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## Peru: IDB funds the Camisea gas project that endangers biological and cultural forest diversity

Camisea is the greatest energy project in the history of Peru. This project involves the extraction of natural gas in an area known as Lot 88, located on both sides of the Camisea River, one of the richest biodiversity areas in the world. The cost of building the whole project amounts to 1,600 million dollars, including the exploitation and processing of gas and the construction of gas pipelines that will pass by the Andes Cordillera before reaching the coast for distribution.

The deposit contains an estimated 11 trillion cubic feet of gas and 600 million barrels of the condensed substance. Half the production will be exported to the United States to supply the energy market on the West Coast. The cost of these exports is already being paid by the indigenous peoples, given that close on 75 per cent of the deposits are located within the indigenous peoples' reserve and they have been forced to come into contact with the Camisea consortium, thus violating their internationally recognized rights.

Furthermore, Camisea is home to the Machiguengas and to the native communities in voluntary isolation such as the Nahua, the Yora or Kugapakori and possibly to the Kirineri. The Camisea Shivankoreni, Segakiato and Cashiari communities have settlements close to the wells, with a population of approximately one thousand inhabitants. In order to survive, these communities depend on farming, gathering, hunting, fishing and the extraction of forest products. These activities are now endangered by the expansion of gas extraction projects.

The Camisea project's plant for the extraction of natural gas is located in a region with abundant biodiversity. According to the Smithsonian Institution, 747 species of trees, 150 species of mammals, 75 species of amphibians, 83 species of reptiles, 156 species of fish, 420 species of birds and hundreds of species of invertebrates are to be found in this area.

A major victory in the campaign against the Camisea project was in August 2003 when the Export-Import Bank (the United States official agency funding exports) refused to give loans in relation with the Camisea project (Lot 88). The Board of Directors of this Bank took into account the social and environmental risks of the project that the project proponents were unable to minimize.

However, the Inter-American Development Bank (IDB) still decided to grant a loan for 135 million dollars to the project. Little did it matter to them that the company does not abide by international standards such as avoiding contact with indigenous peoples in voluntary isolation. Nor did it seem important to them that the zone for breaking bulk is located in the buffer zone of the Paracas National Reserve, the only protected marine-coastal area in the country.

In this way, IDB ignored its own mandate, which states that "The two main objectives of the Bank are to reduce poverty and promote social equity and achieve sustainable economic growth." In fact the project is already incrementing poverty, increasing social inequity and making sustainable development impossible.

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An agreement between civil society and the IDB has promoted the implementation of an 'independent monitoring' of the Camisea Gas Project, which still does not guarantee that the impacts of the project will be reverted but there will be more information on them.

Among the social impacts already suffered by the population in the project's area of influence are the following: a decrease of fishery resources affecting the families' food input due to contamination of the water with oils, grease, detergents and inadequately managed waste. The health of the indigenous peoples has deteriorated, the communities affected by the passage of the gas pipeline stated that the companies have not paid administrative rights, nor have they given employment to the inhabitants. They have destroyed highways, bridges and irrigation channels and dwellings have been damaged.

Less than five months after the project's operations were initiated, on 22 December 2004 at Km. 8.8 the gas pipeline of the Camisea Project was ruptured, causing a hydrocarbon spill that went into the Kemariato watercourse and from there to the Urubamba River. "Our communities have been seriously affected and on 20 January when I was in the zone, dead animals were still being found on the banks of the Urubamba" stated Roger Rivas of the Río Urubamba Machiguenga Council.

Furthermore, among the environmental impacts, mention may be made of deforestation for right of way, contamination of rivers, acoustic pollution, soil erosion and the consequent alteration of the flora and fauna in the project's area of influence.

Regarding impacts on the global environment, the reserves of the Camisea deposits will release an estimated 687.2 million tons of carbon dioxide into the atmosphere. This project will be the sixth largest in the Americas to be financed by an international funding agency, on having the greatest potential for carbon dioxide emissions. Camisea will generate, following its life span, over 23 times the total fossil combustion in relation to CO<sub>2</sub> presently released by Peru per year (Caffrey, 2002, report by an independent consultant for COMARU and AIDSEP). All this taking place in a world that has its future compromised by carbon dioxide emissions. Therefore the IDB is contributing to climate change.

In the Urubamba, the environmental and social impacts continue and the capacity of the population to defend their territory is limited. To worsen the ecosystems' situation, a new project for exploitation will further increase the impacts on forests, natural water reserves and the flora and fauna of a region possessing natural values of national and international scope.

In fact, in September 2004, Perupetro signed a contract for the concession of Lot 56 with the Pluspetrol Consortium for Camisea I. Lot 56 is also located in the lower Urubamba, with an area of 58,500 hectares to the north-west of the present Lot 88. Within Lot 56 an area classified as primary forest is located, home to the Kirineri, a highly vulnerable population in voluntary isolation. Five hundred million dollars will be invested in the extraction of liquid gas; additionally 1,100 million dollars will be allocated to increasing the capacity of the Camisea gas pipeline to transport the gas to the coast. The exploitation of Lot 56 (Camisea II) will be the first component of a project to export liquid gas.

The second component consists of a liquefaction plant (Liquid Natural Gas) that will convert the gas into liquid for export. This plant will be built in the Pampa Melchorita to the south of Lima.

The remoteness of the project makes it impossible to carry out the relevant dissemination of the impacts that it causes. Only the populations that are located in its area of influence see how, day by

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day, their natural environment providing them with food and social security is transformed into a crossing of enormous pipes, transporting an element that perhaps for them will never mean an improvement in their quality of life.

This project will lead to the disappearance of native populations in voluntary isolation, such as the Kirineri and will devastate a territory of unequalled importance. Worse still, the Government is now promoting the exploration of other lots (57 and 58) in the same Camisea zone, adding further impacts to the already existing ones.

Will IDB also fund these new destructive projects?

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