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Peru: Lack Of Social License Stalls Hydroelectric Project

by LADB Staff

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The 65 towns in the southeastern Peruvian departments of Puno, Cusco, and Madre de Dios that oppose constructing a hydroelectric plant in their area were greatly relieved to learn that the Brazilian consortium in charge of the project had decided to ask for a one-year delay to attempt to secure a "social license," a term referring to the approval a company obtains from local communities where it operates. At a press conference on April 9, the Empresa de Geração Elétrica Amazonas Sul (Egasur), which includes Brazilian firms Construtora OAS, Furnas, and Electrobras, announced that in 15 days it would ask the Ministerio de Energía y Minas (MEM) to postpone for one year the temporary concession for the Inambari hydroelectric plant, which expires on June 23, to resolve social conflicts in the area. The framework agreement signed by the governments of Peru and Brazil in April 2009 included constructing six hydroelectric dams in Peru, one of which is Inambari. It will be the largest in the country and the fifth-largest in Latin America, requiring a US$4 billion investment. The project calls for building a large dam and reservoir plus installing and operating a high-tech hydroelectric plant on the Rio Inambari, which flows through the departments of Cusco, Puno, and Madre de Dios. Its installed capacity will be 2000 megawatts and it will be able to deliver 75% of its energy to Brazil. From the plant's conception, people living in the area of influence have opposed the construction because of the environmental impact and because they will have to be relocated, although the company is willing to earmark US$200 million to compensate for damages caused to the area's approximately 3,400 residents. "The social and economic reality in the Andean and Amazonian south of the country requires adapting the project to the rhythm of the local social processes," said Egasur director Evandro Miguel, as quoted by the daily Perú 21 on April 10. The temporary concession awarded to Egasur to develop environmental-impact studies (Estudios de Impacto Ambiental, EIA) and feasibility studies expires on June 23. Miguel says Egasur has finished preparing the studies, but, because of the project's scope and the level of investment, the company requires a prior social license. Forced displacement Reynaldo Quispe, mayor of San Gabán, Carabaya province, in the department of Puno, told the daily La República that the Puno population has already manifested its resounding opposition to building the Inambari hydroelectric plant, which he said would mean the disappearance of his town. A delegation of campesinos from the Valle de San Gabán, who arrived in Lima in February, said that flooding caused by the Inambari project would affect 15,000 campesino families. The daily Prensa Alternativa reported that the delegation complained that they would soon be forcibly displaced from their lands, since the entire area where they live will be under water. The San Gabán campesinos told Prensa Alternativa that they felt they had been given "a death sentence," since they would no longer be able to plant their crops of rice, pacay, banana, pineapple, and other fruits, as well as medicinal plants on which their economy depends. Representatives of the crop-growing campesinos from the San Gabán district issued a press release on Feb. 12 expressing their absolute opposition to the project. "It also threatens the environment and biodiversity, and it will aggravate global warming, because damming the Río Inambari in the jungle will generate much more methane gas, which will endanger the entire Puno region in the near term," it said. The project also threatens to erase from the map 109,000 ha of the Parque Nacional Bahuaja Sonene, declared a natural wonder by the National Geographic Society because it is home to species found nowhere else on the planet. Juan José Neiff, an expert
with the Consejo Nacional de Investigaciones Científicas y Técnicas (CONICET) in Corrientes, Argentina, explained to the daily La Primera that Peru's rivers, like the Río Inambari, are especially complex. "It has sections of mountains, sections of plains. There are 80 different ecosystems, which require a detailed, specific analysis for each situation with respect to the hydrologic changes that are going to be introduced," he said. "The dam's reservoir would inundate 106 km of the Carretera Interoceánica Sur, which signifies close to US$100 million literally under water," specialist Aldo Santos told La Primera on April 20. "In Puno alone 19 primary and secondary schools would be inundated, not counting the few health centers and other infrastructure that the state has built in the area," The San Gabán mayor said that, as a strategy, Egasur has every right to seek dialogue with the population and establish its informational workshops, but he doubts that the Puno population will negotiate any point given the risk of losing their homes and places of employment. Miguel said that the company is currently in a fluid dialogue with communities in the area of influence, with Cusco and Madre de Dió residents being more reasonable and willing to negotiate than those from Puno. "In some cases we are reaching formal agreements like carrying out a census of the population as well as providing better information regarding the assessment for the resettlement process and the compensation that residents would receive," he said. Regarding the delay that Egasur will seek, he said, "This extension will allow time for the company to solidify bases for what will be a relation that won't be worn out in the fulfillment of formal procedures but rather planned for decades, interwoven with the agenda and the potential to develop the Andean Amazonian south." On March 4 and 5, Puno residents carried out a successful strike to oppose the megaproject. "In the jungle, we don't agree with building the Inambari hydroelectric plant, and if necessary we will defend our position with our lives. [President] Alan García, we are not drug traffickers, respect Convention 169 [calling for prior consultation with affected communities] of the International Labor Organization (ILO), don't destroy the jungle," Olga Cutipa, president of the San Gabán committee to oppose the project, said to La Primera. Who benefits? "The environmental impact is very great. What is being done? The richness found in biodiversity is being traded for riches converted to energy. This area is life and sustenance for its inhabitants," Carlos Herrera Descalzi, dean of the Colegio de Ingenieros del Perú, told La República. For Herrera Descalzi, the energy-integration agreement with Brazil, which calls for building hydroelectric plants in the Peruvian Amazon, "has been signed under conditions that the country does not really understand." The final text of the agreement released by Peru and Brazil last February says that the construction and operation of the plants require the Peruvian state to grant concessions for electricity generation and transmission, which will be awarded for 30 years plus the time required for construction, estimated at five years. When the concessions expire, the holder must transfer ownership of the infrastructure to the Peruvian state at no cost, including the respective contracts for providing and transmitting electricity. It specifies that the electricity destined for export to the Brazilian energy market will be subject to the regulations of that country. The agreement also indicates that the Peruvian state must permanently ensure that the generating capacity intended for Peru to supply its domestic market maintain a reserve margin of not less than 30% to allow it to fulfill its export commitments. Beyond exporting the excess energy, the commitment signed with Brazil would commit the country to "transfer, forever, a large quantity of Peru's strategic resources to another state, through its state company [Electrobras]," said Herrera Descalzi. What the energy agreement does not include are environmental criteria to help prevent the serious effects of the energy projects. The hydroelectric dams to be constructed are: Inambari (2,000 MW), Sumabeni (1,074 MW), Paquitzapango (2,000 MW), Urubamba (940 MW), Vizcátán (750 MW), and Chuquipampa (800 MW), at a total cost of approximately US$16 billion. "Concerns associated with Inambari are centered around issues seen
with other problematic dams in Brazil, most notably the Rio Madeira hydroelectric complex near the border of Peru, Bolivia, and Brazil," said the Bank Information Center. "The construction of this and other dams is a response to Brazil's need to meet the enormous energy demand of its industrial centers while reducing its dependence on fossil fuels, through securing alternative sources of energy. At the same time, these projects represent significant investment opportunities for the private sector as well as Brazil's multilateral bank." While this conflict was unfolding in Peru, on April 20 the Brazilian consortium Norte Energía, comprising nine companies, won the concession to build the gigantic Belo Monte hydroelectric plant in the heart of Brazil's Amazon. The dam will be the third-largest in the world. The Brazilian government considers the dam crucial for the country's development, but critics counter that thousands of people will have to be displaced and that it will seriously damage the ecosystem. The news raised great concern not only among Brazilian indigenous groups that have declared war on the project but also among those in Peru who warn about the risks represented by a Brazilian consortium's constructing a half-dozen hydroelectric plants in the Peruvian Amazon.

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