

---

# E-Tech International

---

231 Las Mañanitas • Santa Fe • NM • 87501 • USA • 505.983.4642

7 May 2004

E-Tech International (ETI) would like to provide you with some information regarding our current efforts to help design and implement an independent social and environmental monitoring and response program for the Camisea Project in Peru.

The attached report provides:

1. A list of consultations to date with a broad range of stakeholders, concerns expressed by the stakeholders about the Camisea Project, and recommendations for elements of an independent monitoring program.
2. Our recommendations for next steps
3. A PowerPoint presentation that discusses the elements of a proposed social-environmental, long-term monitoring and response program and a flowchart explaining different stakeholder roles in the process.

Please feel free to call us at the above number, or email us at [bepdick@att.net](mailto:bepdick@att.net); [amaest@aol.com](mailto:amaest@aol.com); or [bpowers@powersengineering.com](mailto:bpowers@powersengineering.com) to discuss any aspect of our work.

With best wishes,



Dick Kamp, Ann Maest, PhD, and Bill Powers, P.E.  
E-Tech International

**Independent Monitoring Program for the Camisea  
Project - Elements and Strategies  
and  
Trip Report for Visits to Peru and Washington,  
DC, 10-18 March 2004**

**Prepared by E-Tech International**

**May 2004**

## **Introduction**

E-Tech International (ETI) conducted a visit to Peru from March 10 through 17, 2004, and met with representatives of the Inter-American Development Bank (IDB) in Washington, D.C., on March 18, 2004. E-Tech is a new US-based 501(c)(3) nonprofit with partner organizations in Holland, Mexico, and Britain whose goal is to provide high quality environmental technical support and capacity building to communities in less-industrialized countries. The purpose of the trip to Peru, partially funded by Oxfam America, was to meet with stakeholders of the Camisea Project to gain a better understanding of the issues of concern related to the Project, and to begin to formulate a plan for an independent monitoring program. E-Tech staff members that participated in the trip included Dick Kamp, Ann Maest, and Bill Powers. This document serves as a trip report for the visit and discusses how an independent monitoring program could be developed and implemented. This document also discusses subsequent work conducted after we returned to the United States. Our current activities relate primarily to furthering discussions on the design and scope of the independent monitoring program and recommendations for next steps. Finally, we include a projected budgetary range for the next phase of E-Tech work in developing an independent monitoring and response program.

In this document E-Tech discusses what it considers to be essential steps for development and implementation of the long-term independent social and environmental monitoring and response program for the Camisea Project. The first step in the process would be a field visit or audit that would take place in late summer 2004. This trip, in combination with extensive review of all available information and consultation with stakeholders, would serve as the bases for development and implementation of the monitoring plan and program by early 2005. The purpose of the independent monitoring program is to simultaneously build trust among the stakeholders, to ensure that monitoring data are accurate, comprehensible, and understood by all, and to help resolve any problems encountered.

## **Summary of Meetings in Lima and Washington, DC**

In Lima, E-Tech met with a number of individuals representing civil society, governmental agencies, and companies involved directly or indirectly with the Camisea project. In addition, we met with the U.S. Ambassador and U.S. AID mission in Lima and the Private Sector Department of the IDB in Washington, D.C. We also visited Paracas and the site of the fractionation plant. The day-by-day agenda of our trip to Lima and Washington, D.C. is included as Appendix A.

Over the week in Peru, as we gathered more information, reports, and perspectives, we began to see common issues of concern among Project stakeholders, especially among the environmental, human rights, and indigenous groups. The overarching concerns of many of the groups we met with are listed in the attached PowerPoint presentation. A

more comprehensive list of concerns is provided below, divided into environmental, social, and procedural issues.

The environmental issues of concern included:

- Erosion/revegetation impacts
- Fish quality and quantity impacts
- Lack of monitoring in the highlands
- Increased footprint of right-of-way
- Turbidity of drinking water in Urubamba area
- No monitoring between Malvinas and Rio Apurimac
- Lack of credible baseline data for environment
- Lack of standards for compliance with loan conditions
- Sewage spills from construction camps
- Paracas location unacceptable due to proximity of the marine preserve
- Cumulative impacts (e.g., Paracas Bay)
- Inadequate environmental monitoring proposed for Paracas Bay after first year of operation
- Geographic scope of monitoring not sufficient in Paracas Bay
- No air monitoring proposed for fractionation plant
- Potential impact of ships used for NGL export in Paracas Bay
- Length of monitoring for Paracas Bay and Reserve needs to be extended from 14 to 40 years
- Switchbacks (detours) for pipeline right-of-way were not included in EIAs
- Increased presence of fuel oil in the Urubamba River from increased boat traffic
- Gas pipeline is above ground where it crosses small streams in the Urubamba area
- Loss of fish has negatively affected birds, people, insects, etc.; however, there are indications that some fish populations are now starting to rebound
- Some animals return to drilling sites but others do not
- Need to track environmental/ecological changes from Camisea project over the entire life of the project

Social concerns related to the project included:

- Consultation process with civil society not valid
- Migration of colonists into Nahua Kugapakori (NK) Reserve
- Closing of right-of-way
- Application of ILO 169 to the Camisea project (and associated environmental concerns)
- Existing and continued drilling in NK Reserve – some felt there should be no drilling in any reserve
- Secondary social impacts
- Social baseline inadequate
- Effect of project on the entire family
- Explanation of monitoring results to indigenous and other communities
- Sexual disease/prostitution/alcohol/pregnancy and associated complications

- Boom and bust towns in the highlands and other locations
- Communities should not be paid directly for monitoring by companies
- Inadequate compensation for seismic work, detours, etc.
- Need a social monitoring system that is readily understandable
- Proximity of pipeline to schools, communities
- Currently no system for resolution of grievances
- Health of indigenous peoples (including respiratory illness, malnutrition, sexual disease)
- Social problems from lack of employment/money after construction is completed (including cumulative impact of simultaneously low prices for coffee and cocoa)
- None of the money for the Paracas Reserve is for fisherman or sustainable development
- CONAPA does not have authority to guarantee protection of people in NK Reserve
- Money goes to men in community. As a result, they do not voice concerns; far more women are complaining about project
- Communities want restoration, not replacement (for water and other issues)
- Currently no deep study of environmental/social impacts in the NK Reserve
- Indigenous people living by gas wells have health effects from gas
- Most indigenous people's complaints against companies are verbal, but complaints are required to be in writing if they are to be acted upon
- Some young children were killed from waves from boat traffic in Urubamba River
- Lack of sustainable development projects

Procedural concerns related to the Camisea project included:

- Lack of transparency of government
- Existing monitoring is not independent, transparent, or coordinated
- Governmental process of working with civil society is not representative
- Data public but not accessible to all communities
- Difficult to access Upper Urubamba pipeline right-of-way area because it is so remote
- Community monitoring not representative of communities and not independent
- What are consequences if loan conditions, standards, etc. are not being met?
- Independent monitoring program must be long-term
- Coordination of communication – need contact points for each region
- Need a compliance program with consequences
- Independent monitoring financing source must be independent
- Need a long-term source of funding for monitoring, compliance, remediation
- Entire Camisea project area needs to be included in independent monitoring
- No citizen participation in GTCI
- Independent monitoring should not be coming entirely out of the United States
- MER or other oversight body should not do monitoring – should do oversight, evaluation, coordination

- Monitoring should include evaluation of damage and costs to repair damage
- Transportation for independent monitoring cannot be entirely controlled by companies
- Independent and community monitoring program must be sustainable
- Independent monitoring of Paracas Bay, paid for by Pluspetrol, is not independent
- Need a mix of announced and unannounced audits
- Government does not respond to existing problems related to project
- INRENA and Defensoría del Pueblo need to be strengthened
- INRENA is paid bribes from loggers in the jungle areas
- Need capacity building/training for government and community

The non-governmental organizations (NGO) and indigenous groups that we met with expressed strong support for our concept of independent monitoring. Many of the groups outlined their ideas for important elements of an independent monitoring and response program. At the end of our trip to Peru, we met with a number of NGO representatives, including SPDA, Oxfam America, Antonio Bernales of Proyecto Lead, Conservation International, Grupo de Derecho de Vía consultants, Shinai Serjali, and others at the offices of SPDA in Lima. At this meeting we presented a draft PowerPoint presentation on issues of concern and elements of an independent monitoring and response program (Appendix B). The meeting attendees reached consensus on some modifications to the presentation and on the development of the proposed independent monitoring and response program. E-Tech agreed that we would work with this *ad hoc* group as partners in developing an independent environmental and social monitoring and response program. There was also agreement that a successful independent monitoring program would need to include the active involvement of the government of Peru, civil society, international experts, and to some extent, the companies.

A common theme from all civil society and many governmental stakeholders was the belief that an independent monitoring program must include mechanisms to address the problems identified. Therefore, we refer to it as an “independent monitoring and response program,” and not simply as a monitoring program.

The importance of better defining how to monitor such social problems as colonist movement into indigenous lands, sexually-transmitted and viral diseases, indigenous community family structural impacts, and many others cannot be overemphasized. E-Tech plans to work closely with groups, consultants, and governmental agencies that routinely address such social issues to define strategies for monitoring social issues over the long term.

Pluspetrol and TGP/ERM acknowledged the value of independent monitoring; however, the companies felt that monitoring should decrease after operations begin. Sandra Martinez of Pluspetrol offered us transportation to visit field locations that are otherwise difficult to access.

Carlos Garaycochea of the Ministry of Energy and Mines (MEM) stated that civil society does not have confidence in the government’s ability to effectively monitor the Project,

and that credible, independent monitoring is crucial for gaining civil society's trust over time. He also emphasized the importance of communicating the monitoring results to the people of Peru in an understandable way. Mr. Garaycochea finished our meeting by saying that he is completely in favor of our proposal for independent monitoring, and that the only issue was how to fund the program. Julio Bonelli of MEM echoed the sentiments of Carlo Garaycochea. He also noted the importance of successful independent monitoring of the Camisea project to any future oil and gas megaprojects in Peru. Mr. Bonelli stated that the government alone could not do independent monitoring, due to civil society's current lack of trust in the government.

It is noteworthy to add that MEM Minister Jaime Quijandría issued a formal statement on April 4 that suggested that an independent monitoring program for the Camisea region would be necessary for a 40- to 80-year period. This period of time reflects the "duration of monitoring" consensus that we encountered in our interviews.

U.S. Ambassador Strubel stated that the independent monitoring must be expert, transparent, and linked to compliance. He also felt that Ray Hunt of Hunt Oil would be supportive of the concept of independent monitoring.

After leaving Peru, Ann Maest and Dick Kamp flew directly from Lima to Washington, D.C. and met with Robert Montgomery and Elizabeth Brito of the Private Sector Department of the Inter-American Development Bank (IDB) on March 18, 2004. Mr. Montgomery, although feeling that an independent monitoring program is not a necessary element, agreed to entertain a proposal to improve methods for dissemination and explanation of monitoring results to civil society and to improve trust in the current monitoring through some additional independent monitoring. He also felt that social issues for the Camisea project outweigh environmental concerns.

## **Activities in the United States after the Trip to Peru**

E-Tech has been focusing on several Camisea priorities since returning to the United States, including: 1) maintaining active and open communication with those we met in Peru and Washington, 2) moving the concept of independent monitoring and response program forward with stakeholders, 3) clarifying the responsibilities of entities that will potentially be involved in the independent monitoring program, and 4) keeping current on developments related to the Camisea Project.

E-Tech is exploring institutional and financial support from the IDB, U.S. Government, and international NGOs for the independent monitoring and response program. For example, a meeting was held during the IDB annual meeting in Lima in late March that included Cathy Ross of Oxfam America, other Peruvian civil society representatives, Atossa Soltani of Amazon Watch, IDB Executive Vice President Dennis Flannery, Robert Montgomery of IDB Private Sector Department, and the Chief of Environment, Sustainable Development Department of the IDB, Janine Ferretti. Mr. Flannery

committed in principal to the development of an independent monitoring program for the Camisea project during that meeting.

E-Tech will be meeting with Mr. Flannery and others from the IDB in Washington, D.C., on May 11, 2004; the General Secretary of the Netherlands Commission for Environmental Impact Assessment (NCEIA) will participate by phone. The meeting will explore the role of independent monitoring and response in the Camisea Project and the scope of such an effort. We have had discussions with the NCEIA about their potential involvement in the Camisea Project since October 2003, after meeting with the Commission in summer, 2003 in Holland. The NCEIA has earned an excellent reputation for conducting neutral and expert environmental audits and assessments at sites around the world.

The involvement of NCEIA and E-Tech are not linked. E-Tech would propose to initiate, lead, and manage the day-to-day operations of the independent monitoring program for a medium-term period of up to several years. NCEIA has stated that they do not have an interest in actually conducting independent monitoring. However, E-Tech recognizes the critical importance of a highly respected, independent oversight entity to validate the accuracy and comprehensiveness of all monitoring, including independent monitoring, for the Camisea Project. Within the Peruvian NGO community, Sociedad Nacional de Ambiente (SNA) has advocated for NCEIA's involvement in auditing the Camisea Project. If the NCEIA does become involved as an independent assessor of all monitoring related to the Camisea project, they would like a guarantee that their recommendations would be public and have leverage, that there would be an adequate budget for mitigation by the companies if problems are found, and that the NCEIA would have unconditional access to information and site locations (see Appendix B).

E-Tech is gathering information from all sources, including monitoring reports, press releases, information from GTCI, and information from discussion with stakeholder contacts to understand more fully the ongoing progress and environmental and social consequences of the Camisea project. We have included a PowerPoint presentation (Appendix B) to better clarify our vision of the roles of the proposed actors in the independent monitoring process, based on our current understanding of potential concerns surrounding the Camisea Project. Appendix C is a flow chart that depicts responsibilities for all stakeholders (civil society, Government of Peru, companies, and the IDB), the independent monitoring team, and the NCEIA.

## **Next Steps**

The next steps in developing an independent monitoring program, depending on availability of funding, include:

- reviewing all documents and data related to existing monitoring of the Camisea project (June and July 2004)
- preparing for a site visit/audit of the Camisea project (May to August 2004)
- conducting a site visit/audit (August/September 2004)

- preparing a draft of a social and environmental independent monitoring plan following the visit (September 2004 to January 2005), and
- developing and implementing an actual independent monitoring program following the development of a plan - to the degree that politics permit (January 2005 to January 2006).

Whether or not a rigorous audit is conducted in the standard sense of checking field conditions against a set of standards or criteria, a site visit in late summer 2004 is an E-Tech prerequisite to establish a monitoring program. The objective of the trip would be to inspect Camisea field locations and use the information gathered to help develop the independent monitoring plan by precisely identifying locations for environmental sampling and understanding current (post-construction) social and environmental conditions of the Camisea Project areas. The fieldtrip to the Project areas would include the involvement of potential Peruvian and international experts, the government of Peru, as well as Peruvian regional governmental representatives, where appropriate, and the NCEIA, if possible. Preparation for the fieldtrip would include identification of team members for the field visit. Ideally, this team would reflect to a significant degree the composition of the long-term independent monitoring team. A thorough evaluation of all existing monitoring efforts and data would be required before an independent social and environmental monitoring plan could be developed.

In addition to the steps outlined above, ongoing work will include furthering discussions with all Project stakeholders on the independent monitoring program (including the IDB and NCEIA), and the identification of funding sources for E-Tech's continued involvement in the independent monitoring process.

### **Budget Discussion: Short Term through 2005**

The actual costs of a field visit/audit, of creating a monitoring plan, of consultation and development as well as actual implementation of a monitoring program with or without the NCEIA are costs that we are in the process of calculating at this time.

Preparation for the field visit, the field visit/audit itself, and development of a draft monitoring plan following the field work will cost in the range of \$60,000 to \$130,000. The ultimate budget will depend on the fee schedules for members of the field team, availability and cost of transportation, and the period of time to be covered by a grant. To the greatest degree possible, E-Tech desires to utilize Peruvian specialists in the independent monitoring program that could be involved in a long-term program. Joint internal and external experts will most likely form the initial team. The lower budgetary figure will utilize less consulting time, more in-kind and volunteer contributions, and industry transportation sources.

The time after a field audit represents a juncture that could, with funding available, optimistically lead quickly into informed consultation with government agencies and many stakeholders and the beginning of a long-term monitoring and response program. The end of the 2004-5 rainy season could signal the beginning of a monitoring program.

A budget of approximately \$75,000 could cover that period of time of development and implementation of the program. A less optimistic scenario would extend the developmental time and the costs while an adequate budget is sought.

The costs of actually administering this program (paying for all participants' involvement) may not be calculable until after the field visit and consultations are completed. E-Tech current annual cost estimates of a program may fluctuate between \$760,000 and \$1,500,000, depending on whether separate funding exists for governmental participation and other elements of the program. Ideally, costs would diminish over time, and an independent program could become a Peruvian governmental program, with civil society involvement.

## **List of Appendices**

Appendix A: Meeting Itinerary in Lima and Washington, D.C.

Appendix B: PowerPoint Presentation of Issues of Concern Related to the Camisea Project and Elements of an Independent Monitoring Program (attached electronically)

Appendix C: Flow Chart of Stakeholders' and Participants' Roles in the Independent Monitoring Process

## Appendix A. Schedule for E-Tech Meetings in Lima and Washington, D.C.

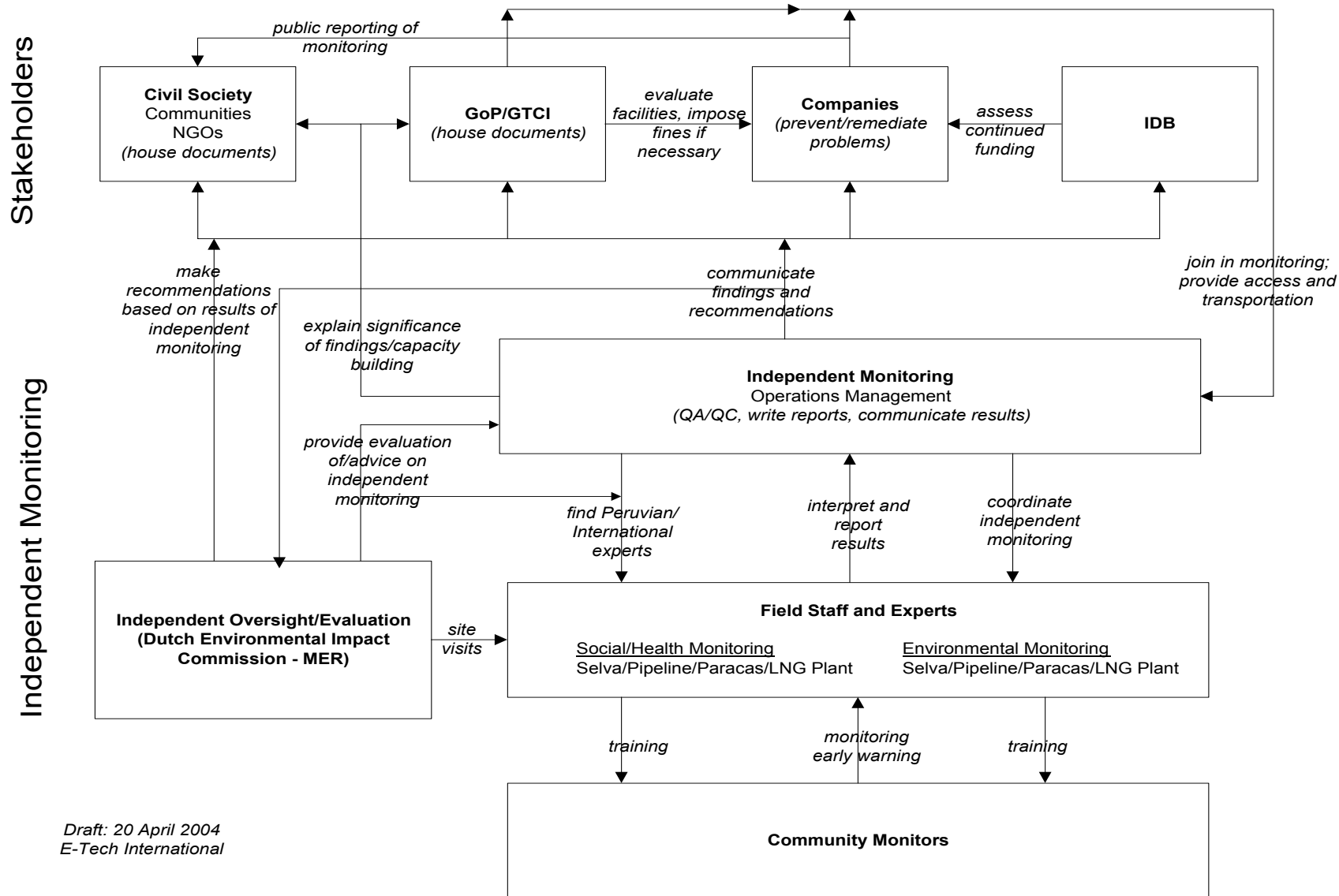
Contact	Organization	Day	Meeting Date	Meeting Time	Meeting Place
Antonio Bernales, Carlos Chirinos; Martin Scurrah	Proyecto Lead; SPDA; Oxfam America	Thursday	11-Mar	9:00	Oxfam office
Erick Meneses	Conservation International	Thursday	11-Mar	16:30	Oxfam office
Walter Kategari	COMARU	Thursday	11-Mar	19:00	CEDIA offices; Callao
Lelis Pedro Rivera, CEDIA	CEDIA	Thursday	11-Mar	19:00	CEDIA offices
Vladimir Pinto	Aprodeh Many civil society groups; Carlos Garacochea, GTCI;	Friday	12-Mar	9:00	APRODEH offices
Convocatorio on Camisea Fund	Helen Seidler, consultant to BID	Friday	12-Mar	13:00	Hotel in Lima
Alan Dabbs, Victor Grande Tour of Paracas Reserve and area, Fractionation plant area	Social Capital Group	Friday	12-Mar	17:00	SCG offices
Atossa Soltani	Paracas Amazon Watch	Saturday and Sunday	13-Mar, 14- Mar		Paracas
Giovanna Orcotoma Escalante	SNA	Monday	15-Mar	8:00	her hotel
Enrique Salas	Pronaturaleza	Monday	15-Mar	9:30	SNA offices
Patricia Majluf; Miquel Valqui	Spondylus; WWF- Peru	Monday	15-Mar	11:30	ProNaturaleza offices
Cathy Ross	Oxfam	Monday	15-Mar	13:30	Oxfam office
Carlos Salazar Tirado	Independent oil and gas engineer	Monday	15-Mar	15:30	Oxfam office
Beatrice Huertas, German Curitima, Alfredo Rodriguez	AIDSESEP	Monday	15-Mar	19:30	Hotel Antigua Miraflores
				19:30	AIDSESEP offices

Contact	Organization	Day	Meeting Date	Meeting Time	Meeting Place
Doris Balvin Diaz, Carlos Abanto Kcomt	Labor	Tuesday	16-Mar	lunch	Restaurant in Lima
Sandra Martinez (Pluspetrol), Gonzalo Morante (Walsh Peru/TGP), Gustavo Mange (ERM)	Pluspetrol; TGP	Tuesday	16-Mar	9:15	TGP offices
Carlos Gayacochea	MEM - (GTCl)	Tuesday	16-Mar	11:30	MEM - GTCl
Julio Bonelli	MEM	Tuesday	16-Mar	15:00	MEM - GTCl
Carlos Fosca	Defensoria Camisea	Tuesday	16-Mar	16:30	Universidad Catolica
Oscar Mujica	Peru Verde	Tuesday	16-Mar	18:00	Hotel Antigua Miraflores
Name withheld by request	Former Shell employee, sociologist	Wednesday	17-Mar	8:30	Restaurant in Lima
Curtis Stubel, David Lippeatt; Tim Miller	U.S. Embassy; US AID	Wednesday	17-Mar	11:00	US Embassy
Cesar Villacorta	CONAM	Wednesday	17-Mar	11:00	CONAM
Carlos Chirinos, Antonio Bernales, Cathy Ross, Dora Napolitano, Aliya Ryan, Luisa Elvira	SPDA, Proyecto Lead, Oxfam America, Shinai Serjali,				
Belaunde, Eric Meneses, ...	Anthropologist, CU, ...	Wednesday	17-Mar	14:00	SPDA
Robert Montgomery, Elizabeth Brito	BID, Private Sector	Wednesday	18-Mar	14:00	Inter-American Development Bank offices

**Appendix B. PowerPoint Presentation on Issues of  
Concern Related to the Camisea Project and Elements  
of an Independent Monitoring Plan**

*(attached electronically)*

**Appendix C. Draft Flow Chart of Stakeholders' and  
Participants' Roles in the Independent Monitoring  
Process**



Draft: 20 April 2004  
E-Tech International