Early Warning System

IADB-PE-T1557

Critical minerals for the energy transition: integrated development in mining regions of Peru

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Quick Facts

Countries	Peru
Specific Location	Cajamarca
Financial Institutions	Inter-American Development Bank (IADB)
Status	Active
Bank Risk Rating	U
Voting Date	2024-06-24
Borrower	Government of Peru
Sectors	Energy, Law and Government, Mining
Investment Type(s)	Advisory Services
Investment Amount (USD)	$ 0.49 million
Project Cost (USD)	$ 0.25 million

Project Description

According to the IADB, the project consists of supporting the Ministry of Energy and Mines and primarily the Regional Government of Cajamarca in the sustainable development of critical minerals for energy transition through reducing territorial development gaps, strengthening participatory processes for strategic planning, and implementing prioritized infrastructure projects with a focus on strategic water resource management.

Early Warning System Project Analysis

The project aims to support the Ministry of Energy and Mines and the Regional Government of Cajamarca in the sustainable development of critical minerals. According to the IADB, "the Cajamarca region is home to a large number of mineral resources needed for the global energy transition, including copper, gold, silver, zinc, and lead."

In the section on the project rationale in the project document, it is stated that "it has been proposed to strengthen a vehicle established for coordination between public and private entities, called the Cajamarca Regional Development Agency. Its role is to provide technical assistance and build consensus around strategic projects for the region." Moreover, the IADB stated that "the Regional Government has also prioritized support for an entity linked to the private sector: the Los Andes de Cajamarca Association (hereinafter Newmont-ALAC, due to its connection with the Newmont mining company), which has already mobilized more than US$1 million for priority actions. Newmont-ALAC is a corporate organization financed mainly by the Newmont company, which is dedicated to promoting sustainable human development in rural and urban areas of the region. It was founded in March 2004 as part of the social responsibility program of Yanacocha, now operated by the mining company Newmont." Yanacocha is the largest gold mine in Peru, and it has been linked to numerous E&HR violations during the years (http://www.envjustice.org/wp-content/uploads/2015/08/FS-43.pdf). The IFC apparently also held a 5% stake in the mine as of the year 2000 (https://ciel.org/Publications/IFCCSPeru.pdf), later sold to Sumitomo Corporation (https://www.juniorminingnetwork.com/junior-miner-news/press-releases/1101-nyse/nem/48523-newmont-mining-welcomes-sumitomo-as-valued-partner-at-yanacocha.html).

The IADB apparently aims to promote similar schemes to the Newmont-ALAC in the region, in order to promote social development in mining regions. The Newmont-ALAC example brought up in project documents shows that these initiatives do not bring remedy to impacted communities, but still provide support to multinational corpoations. Indeed, Newmont-ALAC is explicitly mentioned as a key private-sector partner already mobilizing resources (over USD 1 million) for prioritized actions in Cajamarca (see section 2.8 of the "Documento CT"). The text doesn’t present it only as a past example, but rather as an active actor whose involvement is expected to continue during the project’s implementation. The project highlights the government’s decision to prioritize ALAC’s support as part of the institutional architecture for strengthening public–private collaboration.

Investment Description

- Inter-American Development Bank (IADB)

Private Actors Description

According to the Business and Human Rights Resource Centre, Newmont is gold company and a producer of copper, silver, zinc and lead. The Company is anchored in jurisdictions in North America, South America, Australia and Africa. Newmont was founded in 1921 and has been publicly traded since 1925.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Newmont Corporation (formerly Newmont Goldcorp)	Client	Mining

Contact Information

No project contacts provided at the time of disclosure.

ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).

Bank Documents

- Documento de CT - Divulgacion - PE-T1557_44243
- EOI PE-T1557 - 001
- Matriz de Resultados - PE-T1557_QRR
- PE-T1557-P002 - SOLICITUD DE MANIFESTACIONES DE INTERES
- Plan de Adquisiciones - PE-T1557_QRR
- Solicitud del Cliente - PE-T1557_QRR
- Terminos de Referencia - PE-T1557_QRR

Campaign Documents

- CAO case: Peru: Yanacocha-10/Cajamarca
- Peru’s Yanacocha Gold Mine: The IFC’s Midas touch? (CIEL, 2000)
- The Yanacocha Mine Case (Environmental Justice, August 2015)

Media

- Newmont Mining Welcomes Sumitomo as Valued Partner at Yanacocha (Junior Mining Network, DEC2017)