describe in detail the measures that the project proponent (and the consultant firm in charge of the EIS) should undertake before and after the EIS is released for comments. The private consultant firm in charge of drafting the EIS must gather environmental and social baseline data for the study, which includes interviews,

surveys and meetings with community members. The PPP also details how, when and which communities should give an opinion about the project once the study is released for comments. The study's PPP and the ToR required the authorization of SERNANP and the Ministry of Culture because 100% of the project expansion ovelaps the RTKKN and the buffer zone of the Manu National Park. The PPP was not available to the public and did not require the opinion of the indigenous people living in the project area. James Anaya, former U.N. Special Rapporteur on the Rights of Indigenous Peoples, noted weaknesses in the public participation process in the expansion of the Camisea project in block 88 and called the Peruvian government to enforce international human rights agreements (2014).

Initially, the Ministry of Culture approved the ToR with some recommendations, assuming that the exploration activities were within the concession area approved in 200 for the initial phase of the project.[84] However, a few days later, the National Institute for the Development of Andean, Amazonian and Afro-Peruvian People (INDEPA), an agency also of the same ministry (part of the Vice-Ministry of Cross-Cultural Affairs of the Ministry of Culture) disputed this initial decision in a report[85] with serious reservations to the ToR, declaring that the prospecting activities could put the indigenous people in voluntary isolation and in initial contact in the RTKNN in danger. INDEPA's report also contained guidelines to safeguard the native population of the protected area, invoking the ILO Convention 169 and national regulations safeguarding the indigenous

[84] Letter No. 061-20110MC-INDEPA-OPD DCPI PIACI

[85] Report No. 001-2012-INDEPA-OT-PIACI/FVS/VAV/JIM

groups in voluntary isolation and in the RTKNN[86]. The report remarked that the seismic prospecting would cover 36% of the area of block 88 overlapping the RTKNN and that the project area comprises:

> "territories where the indigenous in voluntary isolation and initial contact live, move, hunt, gather and fish and are areas of social-cultural interaction (including sacred sites). The operations would put in extreme risk the people in isolation of the catchment area of the Cashiriari River, the Upper Serjali River, Bobinsana Creek, catchment area of the Paquiria River and the populations in initial contact of the Camisea River, its tributaries (from Kuria to Inaroato) and those identified so far living in the Cashiriari River (Serialo, Shimpenashiari and Mashopoari)."

Source: INDEPA Report No. 001-2012-INDEPA-OT-PIACI/FVS/VAV/JIM, page 2.

INDEPA also indicated that the expansion of oil/gas exploration would entail additional pressure on the native people who may be affected by the cumulative impacts of previous prospecting activities already conducted in block 88. While the Ministry of Culture had divergent opinions about the project's impacts on the native population, the National Service of Protected Areas (SERNANP) approved the entry of Pluspetrol in the buffer zone of the Manu National Park[87], allowing the EIA process to continue.

The EIS had serious gaps of information and weaknesses. Among other weaknesses, the $480 million USD project to expand operations in block 88 assigned only $5,000 USD in the environmental management plan budget to manage hazardous substances for the seismic prospecting activities and the same amount to manage toxic effluents during 15 months of prospecting drilling (equivalent to $333 USD) a month to manage drilling muds, produced waters, among others. Similarly, the whole project assigned $7,000 USD to treat all domestic wastewater produced in six large campsites

[86] The report mentions several legal provisions granting a status of special protection to the RTKNN and the indigenous people in voluntary isolation (Supreme Decree No. 028-2003-AG and President Resolution No. 018-2005-INDEPA-PE)

[87] According to the Oficio No. 136-20120SERNANP-DGANP

during the project's lifetime. In addition, the EIS did not have detailed information about treatment of industrial effluents generated during the drilling operations (DAR, 2013).

Role of the Government Agencies in the EIA Process

As mentioned earlier, the Ministry of Energy and Mines approval of the EIS required the endorsement of the water and protected areas' authorities but depended on the approval of the Ministry of Culture which was considered binding. The Ministry of Culture assessed the viability of the project based on its impacts on the indigenous groups in voluntary isolation. Each agency involved in the EIA process formulated observations to the EIA independently and were channeled through MEM, which sent them to Pluspetrol. The oil company responded each set of observations individually and sent them to MEM who would sumbit them to the corresponding agency. Indigenous federations and NGOs were also interested in reviewing the EIS and ask questions, however, the only binding judgment required to approve the EIS was that of the Ministry of Culture, which exclusively addressed social impacts of the project (not environmental, technical or health issues) (Gamboa, 2013).

Table 14. Authorities Participating in the EIA Process for the Expansion of the Camisea Project in Block 88

Authority	Role
Perupetro	Negotiate contract with Pluspetrol Coordinates with the Ministry of Culture to produce the technical opinion about the social impacts of the project in the RTKNN
Ministry of Energy and Mines	Coordinates with all the participating authorities to review the EIAs. Submits the authorities' observations to Pluspetrol. Receives and distributes Pluspetrol's answers

	to the authorities. Approves or rejects the EIA study. The DGAAE (environmental affairs office for energy) reviews the EIA and formulates a technical opinion.
Ministry of Culture	Provides a binding opinion about the project based on the potential impacts on the indigenous people inside the RTKNN
National Protected Areas Service (SERNANP)	Technical opinion
National Water Authority - ANA	Assesses the potential impacts on water resources
Ministry of Agriculture	Assesses the potential impacts of the project on the forest ecosystem

The Struggle from Behind the Scenes: The Review and Approval of the EIS for the Expansion of the Camisea Gas Project in Block 88

Pluspetrol hired the international consultant firm Environment Resources Management Peru S.A. (ERM) to prepare the project's EIAs and to submit the executive summary and a detailed Environmental Impact Assessment study to the DGAAE in November 2012. ERM is one of the largest and most reputable EIS consulting firms working for mining, oil, pharmaceutical, manufacturing and chemical industries (ERM 2016). This company prepared the EIS for several oil and gas projects around the world, including other environmental studies for different components of the Camisea project such as the first EIS of the project of and the gas pipeline of the early 2000s. The company's website states:

> "ERM is committed to providing a service that is consistent, professional and of the highest quality to *create value for our clients* [emphasis added]. Over the past three years we have worked for more than 50 percent of the Global Fortune 500 delivering innovative solutions for businesses and selected government clients helping them understand and manage the sustainability challenges that the world is increasingly facing"

(ERM, 2016).

Initially, SERNANP, the Ministry of Agriculture (the state institutions that manages authority of forestry issues) and MEM requested Pluspetrol amend the Executive Summary, which MEM approved[88] four months later, allowing the study to be subjected to comments from authorities and the public (Gamboa, 2013).

The authorities participating in the EIA process sent their comments to MEM's Environmental Bureau (DGAAE), that centralizes the exchange of observations, the company's answers to those observations, and has the final word to grant the environmental license. The EIA law does not set a limit to the number of observations that any authority could have to an EIS, otherwise the process of review has no specific end. Also, it does not establish criteria to assess, approve or disqualify an EIS. The different authorities' comments, observations, and the company's responses are not shared with the public because the law does not require it. A close review of the authorities' observations made to the EIA and the answers submitted by Pluspetrol show that there are gaps in the process such as the lack of an opinion of the health authorities, even though one of the main risks of the project involved health impacts on the indigenous population in the RTKNN. Pluspetrol told the authorities that it would create a communication plan to inform the indigenous communities inside the RTKNN about the EIS and the details about the project. The company was aware of the special characteristics of the population and offered to broadcast details of the project amongst "the population living permanently in the RTKNN, its area of influence and neighboring areas (Program of Communications and Consultation). This schedule would also be

[88] Oficio No. 346 MEM/AAE.

announced in the villages with some level of contact with other groups in the RTKNN."[89] (ERM, 2012, pp.6-22).

Chronology of the EIA Study Review Documents by Government Authorities, Indigenous Federations and the Pluspetrol

[The number in parentheses indicates the Ministry of Energy and Mine's record number].

- 02/07/2013. SERNANP sends EIA review to DGAAE (No. 2267015).
- 02/07/2013. Pluspetrol answers observations of the Ministry of Agriculture (No. 2267252).
- 02/20/2013. INDEPA informs DGAAE that the EIA was submitted to the Vice-Ministry of Culture (No. 227333)
- 2/27/2013. DGAAE sends SENANP's EIA review to Pluspetrol (597-2013-MEM-AAE).
- 03/04/2013. Pluspetrol submits evidence of providing the communities copies of the responses to the authorities' observations which had been given to the EIA. (No.2272569).
- 03/27/2013. Pluspetrol submits to DGAAE its responses to SERNANP's observations (No. 2278811).
- 04/12/2013. DGAAE submits Pluspetrol's responses to SERNANP (0937-2013-MEM-AAE).
- 04/30/2013. ANA files their observations to DGAAE. (No. 2287282)

[89] ERM (2013) "*Levantamiento de Observaciones al Estudio de Impacto Ambiental para la Ampliación del Programa de Exploración y Desarrollo – Opinión Técnica No. 044-2013-SERNANNP-DGANP*". Lima: Pluspetrol, p. 79

- 05/10/2013. The Ministry of Energy and Mines sends their comments (DGAAE) regarding the EIA in reports No. 049-2013-MEM-AAE-IB and No. 048-2013-MEM-AAE-NAE-/RCO. (Auto Directoral No. 259-2013-MEM/AAE).
- 05/30/2013. Pluspetrol answers ANA and DGAAE's observations
- 06/03/2013. DGAAE sends Pluspetrol's responses to ANA (Official letter No. 1504-2013-MEM-AAE).
- 06/06/2013. SERNANP sends its comments to DGAAE (No. 2297407)
- 06/07/2013. Ministry of Culture announces officially that its decision about the EIA is binding. (No. 2298055).
- 06/07/2013. Pluspetrol sends its responses to DGAAE to ANA's observations (No. 2298117).
- 06/19/2013. Pluspetrol sends its responses to DGAAE to SERNANP's observations (No. 2301756).
- 06/25/2013. DGAAE submits Pluspetrol's responses to SERNANP (No. 1750-2013-MEM-AAE).
- 06/25/2013. DGAAE sends more observations to Pluspetrol in Report No. 093-2013-MEM-AAE/IB (No. 366-2013-MEM/AAE).
- 07/08/2013. Pluspetrol answers DGAAE's observations of Report No. 093-2013-MEM-AAE/IB. (No. 2310088).
- 07/11/2013. Pluspetrol responds to observations (No. 2312006).
- 07/12/2013. SERNANP sent its technical opinion to the DGAAE with observations. (No.2311808).

- 07/12/2013. SERNANP sent to DGAAE additional comments to the Technical Opinion No. 181-2013-SERNANP-DGANP with no observations (No. 23122002).
- 07/15/2013. The Ministry of Culture publishes a resolution from the Vice Ministry of Cross Cultural Affairs (VMI) No. 005-2013-VMI-MC with a binding opinion. The document had 83 observations detailing the serious potential social and cultural impacts of the project. The VMI made the document public instead of submitting it to the DGAAE. The document was removed from the Ministry of Culture's website the next day.
- 07/18/2013. SERNANP sends to DGAAE the Official Letter No. 843-2013-SERNANP-DGANP approving the EIA
- 08/06/2013. DGAAE sends Pluspetrol its report No. 119-2013-MEM-AAE/IB/MSB/GCP/MMR/MSC with additional observations (No. 476-2013-MEM-AAE).
- 08/12/2013. Pluspetrol answers DGAAE's report No. 119-2013-MEM-AAE/IB/MSB/GCP/MMR/MSC (No. 2319549).
- 08/12/2013. Pluspetrol sends DGAAE additional information to answer ANA's Technical Report No. 024-2013-ANA/DGCRH/ZTA (No. 2318768).
- 08/13/2013. DGAAE submits to ANA Pluspetrol's additional information (No. 2233-2013-MEM/AAE).
- 08/12/2013. Pluspetrol sends a letter ANA to clarify information (No. 2319628).
- 09/04/2013. DGAAE sends to ANA additional information from the company (No. 2476-2013-MEM/AAE).

- 09/11/2013. ANA announced to DGAAE its approval of the EIS through Official Letter No. 537-2013-ANA DGCRH and Report No. 026-2013-ANA-DGCRH/MAQM (No. 2326783).
- 11/29/2013. The VMI announced its approval of the EIS.

Following is a brief overview of some of the above-mentioned documents:

The Ministry of Energy and Mines

The General Directorate of Environmental Affairs or Energy Projects (DGAAE) formulated at least three sets of observations to the EIS (Table 15). Several of these observations required Pluspetrol to address issues such as water pollution prevention, waste treatment, a plan to rescue wildlife species, and extraction of aggregates from the Cashiriari River, among others.

Table 15. DGAAE's Observations to the EIS for the Proposed Expansion of the Camisea Project in Block 88

Document Number	Number of Technical Opinion	Date	Content
259-2013-MEM-AAR-DGAAE	049-2013-MEM-AAE/IB	05/09/2013	122 observations and the assessment of 14 answers to previous observations
366-2013-MEM-AAR-DGAAE	093-2013-MEM-AAE/IB	06/26/2013	38 additional observations
476-2013-MEM-AAR-DGAAE	11-2013-MEM-AAE-DGAAE	08/06/2013	Declared the EIA "observed" and reiterates 11 observations (including two about industrial effluents)

This authority made critical points about necessary environmental remediation such as the treatment of industrial effluents from the drilling operations with potentially hazardous drilling lubricants. DGAAE's Observation No. 15 of Report No. 093-2013-MEM-AAE/IB prohibited the discharge of industrial effluents into freshwater sources. The EIS proposed storing the effluents in sedimentation tanks (described as "Australian tanks" without providing much technical details about them) to let them settle before discharging them into local water sources and claimed it was 'treated' (ERM, 2012, p. 6-221). The company replied[90] this observation and stated that the discharge of these effluents would comply with the environmental standards without affecting the quality of the freshwater sources because the "water bodies could assimilate the industrial effluent without changing the water quality" (Pluspetrol, 2013, p.5)

SERNANP

Between February and July 2013, SERNANP produced four documents with comments to the EIA shown in Table 16.

Table 16. SERNANP's Observations to the EIS for the Proposed Expansion of the Camisea Project in Block 88

Document Number	Number of Technical Opinion	Date	Content
144-2013-SERNANP-DGANP	044-2013-SERNANP-DGANP	02/06/2013	68 observations
653-2013-SERNANP-DGANP	181-2013-SERNANP-DGANP	06/05/2013	20 observations not resolved
822-2013-	234-2013-	07/10/2013	4 observations not

[90] Pluspetrol (2013) Levantamiento de Observaciones al Estudio de Impacto Ambiental para la Ampliación del Progama de Exploración y Desarrollo en el Lote 88. Informe No. 093-2013-MEM-AEE/IB.

SERNANP-DGANP	SERNANP-DGANP		resolved
831-2013-SERNANP-DGANP	234-2013-SERNANP-DGANP	07/12/2013	Declares the observations of the Technical Opinion No. 181-2013-SERNANP-DGANP resolved and only formulates recommendations

Most of these observations addressed the descriptive aspects of the EISs, especially the biological and physical baseline. These observations did not include issues such as the definition of the project's area of direct and indirect influence. SERNANP overlooked some aspects relevant for the ecosystem balance, such as the potential impacts caused by aggregate extraction (gravel and sand from the rivers). The EIS mentioned the use of heavy equipment to extract gravel from the Cashiriari River that would require the temporarily diversion of the river[91], which could affect the riparian ecosystem. However, SERNANP did note some risks from the construction of paths inside the RTKNN, which were mentioned in the EIA (Chapter 1 of the EIA, No. 4.1.1.1):

> "The project overlaps routes and paths used by the nomadic indigenous population and indigenous communities in the area…" The EIA describes these routes and states a migration of these populations along the Manu River can be expected. The project would entail bringing new people [workers] to the area, which implies high use of local resources and potential conflicts with the native communities living in the Manu River basin. The contingency must include plans to avoid the migration and/or relocation of nomad populations inside the Manu National Park."[92]

SERNANP also stated that it was not within its mandate to address issues such as assessing the proposed treatment system for drilling effluents, the effects of the

[91] Report No. 093-MEM-AAE/IB, p.12
[92] Observation No. 68 in 044-2013-SERNANP-DGANP

incineration of solid wastes (included as a measure in the solid wastes management plan of the EIA) or air emissions in the environment because these issues fall outside their expertise (Pedro Gamboa, Chief of SERNANP, personal communication). In less than a month, the 20 observations of the Technical Opinion No. 181-2013-SERNANP-DGANP were transformed into general recommendations.

Another controversial point was SERNANP's opinion in the Official Letter No. 822-2013-SERNANP of July 11, 2013, requiring Pluspetrol to provide a satisfactory answer to two previously formulated observations regarding water quality and invertebrates in the project area. Surprisingly, the next day, SERNANP invalidated this requirement - arguing that it was an "involuntary error" (*error involuntario*), annulling the observations of the previous document and formulating three recommendations (Official letter No. 831-2013-SERNANP-DGANP). SERNANP explained the mistake, arguing that they had received additional information from Pluspetrol.

A congressional representative investigating this issue noted that the time stamps indicated there were only two-hour difference between the time when the MEM sent Pluspetrol's responses to SERNANP and the time when SERNANP released its document annulling its observations and formulated its recommendations. The representative inquired "how is it possible that only in two hours –according to the time stamps of both institutions- the documents went from the MEM to SERNANP and that it had enough time to analyze the company's information, decide to cancel its observations and formulate a new set of recommendations?" (Zúñiga, J.C., 2014)[93]. SERNANP declared that Pluspetrol had responded to its observations thoroughly, and the Minister of

[93] http://www2.congreso.gob.pe/Sicr/Prensa/heraldo.nsf/CNtitulares3/8c24b460a8a4117305257bde00537cb8/?OpenDocument

the Environment apologized saying that 'it was an involuntary mistake" (AIDESEP, September 6, 2013, Congress of Peru n/d[94]). This statement raised concerns among the public about the independence of the state in the EIA process. Congressional representatives, indigenous organizations and several NGOs questioned this erratic behavior of these government agencies.

The National Water Authority – ANA

Table 17. ANA Observations to the EIS for the Proposed Expansion of the Camisea Project in Block 88

Document Number	Number of Technical Opinion	Date	Content
020-2013/	024-2013-ANA-DGCRH/ZTA	04/28/2013	28 observations
537-2013-ANA-DGCRH	026-2013-ANA-DGCRH	09/11/2013	Approval

ANA approved the project[95] in September 2013 without major objections.

The Ministry of Culture

The Ministry of Culture's opinion was crucial to the EIA process. The Prior Consultation Law of 2012 granted the Vice-Ministry of Cross Cultural Affairs (*Vice Ministerio de Interculturalidad - VMI)* power to veto the project and affirmed that its opinion is binding in the EIA process involving indigenous people in isolation (*opinión vinculante*). Consequently, the ministry's endorsement was indispensable for Pluspetrol to conduct the proposed gas explorations in block 88. As seen in the list above, this

94 http://www2.congreso.gob.pe/Sicr/Prensa/heraldo.nsf/CNtitulares3/8c24b460a8a4117305257bde00537cb8/?OpenDocument

95 Technical report No. 026-2013-ANA-DGCRH

ministry was the last to give its opinion about the project. The DGAAE sent a letter to VMI the on May 27, 2013, requesting its opinion within seven business days. The VMI replied,[96] explaining that their opinion required gathering current data from the project area according to the UN The Special Rapporteur on Indigenous Rights, James Anaya (described later), requested the Peruvian government make an informed decision about the project and expressed his concern about the potential risks of the project to the indigenous population (Anaya, 2014).

In July 2013, the Ministry of Culture (through its Vice-Ministry of Cross Cultural Affairs) published the order No. 005-2013-VMI-MC from VMI raising concerns about the project. The ministry formulated 83 observations to the environmental study, which in summary expressed serious concerns about the impact of the expansion of the Camisea gas project on the well-being of indigenous people in voluntary isolation inside the RTKNN (Report No. 004-20130DGPI-VMI/MC. Resolution No. 009-2013-VMI-MC). The Ministry of Culture made public their observations by posting this report in its website instead of submitting it to the DGAAE and following administrative procedures. The document was removed from the Ministry of Culture's website the next day after the Ministry of Energy and Mines sent to the Ministry of Culture 8 more volumes of the EIS to the Ministry of Culture.

Four days later, the VMI published Resolution No. 007-2013-VMI-MC invalidating its previous opinion with the 83 observations to the project. The ministry justified its decision by arguing that "prior to releasing the VMI's opinion of July 15, the DGAAE sent eight volumes with new information and details about the EIA; and the technical opinions of the Ministry of Agriculture, National Water Authority and

[96] Official Letter No. 284-2013 DGIDP/VMI/MC

SERNANP, the last two of mandatory compliance" (Ministry of Culture, August 7 2013[97]). Soon after this, Paulo Vilca Arpasi, Vice Minister of Cross Cultural Affairs, resigned as result of the disagreements about the case *(La República*, July 26, 2013[98]). The "official" version from the Ministry of Culture was that it decided to withdraw its first report with 83 observations to the EIA after MEM sent complementary information. However, the withdrawal of the Ministry of Culture's first report was actually attributed to pressure from the government and Pluspetrol, which wanted to start activities before the rainy season started (Barclay & García Hierro, 2014).

María Luisa Del Río, former General Director of Biological Diversity of Peru's Ministry of the Environment, noted that this is not the first time that the Ministry of Energy and Mines releases additional information after the Ministry of Culture has negative observations to a project (del Río, 2014). Two days later, Luis Peirano (Minister of Culture) and Paulo Vilca (Vice-Minister of Cross Cultural Affairs) resigned. Soon after his resignation, Vilca defended his report and said he resigned because he disagreed with the way the government intends to carry out this project and did not want to endorse a situation like that could be triggered by the exploitation of block 88 (Ibid.).

On August 9, 2013, the newspaper *Gestión* published some statements of the Minister of Energy and Mines who was "hoping to hear as soon as possible [VMI]'s binding opinion about the EIA of block 88 to take advantage of the projects' favorable

[97] http://www.cultura.gob.pe/es/comunicacion/noticia/opinion-tecnica-del-ministerio-de-cultura-sobre-el-estudio-de-impacto-ambiental

[98] larepublica.pe/26-07-2013/vilca-renuncia-a-cultura-por-tema-del-lote-88

conditions… [and] that no indigenous populations have been contacted; therefore, the prior consultation law could not be implemented."[99]

As mentioned, part of the controversy between the Ministry of Energy and Mines and other public and private agencies is about the actual existence of indigenous people in isolation despite Pluspetrol admitted having encounters with the people in isolation. These discrepancies between extractive industries and indigenous rights precipitated the resignation of other government officials such as Ivan Lanegra, who also left the Ministry of Culture in the midst of these discussions. Lanegra stated then: "From my point of view, certain rural communities had to be recognized as indigenous peoples, so they could benefit from the consultation law. However due to the lack of willingness I had to resign" (del Rio, 2014).

As described in Chapter III, government agencies have strong differences about the social and environmental effects to extractive activities. These discrepancies increase the level of mistrust of the local populations about the independence of government decisions. This study found that there are strong disagreements between different government institutions participating in environmental decision-making processes affecting the governance of resource extraction. As Tanaka (2008) contend, the state is ambiguous and complex, and in the last years, the Peruvian government has experienced the creation of spaces with a certain degree of autonomy that even have the power to challenge and oppose longstanding economic and political interests. However, apparently this is not the first time that the Ministry of Culture has been pressured to change its opinion. Another case involved the process of creating an indigenous reserve overlapping the oil concessions 39 and 67 in Loreto; the ministry's report supporting the

[99] gestion.pe/economia/gobierno-defiende-mas-exploraciones-gas-lote-88-camisea-2073265

creation of the protected area was cancelled as a result of pressure from the Ministry of Energy and Mines and an oil company (Hill, 2014; Barclay & García Hierro, 2014).

In early August, the Ombudsman sent a letter to the President of the Council of Ministers (No. 01132-2013/DP) with recommendations regarding the EIA process for the expansion of exploration activities in block 88, and requested the inclusion of the VMI's Resolution No. 005-2013-VMI-MC in the EIA process; clearly, this was the high point of the discussions with the government about the project. A group of NGOs proclaimed their opposition in a public statement released on August 1, 2013, demanding the government take immediate measures protecting the indigenous population of the RTKNN (Gamboa 2013). The President of the Council of Ministers, Juan Jiménez, stated that the Ministry of Culture failed to adequately review all the information provided by Pluspetrol and the VMI document of July 15 and that the ministry was currently reviewing the additional information (*Diario Gestión*, August 8, 2013,[100]). On December 03, 2013, VMI published Resolution No. 009-2013-VMI-MC approving the EIA. This decision was indispensable for the DGAAE to finally approve the EIS and grant the environmental license to the project.

The Role of the Indigenous Groups in the EIA Process

The pressure of increasing social-environmental conflicts associated with oil and mining projects seem to have influenced the Ministry of Energy and Mines' decision to enact a public participation rule in the form of a Supreme Decree No. 012-2008-EM in 2008 which stated: "according to an assessment of the facts by the Ministry of Energy

[100] http://gestion.pe/economia/gobierno-desecho-informe-que-advertia-riesgos-indigenas-ampliacion-lote-88-2073160

and Mines, it is necessary to develop a Citizen Participation Rule *specifically for the hydrocarbon sector*" (emphasis added). The rule invokes Peru's constitution and the ILO Convention 169:

> "[ILO Convention 169] requires governments to develop, with the participation of the peoples involved, a coordinated and systematic action to protect the rights of these peoples and to guarantee the respect of their integrity…in case of the existence of subsoil resources or minerals owned by the State… the governments must establish or keep consultation procedures with the interested people in order to determine if the interests of these peoples would be affected and to what extent, prior to undertaking or authorizing any exploration or exploitation program of the resources in their lands"
> (Supreme Decree No. 008-2012, paragraph 3).

While the title of the rule refers in general terms to the "public." the fact that all of Peru's onshore oil activities are located in the Amazon implies that the "public" is, for the vast majority, Amazonian indigenous people and *mestizo* settlers. This has important political and practical implications. From the political standpoint, the public participation rule for hydrocarbon projects (which preceded the Prior Consultation Law of 2012 described in Chapter IV) legalizes the right of citizen groups who have been historically excluded from decision-making processes to participate (regardless of the broad interpretations of what the term implies) in the exploration or exploitation of a critical natural resource for the state. The fact that 100% of the proposed expansion of block 88 would take place inside the RTKNN implies that the public "participating" in the EIA process would be comprised of mostly indigenous groups, including those in voluntary isolation and/or initial contact (at least nominally or represented by neighboring native organizations), and to a lesser extent, the *mestizo* population.

Despite the fact that the public participation rule for oil and gas projects establishes public hearings and information workshops as the only the mandatory

requirements,[101] the norm does not contain an obligation to change the project based on local people's concerns, require their consent or to allow them to veto the project. In other words, the rule regards public participation only as an informative procedure and does not include bestowing any power to the community to affect decisions about the project's activities. Even though the authorities require companies to explain the project to the local communities in their native language, they tend to omit references to the project's potential negative social-environmental impacts because they seek the local people's support of their project. Several interviewees highlighted this aspect as a weakness of the EIA process as had been noted in many other extractive activities by community members (Hindery, 2013; Beder & Connelly, 1997).

Practical aspects such as reviewing lengthy and complex information in the EIS are a problem. Roughly 45% of the indigenous population six years or older in block 88 has not completed elementary school, and barely 8% has graduated from high school (ERM, 1992, p. 4-129). As the EIA study for block 88 states, there are serious difficulties in providing elementary education services (page 4-130). The only schools available are multi-degree schoolrooms with a single teacher instructing 15-20 students of different degrees simultaneously. Therefore, the effectiveness of the community workshops and public hearings is highly questionable given the population's literacy levels. Explaining the shortfalls of implementing the national and international mandate for public participation in environmental impact assessment processes, a representative of the indigenous communities said that they learned about the project after the decision was already made, therefore for them EIS was only to be informed about what will happen.

[101] The rule also suggests complementary mechanisms such as a mailbox for the submission of opinions and observations to the EIAs, guided visits, use of media outlets (radio or television spots) and information staff.

The outcomes of the discussions between local, regional and national authorities, native leaders, national and international NGOs over oil/gas projects are frequently influenced by divergent political and economic views (Bebbington, 2013; Caballero, 2010). Discussions over resource extraction occur with different levels of complexity and at different scales (national and international). Interviewees overwhelmingly agreed that they found the disagreements and contradictions between national institutions confusing. These contradictory opinions, the lack of independence of the EIS and its high level of complexity are determinant in the generation of mistrust in the local populations, which results in social-environmental conflicts (Ombudsman's Office, 2007). The overwhelming result, according to the indigenous leaders interviewed about the *audiencias públicas* and *talleres comunitarios* during the EIA process, is a mistrust of the EIA studies' reliability and of the Ministry of Energy and Mine's role in the decision-making process. For most of the people living in the remote *comunidades* of the Amazon who do not read or write well, accessing and understanding the content of an environmental study of an oil/gas project is extremely difficult (Ombudsman's Office, 2006).

Concerned about the weaknesses of the EIS and the potential impact of the project on the local population, COMARU sought the support of other national Amazonian indigenous organization AIDESEP and other with regional scope sucn as, FENAMAD from Madre de Dios and ORAU from Ucayali. A letter was also sent to five United Nations representatives (Special Rapporteurs on: the rights of Indigenous Peoples, food, housing, the President of the Permanent Forum on Indigenous Issues). One member of COMARU said the federation leaders were concerned that the company alleged that it

had rights to conduct exploration activities in the area due to the fact that their contract with the government was prior to Decree 028-2003-AG, a law which restricted undertaking economic activities inside the reserve. The indigenous federation faced the difficulty reviewing the EIAs and formulating observations in technical terms (social and environmental) in order to communicate their concerns about the potential impacts of the project on the local communities (including the groups in voluntary isolation and initial contact). Some members of the Nahua ethnic group believed that the presence of Pluspetrol could help them access health and education whereas the Nanti, a group in initial contact since the 1980s (before the arrival of Pluspetrol in the area), of the Montetoni and Marankiato (Malaksiari) localities were less open to the presence of the company in Camisea. A delegation of the Nahua people traveled to Lima in October 2013 and announced that they agreed with the presence of Pluspetrol in the RTKNN and that the NGOs in Lima arguing against the expansion of the Camisea project in block 88 did not represent their interests (*El Comercio*, October 13 2013)[102].

Some interviewees indicated that the presence of Dominican missionaries would support some of the indigenous populations including some in initial contact in the RTKNN, especially because the Dominican Mission Pío Aza would manage a $5 million USD trust fund for some of these indigenous communities in block 88: Santa Rosa de Serjali, Montetoni, Marankiato, Sababantiari, and Alto Timpia. In addition, some local people were interested in the job opportunities that Pluspetrol offered during the community workshops. Furthermore, other local indigenous federations and CECONAMA (representing 10 communities of Low Urubamba valley) were also interested in the benefits offered by the oil company.

[102] http://elcomercio.pe/politica/opinion/rebelion-nahuas_1-noticia-1644111

COMARU and CECONAMA have different views about this issue, the protection of RTKNN and issues such as land titling of the indigenous communities in the region. Some local leaders said that COMARU has a closer relationship with the catholic Dominican missionaries while CECONAMA has stronger ties with the Evangelical protestant groups. Local people also pointed out that these federations also have different views of "development." CECONAMA prioritized the exchange of ideas about development from outsiders whereas COMARU's view of "development" was mostly integrated with securing land titling and their territories. Both federations share overall ideals for their communities but have different strategies and perspectives about the potential economic benefits that the company should offer them. Therefore, for COMARU (even though they disagreed with the expansion of the Camisea project in the RTKNN) it was not easy to represent groups which had divergent points of view about the project within its membership and which did not have the capacity to articulate their objections to the project in technical terms. Some Nanti who opposed the expansion of the exploration activities in the RTKNN thought that, if needed, they could get health care and education from the Dominican missionaries in Kirigeti. A representative of COMARU also emphasized that one of the communities' main concern was the projects' health impacts and that the health authorities do not participate or give an opinion during the EIA process.

An additional concern mentioned is the sparse health support in the area, which could improve substantially if the staff receives training to provide services in a multi-cultural manner. COMARU and its national allies sought international support to counterweigh the government's pressure to approve the expansion of the Camisea project

in the RTKNN. Therefore, there were clear differences between COMARU's opposition to the expansion of the Camisea project in block 88 and CENONAMA's perception that it was an opportunity to gain from the economic benefits that the project could offer to the local communities.

Patricia Balbuena, at that time Vice Minister of Cross Cultural Affairs of the Ministry of Culture (after the resignation of Paulo Vilca mentioned earlier), stated that even though the ministry acknowledged the risks, Pluspetrol's 2000 contract with the government granted the company the right to operate in the concession (interview in *Rumbo Económico*, Channel N, November 20 2013). Balbuena added that some of the communities in initial contact demanded land titles for their communities as well as health and education services from the state; therefore, the RTKNN's rigorous legal protection status as an indigenous territorial reserve (*reserva territorial*) that limited activities in the area hindered some groups from accessing to these benefits. However, the indigenous people inside the RTKNN and block 88 are also divided about this issue. In early August 2013, a group of Nahua from Santa Rosa de Serjali sent a letter to the VMI stating that they would not allow oil/gas activities in their territories based on health concerns and argued that the company was not complying with the government's commitments with the IDB (described earlier) and the indigenous communities. Other groups such as Segakiato were in favor of the Camisea project. Some of its members with entrepreneurial interests created a fluvial transportation company in partnership with Pluspetrol and other private entities, carrying goods and passengers in the area. The Peru's influential National Mining, Oil and Energy Society, a powerful business association representing the largest corporations, awarded the company "Segakiato SAC"

with the "Sustainable Development Prize" in 2013. Although some groups regard experience with the company as positive, others still question the actual benefits for the community at large. For instance, Gamboa (2013) and Barclay and García Hierro (2014) noted that many of the indigenous peoples in the RTKNN lack national identity documents (*Documento Nacional de Identidad*– DNI) and that the company offered temporary work to the people attending workshop in the community of Segakiato on March 15, 2013, who showed their DNI. The question Barclay and García Hierro raise is that forcing the Nanti to hold identity documents could be a way to control a native population and remove them from their status as vulnerable indigenous groups that justify the existence of the RTKNN.

James Anaya, at that time U.N. Special Rapporteur on the Rights of Indigenous Peoples, sent a letter to the Peruvian Ministry of Foreign Affairs conveying the concerns of the indigenous leaders and asked that if there are studies about the environmental and social impacts related to these activities, this evidence must be available. In his report about the case, Anaya (2014, p.2) summarized the controversy about the EIS:

> "… the government and the company Pluspetrol argue in favor of the project because it will supply energy that the country needs. [They] assert that the Camisea Project is compatible with sustaining the biodiversity and well-being of the indigenous people in the project area. They also propose economic benefits and jobs that the project would bring. On the other hand, several national and international NGOs have criticized harshly the project with allegedly negative social and environmental impacts, and that the expansion of the project according to the company's plans would put at risk the indigenous people in voluntary isolation and in initial contact in the reserve."

In this report, Anaya highlighted the peculiar changes in the VMI's opinions sent to the EIS in July 2013 (described earlier) and a "new opinion in November 2013 with only 37 concerns, much less critical than the previous one" (p. 4). He recommended that

the government "correct the lack of an adequate consultation" with the indigenous communities whose territories could be affected by the project, including those in initial contact. He also recommended there should be effective processes to challenge the decisions of government institutions regarding the approval of the project.

The process to approve EIS continues to be at the core of the decision-making allowing new exploration and exploitation hydrocarbon projects. This is problematic because as this study reveals, there are profound contradictions among the opinions and stances of government agencies that participate in the EIA process. Issues such as the "involuntary error" SERNANP and the withdrawal of more than 80 concerns to the EIS by the Ministry of Culture are evidence of the central government's pressure to approve the expansion of the Camisea gas project in block 88, regardless of its numerous weaknesses. Although the national laws define mechanisms for public participation during the EIA process, in practice these consist mainly of workshops where the local population is "informed" about a project. Cases such as the one described here show that local people do not have open access to the discussions between government agencies about the potential environmental and social effects of oil and gas projects. This study shows these documents were very difficult to obtain in Lima; needless to say, they are not available to the people living in the remote areas where oil and gas projects take place. The process that led to approval of the EIS for the expansion of the Camisea project in block 88 reveals the need for independence during the preparation and evaluation of these environmental studies. The lack of transparency during the process contributes to the growing mistrust of the EIA process in the hydrocarbon sector.

Indigenous federations in blocks 1AB/192 in Loreto described in Chapter IV and 88 in Cusco have created community-based monitoring groups (*monitoreo comunitario*) to keep track of the effects of resource extraction, with mixed results. In the case of the Monitoring Program of Alto Urubamba (PMAC), the Matsigenka people coordinated with both the Camisea Consortium and environmental NGOs. This occurred because state agencies, such as OEFA, do not have the technical and financial capacity to fully overview the environmental performance of companies. For instance, this study found that OEFA's office in Iquitos (despite oil production in the region) only has resources to oversee gas stations in the city, and depends on staff from Lima to sporadically inspect the operations of oil companies in its jurisdiction. In addition, indigenous organizations in both case studies mistrust state agencies' independence to conduct environmental assessments, and therefore feel compelled to organize the monitoring of oil company's activities, themselves.

CHAPTER VI

WHERE IS THE MONEY GOING? THE DISTRIBUTION OF ECONOMIC BENEFITS FROM OIL AND GAS PROJECTS IN LORETO AND CUSCO

This chapter analyzes the distribution of the economic benefits from oil and gas projects in blocks 1AB (192), 8 and 88 in Loreto and Cusco. The distribution of economic benefits from the extraction of natural resources is one of the most controversial issues today. Oil companies emphasize their contribution to economies while civil society groups raise questions about the distribution of oil revenues. Taxes

and royalties from resource extraction (primarily metal mining and hydrocarbons) in Peru increased from $500 USD million in 2004 to more than $3 USD billion in 2007-2008 as a result of neoliberal economic and legal reforms that have encouraged resource extraction in the country since the mid-1990s. This increase understandably generated great expectations among the local populations that these funds would improve their material well-being. Resource extraction has not necessarily translated into equitable economic benefits for the population; however, actual disparities in access to health services, education, and access to basic services between urban and rural populations have reinforced the perception of a paradoxical "resource curse". The literature on the "resource curse" has explored these relationships with particular regard to oil and mining in the Global South (Carruthers, 2008; Martínez-Alier, 2002; Bebbington, 2009). The "curse" or "paradox of plenty", refers to the argument that abundance of highly valuable natural resources in countries of the Global South negatively correlates with economic growth and wealth (Sachs and Warner, 1999; Auty, 1986; Mikesell, 1997). Case studies exploring mining and oil production in Nigeria, Ecuador, Ghana, Sudan and Congo show that chronic poverty, lack of clean drinking water, sanitation, electricity, education and health services affect many mining and oil rich regions of the Global South (Watts, 2015). Paradoxically, the last two decades of economic growth in Latin America, linked to resource extraction has brought with it a rise in the number of social conflicts associated with the maldistribution of wealth and the high levels of the contamination in mining and oil production sites. [103]

[103] According to the World Bank (2014), Latin America in the last two decades 70 million people came out of poverty; while its middle class expanded to represent more than half of its population. http://www.bancomundial.org/es/region/lac/overview

In Peru, the economic growth of the last decade reduced poverty[104] levels (measured in monetary terms, according to a household's capacity to cover basic food basket) from 58.7% in 2004 to 22.7% in 2014 (INEI). The gap between the urban the population of the coast and the rural areas in the Andes and Amazon remain significant (Table 18).[105]

Table 18. Geographic Distribution of Poverty in Peru (2003-2014)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (*)
Total	**52.3**	**58.7**	**55.6**	**49.2**	**42.4**	**37.3**	**33.5**	**30.8**	**27.8**	**25.8**	**23.9**	**22.7**
Lima City	32.6	44.6	42.4	32.7	25.1	21.7	16.1	15.8	15.6	14.5	12.8	11.8
Rest of the country	60.2	64.7	61.2	56.3	50.0	44.2	41.2	37.4	33.3	30.9	29.0	27.8
National - Place of residence												
Urban	40.0	48.2	44.5	37.0	30.1	25.4	21.3	20.0	18.0	16.6	16.1	15.3
Rural	75.2	83.4	82.5	79.3	74.0	68.8	66.7	61.0	56.1	53.0	48.0	46.0
Region												
Coast	39.7	48.6	44.4	36.4	29.3	25.3	20.7	19.8	17.8	16.5	15.7	14.3
Andes	68.8	70.0	67.7	63.0	58.1	53.0	48.9	45.2	41.5	38.5	34.7	33.8
Amazon	64.1	70.4	70.1	65.5	55.8	46.4	47.1	39.8	35.2	32.5	31.2	30.4
Urban/Rural and Region												
Coast – Urban	39.6	50.8	43.2	37.6	31.7	27.4	23.7	2..0	18.2	17.5	18.4	16.3
Coast – Rural	61.7	69.3	66.9	62.2	53.8	46.6	46.5	38.3	37.1	31.6	29.0	29.2
Andes – Urban	47.1	46.9	44.0	37.1	31.8	26.7	23.2	21.0	18.7	17.0	16.2	17.5
Andes - Rural	80.8	86.7	85.4	83.1	79.2	74.9	71.0	66.7	62.3	58.8	52.9	50.4
Amazon – Urban	60.6	59.4	58.4	54.6	44.0	32.7	32.7	27.2	26.0	22.4	22.9	22.6
Amazon - Rural	67.1	81.5	82.4	77.3	69.2	62.5	64.4	55.5	47.0	46.1	42.6	41.5

(*) Estimated. Data source: INEI, 2016

[104] From 1997-2010 INEI measured Peru's poverty levels based on the National Household Survey (*Encuesta Nacional de Hogares*) measured comparing per capita income or a household expenditure with the minimal food basket (2318 kilo calories/day/person). INEI updated this method to include changes in the urban and rural consumption patterns since 2010. (INEI 2000, 2014)

[105] The most recent poverty level data from INEI is for 2013 and still has only projections for 2014.

The same gap is observed with extreme poverty levels. While extreme poverty levels dropped nationally from 16.4% in 2004 to an estimated 4.3% in 2014, the poverty level of rural populations in the Andes and Amazon and is 19 and 12 times higher respectively (INEI, 2016). Consequently, Peru's economic growth over the last two decades has not contributed to expected reductions in economic inequalities. The following sections explore how the economic benefits from resource extraction are distributed and allocated in order to shed light on how these may (or may not) influence the decision-making processes involving hydrocarbon activities in Peru.

Royalties, Canon and Sobrecanon

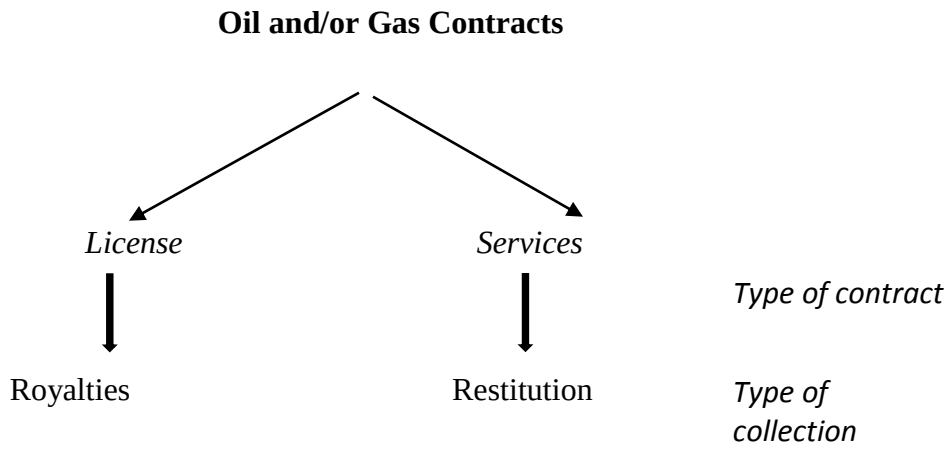
Since 1976 the Peruvian government has passed laws[106] regulating the distribution of wealth generated by oil and gas extraction. Like other extraction and energy generating businesses (hydropower, forestry, fisheries and large scale metal mining), oil and gas companies must pay royalties to the owner of underground resources, the Peruvian government. These funds are then distributed to local governments. The amount paid as royalties can vary according to the type of contract (license or service) signed between oil companies and the Peruvian state, which is represented by Perupetro. According to the law[107], companies operating under a license contract hold property rights to extracted hydrocarbons and must pay royalties to the government according to conditions established in their contracts with the Peruvian government. In other words, royalties

[106] Canon Act (*Ley del Canon*): Law No. 27506. Canon Rule: Supreme Decree No. 005-2002-EF

[107] Supreme Decree No. 049-93-EM Rule for the Application of Royalties and Redistribution of Oil Contracts (*Reglamento para la Aplicación de la Regalía y Redistribución en los Contratos Petroleros*)

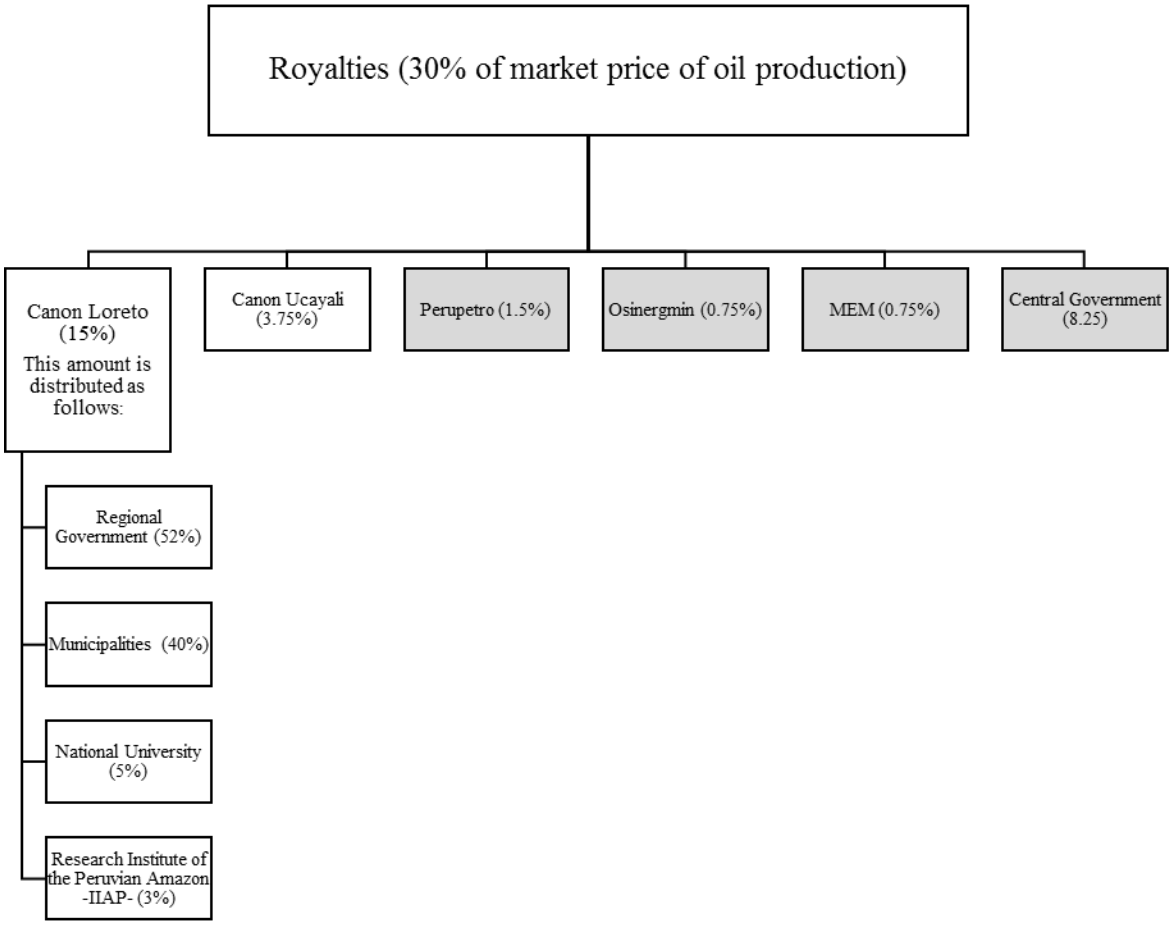
vary in each license contract. In a service contract, oil companies pay royalties as restitution for the service they provide by extracting the hydrocarbons. This restitution is calculated based on the audited oil production by MEM:

Figure 29. Types of Oil and Gas Contracts



From 2000 to 2013, the Peruvian government earned roughly $12.9 billion USD in royalties, more than for the exploitation of crude oil and gas. During the same period, the central government transferred approximately $7.4 billion USD to the regional governments of Cusco, Loreto, Tumbes, Piura and Huanuco.

Figure 30. Distribution of Royalties from Oil Production in Block 1AB



Sources: Grandez, 2011; Supreme Decree No. 21678; Laws 29693, 30062 and 26221

The contracts between the government and oil companies also specify the location of "audit points" where authorities monitor the amount of oil produced, which is reported

as "*audited hydrocarbon production*." This amount is important to estimate the market value of the hydrocarbons produced according to the current international oil prices known as the "price basket." [108]

In the case of oil and gas exploitation blocks 1AB, 8 and 88, the Peruvian government signed license contracts with Pluspetrol. The company therefore owned all the property rights of the oil and gas produced in these production sites. [109] Its financial contribution to the government mainly takes the form of royalties calculated from hydrocarbon production (according to the specific conditions in their contracts with the national government) and taxes.[110] The Constitution[111]requires the government to distribute these funds between regional and local governments of areas where resources are extracted and to place them in two different funds, *canon* and *sobrecanon.* The Ministry of Economy (MEF) [112] collects and distributes these funds based on estimates of population density and unfulfilled basic needs.[113] As result of this law, oil and gas producing regions receive substantially more funds than other localities. In addition, the *canon* and *sobrecanon* for oil and gas extraction are calculated differently in each department. Loreto and Ucayali receive 18.75% (15% *canon* plus 3.75% of *sobrecanon*) of the commercial value of the oil produced and 75% percent of taxes on the company's

[108] Such as the Platts Oilgramm Price Report http://www.platts.com/products/oilgram-price-report

[109] The contract of block 1AB expired in August 2015.

[110] On May 24, 2001 the contract of block 1AB changed from a service to a license contract. In the case of block 8, Perupetro S.A. signed a contract with Petroperu that was in force until 1996 when Pluspetrol and its associates signed a license contract with the government. The license contract for exploitation of gas in block 88 was signed in December 2000.

[111] Article 77 of the Peruvian Constitution

[112] As required according to R.M. 261-2002-EF, Article 5.2

[113] From MEM, the National Institute of Statistics (INEI), and the National Tax Superintendence

revenue from oil production. Huanuco (Puerto Inca) receives 15% of the oil production value and 50% of the revenue tax paid by oil companies in its jurisdiction (MEM, 2014).

In the case of natural gas, Cusco (Peru's largest producer of natural gas) receives more than 90% of the monetary benefits from gas production in the country. Different from the oil canon, the gas *canon* is comprised of 50% of the companies' revenue taxes and 50% of the royalties from gas production in its jurisdiction (SNMPE, 2015). The Ministry of Economy states that the different distribution of canon between regions is due to the fact that each one of them developed a legal framework at different times.

Table 19. Laws Regulating the Distribution of the Economic Benefits from Oil and Gas Projects

Liquid hydrocarbons	Canon for natural gas
Law No. 27506 Rule: Supreme Decree 005-2002- EF Decree No. 21678 Law No. 23350, Article 161 Law No. 23350 Law No. 23871 Law No. 24977, Article 379 Urgency Decree No. 027-98	Law No. 27506 and amendments Rule: Supreme Decree 005-2002- EF

To assess how royalties, *canon* and *sobrecanon* benefit local people, it is therefore necessary to determine how much natural gas and liquid hydrocarbons (crude oil and natural gas liquids[114]) are produced. Tables 20 and 21 summarize national oil and natural

[114] Natural gas consists mostly of methane but it can be found in association with other gases such as ethane, propane, butane and pentane, which are called (natural gas liquids). In the case of the Camisea gas project, separation is done through cryogenic process where the lighter hydrocarbon gas (methane) is separated from the heavier ones through a temperature-based process.

gas production along with canon and sobrecanon distribution to hydrocarbon production areas of the Amazon.

Table 20. National Hydrocarbon Production 2005-2014

	Liquid Hydrocarbons (thousands of barrels per day)			Natural Gas (million cubic feet per day)
	Oil	Natural Gas Liquids	Total	
2005	75	36	111	147
2006	78	38	116	172
2007	77	37	114	259
2008	77	44	120	328
2009	71	74	145	336
2010	73	85	157	700
2011	70	83	153	1,099
2012	67	86	153	1,144
2013	63	105	168	1,180
2014	69	103	173	1,250

Data source: Perupetro, 2015

Table 21. Distribution of the Canon and Sobrecanon from Oil and Gas Production in the Departments of the Amazon

Department	Percentage	Beneficiary
Loreto	52%	Regional Government
	40%	Municipalities (provinces)
	5%	National University of the Amazon
	3%	Research Institute of the Peruvian Amazon
Ucayali	40%	Local government, district and province municipalities (Department
	20%	Local government, district and province municipalities

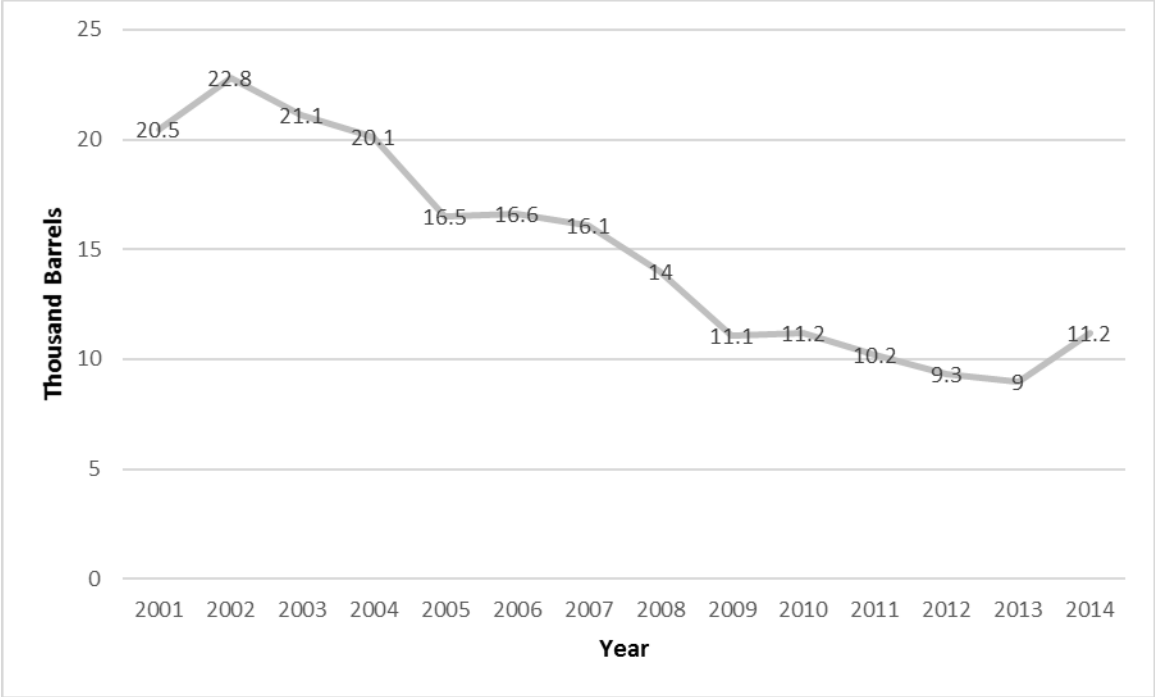
	20% 10% 5% 3% 2%	where the resource is extracted Regional Government Local government where the resource is extracted Public Universities Technological Institutes Research Institute of the Peruvian Amazon
Huanuco	100%	Municipal Council of Puerto Inca District
Cusco	10% 25% 40% 25%	District municipalities where the resource is extracted District municipalities from the Province where the resource is extracted. Province municipalities of the department where the resource is extracted Regional government where the resource is extracted. 20% is distributed among the public universities of the Department.

Data source: MIM Peru (n.d)

Distribution of the Canon and Sobrecanon from Blocks 1AB and 8

In spite of the decline of crude oil production described earlier, Loreto produced approximately 209.7 million barrels of crude oil from 2001 to 2014 (Propuesta Ciudadana 2014). In 2014 oil production in Loreto recovered slightly once the French oil company Perenco began operations in block 67 (Figure 31).

Figure 31. Crude Oil Production in Loreto (2001 – 2014)



Data source: Perupetro 2014

In the early 2000s the government amended its contract with Pluspetrol Norte S.A. for block 1AB, changing the agreement from a service to license contract granting the company ownership of the crude oil produced in exchange for 30% of the audited crude oil production in royalties. This represented roughly $1.7 billion USD over ten years (Grandez, 2015).

Table 22. Royalties from Oil Production in Block 1AB: 2004 to June 2015

Year	Royalties in Million USD
2004	114.2
2005	148.0
2006	172.3

2007	181.2
2008	214.1
2009	105.4
2010	140.5
2011	183.6
2012	166.2
2013	146.5
2014	115.6
2015(*)	23.2
Total	**1,710.8**

Sources: Perupetro, 2015; Grandez, 2015

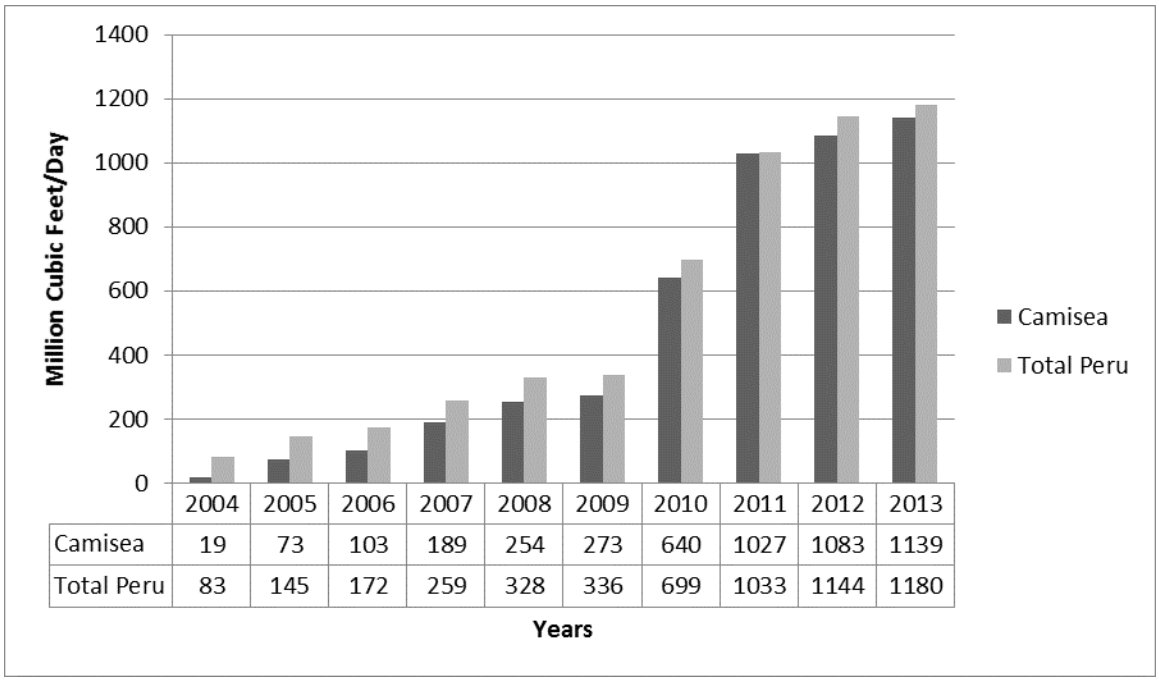
Blocks 1AB and 8 produced 87% and 97% of Loreto's oil canon and sobrecanon in the last two years respectively, making them Peru's main onshore crude oil production areas (Perupetro, 2015). Pluspetrol's license contracts in Loreto (blocks 1AB and 8) and Cusco (in Camisea's blocks 56 and 88) not only granted the company ownership of the largest oil and gas production in the Amazon but also bestowed it with significant political power in Loreto as well as the national level. As mentioned in Chapter IV, the government intimidated indigenous leaders and environmental groups who denounced the pollution generated by the company. In addition, on many occasions, Pluspetrol refused to pay fines and won a court case brought against them for polluting the environment (PUINAMUDT, 2012; *El Comercio*, November 26 2013; RPP August 27, 2015).

Table 23. Canon and Sobrecanon from Oil Production in Loreto (2014 – November 2015)

Oil Concession	Canon and Sobrecanon from Crude Oil Production			
	Year 2014 (Million USD)	Percentage	Year 2015 (Million USD)	Percentage
1AB(192)	72.9	49.5%	22	52.15%
8	54.5	37.0%	19	44.45%
67	18.2	12.3%	617	1.47%
31B	1.3	0.9%	0.6	1.41%
31E	0.53	0.4%	0.3	0.52%
Total	147.3		42	

Sources: Perupetro, 2015; Grandez 2015

Figure 32. Audited Natural Gas Production 2004 – 2013 (National and Camisea).



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Camisea	19	73	103	189	254	273	640	1027	1083	1139
Total Peru	83	145	172	259	328	336	699	1033	1144	1180

Data source: OSINERGMIN, 2014

How are the Royalties, Canon and Sobrecanon Collected and Distributed?

Peru's Constitutions of 1979 and 1993 incorporated for the first time the concept of regional governments (*gobiernos regionales*) in order to decentralize political and economic administration of programs. Political and economic power in Peru has historically concentrated in Lima and urban coastal areas, creating power imbalances andsocial exclusion between areas of the country. These power imbalances increased even more during the political violence of the 1980-1990s and continued during Alberto Fujimori's first term (1990-1995). Fujimori's authoritarian and neoliberal regime weakened democratic institutions, grassroots organizations and political parties, increasing the concentration of power and strengthening the country's vertical political framework. After the creation of new regional governments in the constitution, it took another decade to develop the new legal frameworks, institutions and administrative

capacities to fully start their operation and to advance efforts to decentralize political power.[115] At the same time, these new authorities have benefitted from the surge of resource extraction in the last decade. Indeed, from 2001-2012 nine departments increased their rents over 100% (INEI, 2013).

Funds from royalties, *canon* and *sobrecanon* are a substantial source of income not only for the central government but also for the regions where oil, gas and minerals are extracted. Some provinces and districts therefore receive more funds than others without oil (or mining) projects. These imbalances of the distribution of oil and gas rents have raised questions about the actual implications of extractive industries in local development. Peru is not an isolated case; Denise Humphreys Bebbington's analysis (2010) of the gas industry in Bolivia shows territorial conflicts between La Paz and Santa Cruz over the distribution of rents from the gas industry. The heterogeneous distribution of rents between and within countries in Latin America is one of the main causes of economic and social disparities (Gómez Sabaini et al., 2015). This disparity brings severe social and economic consequences as the revenues from resources extraction continue to grow. In 2015, the National Assembly of Regional Governments (Asamblea Nacional de Gobiernos Regionales (ANGR) described the effect that the uneven distribution of canon has on Peru's territorial inequalities as "perverse" (Propuesta Ciudadana, 2015).

During the 1990s, information about the distribution of rents from hydrocarbon exploitation remained scarce. It has become more readily available to citizen groups today as public and civil society organizations (such as *Propuesta Ciudadana*, a project

[115] Articles 4 and 5 of Law No. 27867, Regional Government Act of 2002 (Ley Orgánica de Gobiernos Regionales)

of the non-profit organization DESCO, the Ministry of Economy and regional governments) make fiscal information available on their websites. The general public became interested in this information during the "super cycle" of oil and mining exploitation and the surge of social-environmental conflicts associated with resource extraction in the 2000s (Propuesta Ciudadana, 2015a). Peru's super cycle of resource extraction generated revenues that grew from $259 million USD in 2004 to over $2,590 million USD between 2007 and 2008 (Ibid.). In other words, revenues increased ten times in three years as result of the surge of mining and oil activities in Peru. Between 2011 and 2014, these funds increased even more, reaching $ 2.9 billion USD (Ibid.). As explained in the following section, differencial calculations in the amount that companies pay as canon for oil and gas production create spatial disparities between oil and gas production areas, along with greater social and environmental inequalities between groups.

The Oil and Gas Canon

The oil *canon* and *sobrecanon* are determined according to specific laws in each of the departments producing crude oil (Loreto, Ucayali, Huánuco in the Amazon and Tumbes and Piura on the coast) as shown in Table 24. As mentioned above, the gas canon is equivalent to 50% of the royalties (defined in the company's contract) and 50% of the income tax paid by the company.

Table 24. Distribution of Canon in Oil Producing Regions

	Loreto		Ucayali		Piura		Tumbes		Puerto Inca (Huánuco)
	Canon	Sobrecanon	Canon	Sobrecanon	Canon	Sobrecanon	Canon	Sobrecanon	Canon
Regional Governments	52%		20%	52%	20%	20%	40%	20%	
Local Governments	40%		40%	40%		70%	50%	70%	
District where oil in produced			10%						
Province where oil in produced			20						100%
Region where oil is produced			40%						
Public Universities	5%		5%	5%	5%	5%	5%	5%	
Research Institute of the Peruvian Amazon	3%		2%	3%					
Technology and Pedagogic Institutes			3%		5%	5%	5%	5%	

Data source: Ministry of Economy, Propuesta Ciudadana

The Ministry of Economy (MEF) and Perupetro calculate the amounts of the oil *canon* and *sobrecanon* according to each company's tax records and monthly production. The MEF collects these funds from the companies twice a month and transfers these funds to the local and regional governments each month (EITI, 2014).

The distribution of these funds creates economic disparities. While Loreto, Ucayali and Huánuco Tumbes and Piura in the north coast benefit from crude oil production, the production of natural gas mainly benefits Cusco where the Camisea project is located. From 2004 to mid-2015, Camisea paid $7.63 billion USD in royalties to the government, more than 80% of this region's income. In the same time period,

Loreto received $940.5 USD million as oil *canon* (*Andina*, August 13, 2015; SPH, 2015; Propuesta Ciudadana, 2015b).

Distribution of the Oil Canon in Loreto

In spite of the fall of oil prices and crude oil production, the canon, sobrecanon and royalties from blocks 1AB and 8 provide a financial pillar for the Regional Government of Loreto (GOREL) representing more than 96% of the royalties in the region (Table 25).

Table 25. Royalties Paid by Oil Companies Extracting Oil and Gas in Loreto (January – June 2015)

Year	Concessions and Royalties Paid in US$					Total US$
	1AB	8	67	31 B/D	31E	
2015	23,202,473.22	16,346,405.36	457,523.42	850,113.52	95,394.98	40,951,910.50

Sources: Perupetro, 2015; Grandez, 2015

The contracts for blocks 1AB and 8 established respectively payments of 30% and 25.5% of the crude oil production market value in royalties. Of these funds, 62.5% is distributed as canon and sobrecanon to Loreto and Ucayali, and 37% is sent to support national public entities such as OSINERGMIN and MEM. According to law,[116] the canon must be used for regional or local infrastructure projects, the hiring of teachers, housing projects for low-income population, and 5% must be distributed to social and/or infrastructure projects in the localities where the resources are extracted.

[116] Urgency Decrees: 028-2006; 13-2007 and 069-2009.

As mentioned earlier, the Ministry of Economy transfers funds from the canon and sobrecanon, but these amounts and the percentage that regional and local governments receive differ in each case. To determine the distribution index of the canon and sobrecanon among the province and district municipalities, the INEI provides the Ministry of Economy data about demographics and basic unfulfilled needs (*Necesidades Básicas Insatisfechas* – NBI) for each district, province and department. With this information and the distribution percentages defined by law,[117] the Decentralization Secretariat (*Secretaría de Descentralización*) calculates the percentages for each district and provincial municipality. The actual distribution of the canon and sobrecanon however does not of substantially help indigenous communities living in oil production areas, particularly those in blocks 1AB and 8 from where most of the oil in the Amazon region is produced.

A close analysis of the transferences from canon and sobrecanon to Loreto shows that the population living in the province of Loreto and the districts in blocks 1AB and B (such as Tigre, Trompeteros, Urarinas, Nauta, Andoas, Parinari and others) receive only a small fraction of the amount that GOREL receives as canon (Table 26). Most of the funds actually benefit the Province of Maynas, especially the city of Iquitos. As a consequence, the urban population of Iquitos receives most of the benefits from oil extraction in blocks 1AB and 8.

In 2015, 80% of the canon and sobrecanon (in the coast and Amazon oil production areas) was allocated to transportation infrastructure (29%), agriculture and livestock (14%), planning (14%), education (12%) and sanitation (11%) projects (MEF, 2015). It is worth noting that blocks 1AB and 8 contain almost no roads and most

[117] Law No. 24300, Article 8.

transportation is fluvial. Consequently, it is not a surprise that the vast majority of interviewees expressed dissatisfaction about the management of the oil canon and sobrecanon and the overall economic benefits offered to the communities where the resources are extracted. Most of the jobs offered by oil companies to locals are temporary and low paying jobs.

Table 26. Regional Government of Loreto: Transfers as Canon and Sobrecanon to Provinces and Districts (First Semester of 2013)

Locality	USD Millions
Province of Maynas(*)	8.3
District of Iquitos	2.2
Province of Datem del Marañon	1.3
District of Andoas	0.2
District of Morona	0.2
District of Pastaza	0.2
Province of Loreto	3.2
District of Nauta	1.1
District of Parinari	0.6
District of Tigre	0.5
District of Trompeteros	0.5
District of Urarinas	0.6

Total amount of canon received by GOREL	58.9

(*) The Province of Maynas and the district of Iquitos are not within blocks 1AB and 8. Iquitos (population 432,476) is the largest city in the Peruvian Amazon and has the largest urban population in the region.

Oil and gas extraction require skilled workforce brought in from outside the region. This fact, in addition to the lack of transparency and allegations of corruption in GOREL, contribute to the local population's mistrust and dissatisfaction with the presence of oil companies in the region.

Distribution of the Gas Canon in Cusco

The Camisea project (blocks 56 and 88) produce 89% and 93% of country's natural gas and natural gas liquids respectively; Cusco therefore receives overwhelmingly more benefits from gas production than any other area in the country.[118] As mentioned, Camisea's gas production in blocks 88 and 56 has been growing steadily. In the single year of 2013, block 88's gas production grew from 11 MMCF to 509 MMCF. [119] Because Camisea also produces natural gas liquids,[120] a group of hydrocarbons used in petrochemical plants and blended into vehicle fuel, therefore they are accounted as part of oil production. Camisea's NGL production represent 62% of the today's national oil

[118] Natural gas is also produced to a lesser extent in Aguaytia (Ucayali), and Tumbes and Piura (north coast). The canon from these fields is managed according to the legal framework applicable to oil producing fields.

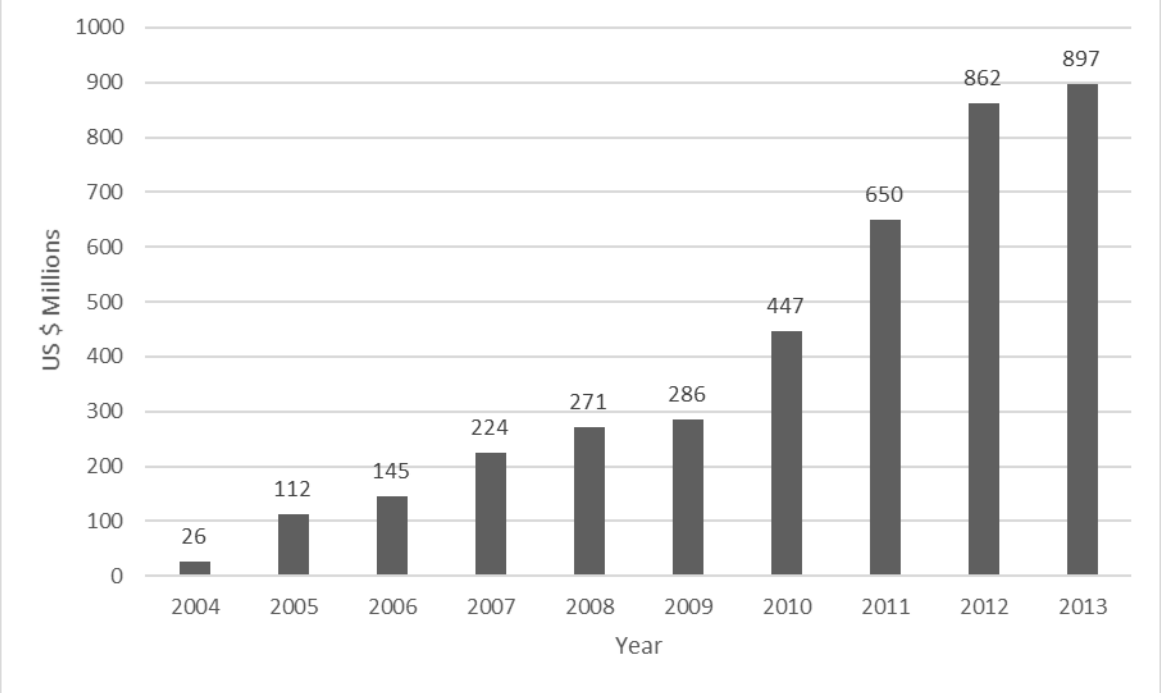
[119] The Camisea project includes block 56 adjacent to block 88.

[120] Natural gas liquids (NGL) are hydrocarbons such as ethane, propane, butane, isobutene pentanes and a mix of heavier hydrocarbons that could be used as fuels and/or manufacture of industrial products such as plastics, anti-freeze, and synthetic rubber. They can be used directly or mixed with other hydrocarbons as fuels for motor vehicles.

production while the crude oil production (mostly from the oil fields in Loreto and the north coast ones in Piura and Tumbes) accounts for the remaining 38% (OSINERGMIN, 2014).

The Camisea project urged the establishment of an *ad hoc* law[121] to regulate the distribution of economic benefits, named "*canon gasífero*" (gas canon), which comprises of 50% of the income tax and 50% of royalties. Considering that Camisea's gas production has experienced an annual 30% growth from 2003 to 2013, it constitutes a substantial source of economic funds for Cusco.

Figure 33. Gas Canon Received by Cusco, 2003 – 2013



Data source: EITI, 2014

In addition to gas, Cusco also collects funds as *canon* from other activities such as mining, hydropower and large-scale metal mining in its jurisdiction. All of these

[121] Law No. 27506 of 2001.

represent roughly 75% of Cusco's overall income, equivalent to approximately $916 million USD (EITI, 2014; MEF, 2014). In contrast to the distribution of the oil canon in which the regional government receives most of the funds from crude oil production, the vast majority of the Camisea's canon benefits local municipalities (Table 27).

Table 27. Cusco: Gas Canon Distribution Criteria

Distribution Criteria	**Canon**
Regional government of Cusco 80% to the regional government and 20% to public universities	25%
All provinces and district municipalities of Cusco (except for the province where the resource is extracted)	40%
Provincial municipality where the gas is extracted (excluding the district municipality where the resource is extracted)	25%
District municipality where the resource is extracted	5%

Data source: Ministry of Economy of Peru

In addition to the gas canon, the government created the Camisea Compensation Fund - *Fondo de Compensación de Camisea* (FOCAM) - for the regions crossed by Camisea's gas pipeline (Ayacucho, Huancavelica, Ica and Lima, excluding the city of Lima). [122] Regional and local governments are required to use these funds in public works as well as on projects aimed to improve social and economic development (MEF, 2015).

Transparency and Accountability

As in other countries around the world, the use of resource extraction funds raises great expectations and causes grave mistrust, both of which have prompted the creation

[122] Law 28451. Article 6 of Law No. 26221

of multiple ways to access information about how governments distribute and use the money. The MEF created a public website called *Transparencia Económica* (Economic Transparency) with detailed information about the distribution of funds from the central government to national, regional and local authorities.[123] Local and regional governments also facilitate access to information through their websites about how these funds are allocated.

At the international level, the Extractive Industries Transparency Initiative (EITI) promotes public access to economic information about resource extraction. EITI was created during the 2002 World Summit on Sustainable Development in Johannesburg, South Africa. It aims to promote accountability of government and companies by disclosing information on tax payments, licenses, contracts, production and other key elements around resource extraction in it 49 member countries (EITI Fact Sheet).[124]

EITI began to work in Peru in 2005 with the creation of a Permanent Commission for Transparency of Extractive Industries (*Comisión Multisectorial Permanente para la Transparencia de las Industrias Extractivas*).[125] The commission has nine representatives of oil and mining companies, government agencies, and civil society. To date this group has published four reports (*Estudios de Conciliación Nacional*) with detailed information about oil and mining companies' tax payments, royalties and *canon* funds. After a decade of efforts to implement the EITI, it is possible to see more positive results: the number of oil companies participating in EITI's reports has grown from nine in the first publication in 2009 to 19 in the fourth one in 2015 and is equivalent to 96.6%

123 http://www.mef.gob.pe/index.php?option=com_content&view=section&id=37&Itemid=100143&lang=es
124 https://eiti.org/files/document/EITI_Factsheet_EN.pdf
125 Supreme Decree 028-2011-EM

of the sector's production value (Table 28). In turn, EITI acknowledged this effort and placed Peru among one of the 31 "compliant" countries (and the only one in South America).

Table 28. Participation of Oil Companies in EITI's Reports

Study/Publication Date	Years	Number of Oil Companies that Participated	% of the Sector's Production Value Covered
First Study (September 2009)	2004	9	70.9%
	2005		71.6%
	2006		71.4%
	2007		70.6%
Second Study (December 2011)	2008	18	88.1%
	2009		89.7%
	2010		90.3%
Third Study (January 2014)	2011	15	94.4%
	2012		93.7%
Fourth Study (June 2015)	2013	19	96.6%

Data source: Propuesta Ciudadana, 2015

Oil Companies that Participated in All of EITI's Reports (2009 – 2015)

Maple Gas Corporation

Pluspetrol Peru Corporation

Pluspetrol Camisea

Hunt Oil Company

Repsol Exploration Peru

Olympic Peru INC

Petrobras Energy Peru

Pluspetrol Norte

Civil society organizations welcomed this initiative, which also facilitates the dialogue with the state and extractive industries. However, most of the indigenous leaders, researchers and NGO members interviewed said they do not know how the royalties and *canon* are actually spent. Indigenous leaders claim that funds are not reaching their communities as expected. In addition, they said that the communities where resources are extracted have limited access to the internet and thus cannot see EITI's online reports.

In sharp contrast to the high rates of canon revenues, official reports indicate that poverty levels in the provinces and districts in blocks 1AB (192) and 88 are higher than the regional and national average (Table 30). In other words, despite the millions of dollars of royalties and canon funds, the material well-being of people in the major oil and gas producing areas in the country has not significantly improved.

Table 29. Poverty and Extreme Poverty Rates: National, Districts in Blocks 1AB (192) in Loreto and 88 in Cusco in 2007

	Poverty (Percentage)	Extreme Poverty (Percentage)
Peru's National Average	39.3	13.7
Loreto Regional Average	54.6	23.8
Loreto Province	66.7	30.9
District of Nauta	61.0	23.0
District of Parinari	69.2	36.4
District of Tigre	71.9	34.0

District of Trompeteros	69.4	38.4
District of Urarinas	74.6	39.9
Cusco Regional Average	57.4	27.8
La Convencion Province	57.6	25.0
District of Echarate	54.7	21.0

Data source: INEI, 2007 Sistema de Consulta de Principales Indicadores de Pobreza [System of Consultation: Main Poverty Indicators]

A comparison of regional and national data shows that the surge of oil and gas in Loreto and Cusco has failed to improve the material conditions of the populations where these resources are extracted. Environmental governance of the hydrocarbon sector continues to provoke undergoing struggles as citizens demand more transparency and accountability from the central and regional governments in the management and distribution of the rents from resource extraction. At the same time, data show that some regions benefit substantially more from resource extraction than others, generating not only economic inequalities but also higher levels of dependence on the extraction of natural resources. In addition, regions with higher dependence on commodities such as oil and gas will be more affected by the volatility of international prices. Interestingly, the decentralization of the administration and distribution of the economic benefits from oil and gas activities does not imply a concomitant decentralization of the decision-making processes. To the contrary, after a decade of decentralization, the central government maintains practically absolute control of the rent generated from oil and gas extraction. Consequently, the regional governments and municipalities depend on transferences controlled by the central government in Lima (ANGR, 2015, p.28). This dependency affects regional governments more than the municipalities, as only 4.6% of

the regional government budget is independent from the central government's transferences, in contrast with 21.4% of the municipalities' budget (Ibid.). Another issue to address is whether or not the availability of information and the regionalization process can actually translate into improvements in the decision-making process. The central government still holds power over the collection and distribution of funds to the regional government and municipalities, creating power dynamics which are vulnerable to volatile political interests.

CHAPTER VII

CONCLUSION

This dissertation examines the shifting and multi-scalar governance of oil and gas projects in indigenous territories and territorial reserves (a category of protected area) in the Peruvian Amazon. Using the cases of oil extraction in blocks 1AB and 8 in Loreto (between 2006 to 2015) and the Environmental Impact Assessment Process for the expansion of the Camisea gas project in Cusco (from 2012 to 2014), this dissertation explores how environmental decision-making processes involving a range of actors (indigenous and non-indigenous groups) are structured and enacted. In doing so, my goal is to shed light on the shifting interactions, negotiations, struggles and (at times) open conflicts between actors that define why, how and where hydrocarbon projects take place in the Peruvian Amazon.

Taken together, these two cases exemplify the "boom" of oil and natural gas production in Peru. They allow a tracing of the reconfiguration of social, economic and political factors shaping decision-making processes of the hydrocarbon sector in the last decade. The growing gap between the national oil production and the demand for energy has prompted the Peruvian government to create laws and policies enabling the search for oil and gas in the Amazon. Peru's neoliberal economic model. based on resource extraction, has incited local groups to organize and voice their concerns about the risks that these activities pose to their livelihoods.

Through the course of this dissertation, I explore how these trends influence resource governance, particularly decision-making processes of ongoing and new hydrocarbon projects in the Amazon. Peru's economic growth, dependent on resource extraction, has also coincided with the rise of international debates about indigenous peoples' rights and the conservation of tropical ecosystems. Resource extraction has also sparked social-environmental conflicts as indigenous peoples living in oil exploration and exploitation areas are increasingly concerned about how these activities may affect the local water sources and their health.

As Bebbington (2008, 2014) noted, social-environmental conflicts related to extractive industries have the potential to boost institutional changes that could contribute to a more inclusive and legitimate resource governance. However, the case studies in Chapters IV and V reveal some of the potentials and limitations of these changes. These cases reveal that despite the unquestionable benefits more inclusive forms of participation, such as the Prior Consultation Law, the outcomes of the consultation processes depend on the organizational capacity, access to information, capacity of negotiation and follow-up of indigenous communities. Likewise, state agencies still have a pending task to develop the capacity to negotiate and interact in more inclusive and inter-cultural manner.

The analysis of the enforcement of the Dorissa Accord and the declaration of environmental emergency (due to over 30 years of oil contamination) described in Chapter IV show that the enforcement of environmental laws and agreements between state and local communities depend on the level of organization and networking capacity of the local people. The negotiations and agreements between the indigenous federations

in blocks 1AB (192) and the government and the oil company Pluspetrol which addressed the health and pollution problems caused by decades of oil activities are remarkable. This case study also reveals weaknesses in the national and regional government agencies ability to enforce the environmental standards and agreements subscribed between indigenous communities, oil companies and government authorities. One example is the case of the indigenous federations in blocks 1AB and 8 described in Chapter IV. The empirical evidence presented in this dissertation contributes to the understanding of how the indigenous federations in the Peruvian Amazon were able to make the government acknowledge the contamination that the state negated for decades, provide hard evidence and commit to address it. This case shows that the solution of the most critical social and environmental concerns involving hydrocarbon projects in the Peruvian Amazon require the negotiation and/or mobilization of the indigenous federations and are typically addressed through specific agreements between the indigenous federations, state agencies and oil companies.

The analysis of oil and gas projects in Loreto and Cusco suggest that there are three processes influencing institutional changes in Peru's hydrocarbon sector. First, in the recent years, the state has created spaces with a certain degree of autonomy, such as OEFA and OSINERGMIN, through which the government seeks to legitimize itself and gain popular approval. These new institutions are generating new "official" data independent from the Ministry of Energy and Mines about the performance of oil (and mining) companies that civil groups (such as indigenous federations) need to articulate their demands about the social and environmental effects of resource extraction. Second, there are efforts to decentralize the Ministry of Energy and Mines' decision-making

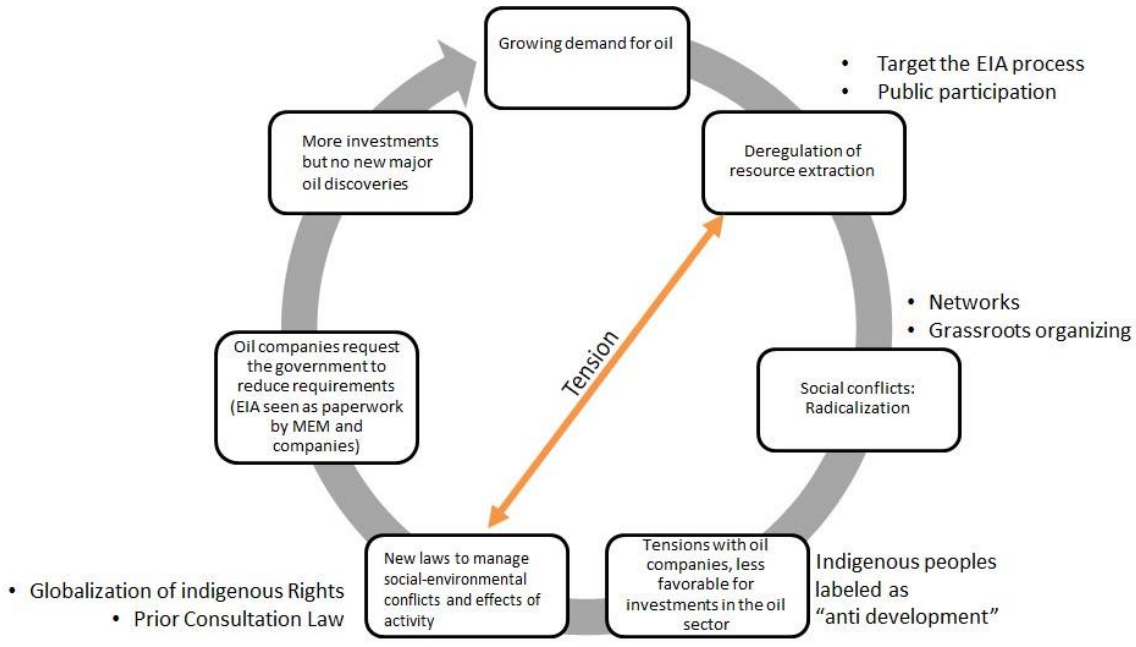
power, specifically with regards to the environmental impact assessment process necessary to obtain environmental licenses for new projects. The creation of SENACE (National Service of Environmental Certification), the new agency of the Ministry of the Environment in charge of granting environmental permits, aims to decentralize this task and remove it from the Ministry of Energy and Mines. While I write this dissertation, SENACE is beginning to operate; future studies can therefore assess the transparency and efficacy of this agency in environmental decision-making. However, the transference of the environmental licensing process from the Ministry of Energy and Mines to SENACE coincided with legal reforms to reduce the environmental assessment requirements for new oil projects and the placement of new projects on the fast-track for approval. Third, the increased organizational capacity and influence of indigenous federations in decision-making processes.

As Bebbington and Scurrah (2013) contend, the resistance and negotiation of the indigenous peoples in blocks 1AB and 8 ultimately led to a shift in relationships between the indigenous peoples, oil companies and the state. These sustained processes of negotiation and contestation by these indigenous communities brought *parts* of the state (Ministry of the Environment, the Ombudsman's Office, OEFA) more directly into the regulation of extractive activity with effects that reach beyond the specificities of the case (Ibid). The organized work of the indigenous federations and their strategic alliances with organizations such as PUINAMUDT, among other national and international supporters, in the negotiations with government agencies provided elements paramount to the outcomes in the case study presented in Chapter IV. I contend that these institutional shifts have granted (in tandem) some level of legitimacy to *certain* government

institutions and credibility to the demands of indigenous populations in Peru's current neoliberal economic context. This case illustrate that these interactions take place at different scales in complex configurations where natural resources mediate the relationships between citizens and government institutions (Bakker and Bridge, 2008; Valdivia, 2008; Perreault, 2014).

The case studies I present in Chapters IV and V demonstrate that the state and oil companies need to legitimize resource extraction by creating opportunities to reach agreements with local communities and obtain the "social license" necessary to carry out extractive activities. Therefore, there is a tension between the liberalization or deregulation of resource extraction and the regulations governing public participation in decision-making processes (Figure 34).

Figure 34. Tensions Between the Deregulation of Resource Extraction of Hydrocarbon Activities in Peru



With regards to the questions of how decision-making processes involving oil and gas projects are structured and enacted, as explained in Chapter V, oil companies and some government agencies perceive the environmental impact assessment studies as "paperwork" obstructing hydrocarbon projects (PSH, 2014). In contrast, indigenous federations and civil society groups expect to find in EIS the "technical and objective information necessary for sound decision-making." Consequently, this study found tensions between the trend to "fast track" the environmental impact assessment process and reduce the capacity of environmental enforcement agencies (requested by the guild of oil companies) and the need to regulate public participation in decision-making processes (such as the Prior Consultation Law).

Studies such as Hindery's (2013) assessment of the gas development in Bolivia's Chiquitania exposed some weaknesses and contradictions of the environmental impact assessment process. In this dissertation, I point the attention of geographers to the importance of environmental studies and the EIA process as a key issue for future studies as it provides not only multiple areas of analysis (political, social, cultural) but also because of its centrality in resource extraction. Communities expect environmental studies to provide an "objective and scientific viewpoint" about the potential environmental and social impacts (positive and negative) of a project and inform multiple actors about its overall viability. This entails not only power issues (who "knows" what) but also has broader epistemological and ontological questions about how the environment is defined and managed. This is particularly important as environmental impact studies claim to assess the potential impacts of a project and propose measures to "manage and control" them. However, the dominant knowledge system, according to

which the environmental studies are developed, creates power asymmetries between the groups involved in the decision-making process because some groups have better understanding of the studies than others.

In the case studies presented in Chapters IV and V, I expose these problems and the dilemmas that state and non-state actors face when deciding *if* and *how* to exploit fossil fuels in fragile ecosystems inhabited by indigenous peoples. It is possible to identify three main issues; the first involves the "power-knowledge" asymmetries of using science as a primary basis (at least in theory) to determine the viability and the impacts of oil activities before and after projects start, especially in those favored by government authorities.

As Wesselink et al. (2013) contend, the boundaries between science and politics are ambiguous and fluid, and the traffic between the two especially dense. In the case of the expansion of the Camisea project in block 88 I describe in Chapter V, the decision-making process to approve the project was focused on the potential effects of the proposed activities on the indigenous people in voluntary isolation, despite the fact that the pollution control measures proposed in the environmental study were very weak. In contrast, in the case of blocks 1AB and 8 I present in Chapter IV, the interest of the parties involved was in technically demonstrating the extent of the contamination and its effects on the local population's health. In this case, I exposed the challenges that indigenous peoples living in remote areas face in having to adapt to a different system of knowledge, based on the principles of technology and modernity, so they can articulate their concerns with the government. These ostensibly "scientific" questions lie at the core of decision-making processes that aim to expand the resource extraction frontier.

This raises questions for geographers about how the EIA's decision-making process affects human-environment relations and the use of space. It also suggests concerns about how the environmental and social effects of new and ongoing projects are assessed within government agencies and how the impacts of a project are valued. In Chapter V, I demonstrate that despite legal stipulations regarding which government agencies should participate in the EIA process, these same agencies do not have clear guidelines for assessing the quality of the information contained in an environmental study. Moreover, the case study in the aforementioned chapter reveals weaknesses of the EIS and covert power struggles between institutions, which finally surrendered to the economic interests of government.

The analysis of the environmental impact assessment process for expansion of the Camisea gas project in block 88 (Chapter V) also exposed the issue of representation and questions the citizenship rights of indigenous peoples living in isolation in decision-making processes. There are approximately 15 indigenous groups living in voluntary isolation in Peru, and these communities live in remote areas of the Amazon and are vulnerable to diseases from outsiders. The analysis presented in Chapter V agrees with Deborah Yashar's (2005) view that today Latin American states are more effective sanctioning corporate requests than indigenous rights. The analysis of the expansion of the Camisea project in block 88 also raises questions about the role of state institutions in the enforcement of the citizen rights of indigenous peoples. Even though concepts and traditional theories of citizenship from western liberal democratic sphere offer a starting point to understand the role of the state and institutions in sanctioning individual

citizenship, this study shows that they are not effective in beginning to understand the experience of citizenship of the wide variety of indigenous groups in rural societies.

The case studies presented in Chapters IV and V suggest that leaders of some the indigenous federations have accepted resource extraction but with clear conditions that would benefit their communities. The analysis of the cases in blocks 1AB, 8 and 88 show that the indigenous federations accepted hydrocarbon activities in their territories but requested that the state and oil companies respect the negotiated conditions under which these activities take place in their territories. These are large ongoing projects that the government favored, despite the opposition of some federations to these projects. In the end, indigenous communities decided to negotiate conditions with the state and oil companies in order to reach specific agreements to allow hydrocarbon activities in their territories. Some indigenous organizations are more willing to negotiate and even have organized small businesses providing services to oil companies while other groups have more stringent demands. In general, Amazonian indigenous organizations demand recognition of their territorial rights and autonomy, effective participation in the decisions that concerns them, title of their lands, and secure health and livelihood. As I discussed in Chapters IV and V, different indigenous groups have diverse viewpoints about development, modernity, and resource extraction.

In addition to the above mentioned conclusions to this research, I also found that a significant factor compelling the Peruvian government to grant more oil and gas leases in the Amazon is the higher demand for oil in the transportation sector in the urban areas, especially on the coast. As I explained in Chapter I, Peru's policies and planning procedures regarding the transportation, energy, and environmental sectors work as

independent units with poor capacity to coordinate policies and regulations addressing issues such as the country's dependency on imported oil, climate change and resource extraction.

Additionally, Chapter VI reveals that the majority of indigenous leaders, researchers, NGO members interviewed for this research do not know how the economic benefits from hydrocarbon projects (royalties and *canon*) are actually spent. This dissertation contributes to the political economy research of geographers such as Philippe Le Billon (2001, 2004) about the political economy implications of "natural resources." This dissertation contributes to the ongoing debates about the spatiality and materiality of the kind of "development" resulting from resource extraction.

Indigenous leaders claim that funds are not reaching their communities as expected. In this dissertation I expose the institutional weaknesses affecting the use and distribution of the oil and gas *canon* and how these have been unable to satisfy water, sanitation, health and education needs in the places where extraction occur. In sharp contrast to the high rates of *canon* revenues, official reports indicate that poverty levels in the provinces and districts of blocks 1AB (192), 8 and 88 are higher than their corresponding regional and national average. In other words, despite millions of dollars of royalties and *canon* collected and distributed by the central government, the material well-being of people in the major oil and gas producing areas in the country has not improved significantly. Chapter VI also reveals more disparities in the distribution of benefits from resource extraction. Some regions (such as Cusco where the Camisea project is located) benefit more than other regions producing less or no oil and gas. The current system of distribution of revenues from the central government to the regional

governments rewards resource extraction, creating an economic dependency and disparities with other regions with less oil (and mining) production. Initiatives such as the Extractive Industries Transparency Initiative (EITI) facilitate access to information about how the state uses and distributes the revenues from extractive industries. However, making this information accessible (available *and* understandable) remains a challenge. Improving citizens' fiscal literacy may provide one way to improve resource governance.

APPENDIX A
LIST OF ACRONYMS

ACODECOSPAT	Asociación Cocama de Desarrollo y Conservación San Pablo de Tipishca (Cocama Indigenous Association for the Development and Conservation of San Pablo de Tipishca)
ACR	Area de Conservación Regional (Regional Protected Area)
ACP	Area de Conservación Privada (Private Protected Area)
AIDESEP	Asociación Interétnica de Desarrollo de la Selva Peruana (Inter-Ethnic Association for the Development of the Peruvian Jungle)
ANA	Autoridad Nacional del Agua (National Water Authority)
ANP	Area Natural Protegida (Protected Area)
BRIC	Brazil, Russia, India, China
CAF	Corporación Andina de Fomento (Latin American Development Bank)
CECONAMA	Central de Comunidades Nativas Matsigenkas "Juan Santos Atahualpa" (Center for Machiguenga Native Communities)
CEDIA	Centro para el Desarrollo del Indígena Amazónico (Center Amazonian Indigenous Development)
CI	Conservation International
COMARU	Consejo Machiguenga del Rio Urubamba (Machiguenga Council of the Urubamba River)
CONAM	Consejo Nacional del Ambiente (National Environmental Council)
CONAP	Confederación de Nacionalidades de la Amazonía Peruana (Confederation of Amazonian Nationalities of Peru)
DAR	Derecho, Ambiente y Recursos Naturales (Law, Environment and Natural Resources)
DIGESA	Dirección General de Salud Ambiental (Ministry of Health's National Environmental Health Authority)
DIRESA	Dirección Regional de Salud Ambiental (Ministry of Health's Regional Environmental Health Authority)
DGAAE	Dirección General de Asuntos Ambientales Energéticos (Ministry of Energy and Mines' Environmental Authority
DPLF	Due Process of Law Foundation
EIA	Environmental Impact Assessment
EIS	Environmental Impact Study
ELAW	Environmental Law Alliance Worldwide
ERM	Environmental Resources Management
FECONACO	Federación de Comunidades Nativas del Río Corrientes (Federation of Native Communities of the Corrientes River)
FEDIQUEP	Federación de Comunidades Nativas del Río Corrientes (Federation of Native Communities of the Corrientes River)
FECONAT	Federación de Comunidades Nativas del Río Tigre (Federation of Native Communities of the Tigre River)

FEPIBAC	Federación de Comunidades Nativas del Río Corrientes (Federation of Indigenous People of the Lowe and Upper Corrientes River)
GDP	Gross Domestic Product
GHG	Greenhouse gas
IBC	Instituto de Bien Común (Common Good Institute)
IDB	Inter-American Development Bank
ILO	International Labor Organization
INEI	Instituto de Estadística e Informática (National Statistics Institute of Peru)
INRENA	Instituto Nacional de Recursos Naturales (Natural Resources Institute)
IIRSA	Iniciativa para la Integración Regional de America del Sur (Initiative for the Integration of the Regional Infrastructure of South America)
IUCN	International Union for the Conservation of Nature
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum gas
Mbbl	One thousand barrels of oil
Mbbld	One thousand barrels of oil per day
MMbbl	Million barrels of oil
MEF	Ministry of Economy
MEM	Ministerio de Energía y Minas (Ministry of Energy and Mines)
MINCU	Ministerio de Cultura (Ministry of Culture)
MINAM	Ministerio del Ambiente (Ministry of the Environment)
MDB	One thousand barrels per day
MMBD	One million barrels per day
MNC	Multi-national Corporation
MRTA	Movimiento Revolucionario Túpac Amaru
NGO	Non-governmental organization
OEFA	Oficina de Evaluación y Fiscalización Ambiental (Agency for Environmental Assessment and Enforcement)
OSINERG	Organismo Supervisor de Energía (Oversight Organization for Energy)
OSINERGMIN	Organismo Supervisor de Energía y Minería (Oversight Organization for Energy and Mining)
OXY	Occidental Petroleum Corporation
PAC	Plan Ambiental Complementario (Additional Environmental Plan)
PAMA	Plan de Adecuación y Manejo Ambiental (Environmental Management and Compliance Plan)
PCM	Presidencia del Consejo de Ministros (Council of Ministries Presidency)
PEPISCO	Proyecto Especial Plan Integral de Salud del Río Corrientes (Corrientes River Comprehensive Health Plan Special Project)

PMAC	Programa de Monitoreo Ambiental Comunitario (Community Environmental Monitoring Program)
PSNR	Pacaya Samiria National Reserve
PUINAMUDT	Pueblos Unidos Indígenas Amazónicos Unidos en Defensa de sus Territorios (Indigenous Peoples of the Amazon United in Defense of their Territories)
RTKNN	Reserva Territorial Kugapakori Nahua Nanti (Nahua Nanti Indigenous Territorial Reserve)
SENACE	Servicio Nacional de Certificaciones Ambientales (National Environmental Certification Service)
SERNANP	Servicio Nacional de Areas Naturales Protegidas por el Estado (National Protected Areas Authority)
SINANPE	Sistema Nacional de Areas Naturales Protegidas por el Estado (National Protected Areas System)
SINAMOS	Sistema Nacional de Apoyo a la Movilización Social (National Social Mobilization Support System)
SINANPE	Sistema Nacional de Ares Naturales Protegidas por el Estado (National Protected Areas System)
SIL	Summer Institute of Linguistics
SNMPE	Sociedad Peruana de Minería Petróleo y Energía (Peruvian Society for Mining, Oil and Energy)
TGP	Transportadora de Gas del Perú (Camisea gas transportation consortium)
USD	US dollar
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
WB	World Bank
WHO	World Health Organization

APPENDIX B

LIST OF MEETINGS PARTICIPATED, 2012-2015

No.	Organizer / Theme	Participants	Location	Year
1	DAR / Discussion of the situation of the Shipibo indigenous communities affected by oil activities (preliminary fieldwork)	Over 10 indigenous leaders of the Ucayali River	Pucallpa	2012
2	DAR – Shipibo indigenous community, Ucayali / Social and environmental effects of oil activities (preliminary fieldwork)	Indigenous leaders of two Shipibo communities near Contamana	Contamana	2012
3	DAR – Shipibo indigenous community, Ucayali / Social and environmental effects of oil activities (preliminary fieldwork)	Indigenous leaders of 4 Shipibo communities near Santa Rosa	Santa Rosa	2012
4	DAR / indigenous rights, social and environmental issues related to oil/gas projects in the Peruvian Amazon	Indigenous leaders of Loreto and Ucayali	Lima	2013
5	DAR / Environmental impact assessment of oil/gas projects	Chiefs of protected areas, environmental and conservation organizations	Iquitos	2013
6	Water Committee – Iquitos / Social and environmental issues related to oil activities in Loreto	General public	Iquitos	2014
7	DAR – Engineer Association of Iquitos. / Technical issues related to oil/gas activities	Regional government of Loreto, local authorities, oil companies	Iquitos	2014
8	DAR / Social and environmental effects of oil activities	Conservation, environmental and indigenous rights NGOs	Iquitos	2014
9	Research Institute of the	Researchers,	Iquitos	2014

	Peruvian Amazon – Ministry of the Environment	NGOs, grassroots organizations		
10	Ombudsman / indigenous territorial rights – land titling	Local and regional authorities, indigenous organizations, NGOs	Iquitos	2014

No.	Organizer / Theme	Participants	Location	Year
11	Regional Government of Loreto – DAR / Environmental impact assessment process in oil and gas projects	Regional government staff	Iquitos	2014
12	Ministry of the Environment / Report of water quality analysis of oil activities in Loreto	Indigenous leaders, national and regional authorities, NGOS	Iquitos	2014
13	Group of NGOs – Quechua Federation of the Pastaza River / Health and social issues related to oil activities in the Amazon	Indigenous organizations, NGOs	Iquitos	2014
14	PUINAMUDT: Group of NGOs / Health and social issues related to oil activities in the Amazon	Indigenous organizations, NGOs	Lima	2014
15	20+ leaders affiliated to FECONACO, FEDIQUEP, ACODECOSPAT strategic planning meeting to enforce the Prior Consultation Law	Indigenous organizations	Iquitos	2015
16	PUINAMUDT: Discussions between the national authorities and 20+ leaders affiliated to FECONACO, FEDIQUEP, ACODECOSPAT strategic planning meeting to enforce the Prior Consultation Law	State and indigenous organizations	Iquitos	2015
17	PUINAMUDT: FECONACO, FEDIQUEP, ACODECOSPAT with representatives of the Ministry of the Environment	State and indigenous organizations	Iquitos	2015

	to discuss social benefits agenda			
18	PUINAMUDT, FECONACO and FEDIQUEP strategic planning meetings	Indigenous organizations	Lima	2015
19	DAR: 10+ representatives of oil companies and national authorities meeting discussing EIA process	State, oil /gas companies	Lima	2015
20	DAR: 70+ representatives of NGOs, oil companies and national authorities meeting discussing governance oil and gas in the Peruvian Amazon	NGOs, state, oil and gas companies	Lima	2015
21	PUINAMUDT: Meeting with the Ombudsman legal team addressing Amazon indigenous issues	State and NGOs	Lima	2015

APPENDIX C

LIST OF LAWS, REGULATIONS, OFFICIAL DOCUMENTS AND REPORTS REVIEWED

Document	Name	Year
Legislative Decree No. 757	Framework Law for the Promotion of Private Investments	1992
Law 26221	Hydrocarbon Act	1993
Supreme Decree No. 049-93-EM	Rule for the Application of Royalties and Re-distribution of Oil Contracts	1993
Law No. 26225	Perupetro Organization and Functions Law	1993
Law No. 26734	Energy Investment Supervision Organization (OSINERG)	1996
Law No. 27037	Law for the Promotion of Investments in the Amazon	1998
Law No. 27133	Law for the Promotion and Development of the Natural Gas	1999
Law No 27506	Extractive Industries Royalties Act	2001
Law No. 29785	Prior Consultation Act	2011

	According to the International Labor Organization Convention 169	
Ministry Resolution No. 350-2012-MEM/DM	Approves the Administrative Process for the Implementation of the Prior Consultation Act	2012
Law No; 26821	Law for the Sustainable Use of Natural Resources Law	
Law No. 28611	Environmental Act	
Law No. 27446	National Environmental Impact Assessment System Act (SEIA)	
Supreme Decree No. 002-2009-MINAM	Rule for Transparency, Public Access to Environmental Information and Citizen's Consultation in Environmental Matters	2009
Supreme Decree No. 012-2008-EM	Rule for Citizen Participation in Hydrocarbon Activities	2008
Supreme Decree 042-2005-EM	Unified Ordered Text of the Hydrocarbon Act	2005
Ministry Resolution No. 571-2008-MEM-DM	Guidelines for Public Participation in Hydrocarbon Activities	2008
Supreme Decree No. 039-2014--MEM	Rule for Environmental Protection in Hydrocarbon Activities	2014
Law No. 27506	Canon Act	2001
Supreme Decree No. 005-2002-MEF	Rule of the Canon Act	2002
Supreme Decree No. 054-2013-PCM	Approves Special Administrative Procedures for Environmental Licenses	2013
Supreme Decree No. 054-2013-PCM	Reduce EIA Process for Hydrocarbon and Mining Projects	2013
Law No. 30025	Facilitates Acquisition, Expropriation and Possession of Infrastructure and Facilities	2013
Law No. 30230	Establish Tax and Administrative Simplification to Encourage Investments	2014
Law No. 30327	Fast track the approval of environmental studies. Creates the global environmental certification which joins the approval of water rights, clearing and other permits with the approval of the EIS.	2015

APPENDIX D
PERU: FREE TRADE COMMERCIAL AGREEMENTS (AS OF APRIL 2016)

Agreement	Countries	Year Signed	Year In Force
Andean Community	Colombia, Ecuador, Bolivia	1969	
Mercosur	Argentina, Brazil, Paraguay, Uruguay, Venezuela, Bolivia, Chile, Colombia, Ecuador, Guyana, Suriname	2005	2006
U.S.A.	United States of America	2006	2009
Chile	Chile	2006	2009
Canada	Canada	2008	2009
Singapore	Singapore	2008	2009
China	China	2009	2010
EFTA	Iceland Liechtenstein Norway Switzerland	2010	2011
South Korea	South Korea	2011	2011
Thailand	Thailand	2005	2011
Mexico	Mexico	2011	2012
Japan	Japan	2011	2012
Panama	Panama	2011	2012
European Union	European Union	2012	2013
Costa Rica	Costa Rica	2011	2013
Cuba	Cuba	2012	2013
Venezuela	Venezuela	2012	2013
Treaties Signed But Not In Force			
Guatemala	Guatemala	2011	
Alliance Pacific	Mexico, Colombia, Chile	2013	
Honduras	Honduras	2015	
Trans-Pacific Partnership	Australia, Brunei, Chile, United States of America, Japan, Malaysia, New Zealand, Singapore, Vietnam, Canada, Mexico	2016	

APPENDIX E
LIST OF INDIGENOUS PEOPLES OF PERU
ACCORDING TO THE MINISTRY OF CULTURE OF PERU

Indigenous Peoples	Other Names	Language
Achuar	Achual, Achuale, Achuare	Achuar
Aimara	Aru	Aimara
Amahuaca	Amin Waka, Yora	Amahuaca
Arabela	Chiripuno, Tapueyocuaca	Arabela
Ashaninka	Campa Ashaninka	Ashaninka
Asheninka	Ashaninka of Great Pajonal	Ashankinka
Awajún	Aents, Aguaruna	Awajún
Bora	Bo oraa, Miamuna, Miranha, Miranya	Bora
Capahuana	Muskipani, Nunencaibo	Capanahua
Cashinahua	Caxinahua, Huni Kuin, Kachinahua	Cashinahua
Chamicuro	Camikódlo, Chamicolos	Chamicuro
Chapra	Shapra	Kandozi-chapra
Chitonahua	Murunahua, Yora	Yaminahua
Ese Eja	Ese'ejja, Huarayo, Tiatinagua	Ese eja
Harakbut	Amarakaeri, Arasaeri, Kisamberi, Pukirieri, Sapiteri, Toyoeri, Wachipaeri	Harakbut
Ikitu	Amacacore, Iquito, Quiturran	Ikitu
Iñapari	Inamari, Inapari, Kushitireni	Iñapari
Isconahua	Isconawa, Iskobakebo	Isconahua
Jaqaru	Central Aimara, Aimara Tupino, Aru, Cauqui	Jaqaru
Jibaro	Jibaro od the Corrientes River, Shiwiar, Siwaro	Achuar
Kakataibo	Uni, Unibo	Kakataibo
Kakinte	Poyenisati	Kakinte
Kandozi	Kandoshi	Kandozi-chapra
Kichwa	Inga, Quichua, Lamas, Llacuash	Quechua
Indigenous Peoples	**Other Names**	**Language**
Kucama Kucamiria	Cocama Cocamilla, Xibitaona	Kukama Kukamiria
Madija	Culina, Colina, Madiha	Madija
Maijuna	Maijiki, Orejón	Maijuna
Marinahua	Onocoin, Yora	Sharanahua
Mashco Piro		Yine
Matsés	Mayoruna	Matsés

Matisigenka	Machiguenga, Matsiganga, Matsiguenga	Matsigenka
Muniche	Munichi	Muniche
Murui-Muinani	Huitoto	Murui-Muinani
Nahua	Yora	Nahua
Nanti	Matsigenka	Nanti
Nomatsigenga	Atiri, Nomachiguenga	Nomatsigenga
Ocaina	Dukaiya, Dyo'xaiya	Ocaina
Omagua	Ariana, Omagua, Yeté, Pariana, Umawa	Omagua
Quechuas	Quechua people do not have other denominations, but they do have a set of identities such as: Cañaris, Chankas, Chpccas, Huancas, Huaylas, Kana, Q'eros	Quechuas
Resígaro	Resigero	Resígaro
Secoya	Aido Pai	Secoya
Sharanahua	Onicoin, yora	Sharanahua
Shawi	Campo Piyapi, Cayawita, Shipibo	Shawi
Shipibo-Conibo	Chioeo-conivo, joni, shipibo	Shipibo-konibo
Shiwilu	Jeberom Shiwila, Xebero	Shiwilu
Tikuna	Duuxugu, Ticuna	Tikuna
Urarina	Itucali, Itukale, Kacha Edze	Urarina
Uro	Uru	Uro (extinct language)
Vacacocha	Abijira, Aushiri, Awshira, A'ewa	Awshira (extinct language)
Wampis	Huambisa, Shuar-suampis	Wampis
Yagua	Nihamwo, Yihamwo	Yagua
Yaminahua	Jjamimawa, Yora, Yuminahua	Yaminahua
Yanesha	Amage, Amuesha, Amuexia	Yanesha
Yine	Chotaquiro, Pira, Piro, Simirinche	Yine

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