



Annual Report

April 2014 – March 2015

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Executive Summary

Advocacy and media work

Throughout the year our main area of advocacy activity was concerned with the extractives sector (mining and oil/gas) and the associated social problems. Probably the most contentious issues have been around contamination, abstraction of water, prior informed consent and the nexus between the mining companies and the police on security at extractive sites.

The important base for our work has been the understanding of what has been going on in Peru derived from the press and other sources, and the interaction with our colleagues and partners in Peru. From this derives the knowledge to write about eighty articles for our newsletter and website. We also completed a report for CAFOD on Tintaya. With this focus of activity it was not surprising that our Annual Conference, associated with the AGM in November 2014, was on 'Peru 2015: Politics, Extractives and Human Rights'. We are grateful for those academics who spoke and ran workshops, and for the participation from our President Baroness Coussins and Jeremy Corbyn MP, from FCO and Embassy of Peru representatives and, of course, the many members who attended.

During the year we took up these issues with our contacts in parliament and with the Embassy of Peru. We also worked with colleagues in Platform Europe Peru, Bond and other NGOs. The principal focus of this networking concerned rights issues in the extractives sector.

We maintain good relations with a number of journalists in the UK, particularly those with an active interest in Latin America.

Organisation, Governance and Financial summary

In March/April 2014 our Coordinator Amy Horton resigned. We thank her for the sterling work she did during her tenure. Because of funding pressures we decided to replace her with someone working only three days a week; Amalia Syeda-Aguirre was appointed. When in March/April 2015 Amalia left, we decided to make a new appointment at the three-day-a-week level, but also decided that we could save money by no longer renting an office if the new person would prefer to work from home. We appointed Ana Reyes-Hurt and she decided to work from home, enabling us to close the office.

For the financial year ending 31 March 2015, the Peru Support Group (PSG) received a grant of £13,750 from CAFOD, which included a special grant of £6,000, and we continue to work closely with its programme and policy staff and partners. In addition, we received £6,000 from Worth Abbey Outreach Peru. Members of the PSG are an important source of long-term support and many made significant additional donations. We would like to express our sincere thanks to all organisations and individuals who have supported us, particularly those providing pro bono services.

The deficit for the year was £213.34.

Next year, unless we can find extra funds we would most likely make a loss of order £10,000 which we will have to cover from our reserves. If the funding problems persist we will have to fundamentally change the way the PSG works, including possibilities such as making it all volunteer or closing it down entirely.

The Year in Context

Peruvian politics in the year up to April 2015 was dominated by manoeuvring of political elites in the build up to the April 2016 elections. Although the elections were still more than a year away, this was a sort of 'phoney war' in which leading candidates did their best to do down their perceived opponents and, in particular, besmirch the reputation of the incumbent Ollanta Humala.

Of the main probable candidates, most were scions of the political elite and also had accusations of corruption levelled at them. Alan García, president for a second term (2006-11), was accused of using his presidential prerogative of amnesty to release drug traffickers from jail. Alejandro Toledo, another former president (2001-06) had to answer accusations of irregular real estate transactions. Keiko Fujimori, the daughter of imprisoned former president Alberto Fujimori, was first lady to her father and implicated (at least by connection) with the reasons for her father's imprisonment: corrupt use of power and perpetration of human rights violations.

During the year, it became increasingly clear that First Lady Nadine Heredia would be legally barred from standing in as candidate in the presidential election for the ruling Gana Perú coalition. Under pressure, she publicly renounced any intention of doing so. However, as president of the Peruvian Nationalist Party (PNP), the main partner in Gana Perú, she remained a highly controversial figure and the target for criticism, mainly from two closely-aligned parties on the right: APRA and the pro-Fujimori Fuerza Popular (FP).

In the economic sphere, it became increasingly evident that Peru was far from isolated from the effects of the ending of the commodity 'super-cycle' which had helped boost growth in previous years. The fall in the price of key minerals like copper and gold seriously reduced export earnings. Peru's dependence on China for its main mineral exports made matters worse. Economic growth in 2014 was reduced to 2.4% from 5.8% in 2013. As commodity prices fell, so too did inward foreign investment by large mining corporations. Instead of external demand, Peru came to rely on domestic demand to underpin growth, but this too began to falter by the second half of 2014.

In its economic policies the Humala government stayed firm to its business-friendly approach, with a new neoliberal minister of economy and finance, Alonso Segura, taking over from the like-minded Luis Miguel Castilla. Private sector lobbies, in particular the businessmen's association Confiep, maintained strong pressure on the government to ensure policy continuity.

In order to boost flagging foreign investment, the government introduced a series of 'paquetes' designed to reduce barriers to investment. These included relaxation of environmental controls and the procedures for conducting Environmental Impact Assessments (EIAs).

Humala himself saw his popularity ratings continue to fall over the year, forcing him to resort to repeated cabinet reshuffles to counter attacks from the opposition. Ana Jara, appointed prime minister in July 2014, was his sixth prime minister in four years. Following defections from allies within Gana Perú, the government lost its majority in parliament and became reliant on support from smaller parties to pass legislation.

Humala's falling popularity was accompanied by polling evidence that the top public preoccupation was citizen insecurity. This led the president and his adversaries to seek to out bid one another with promises to introduce measures to beef up law and order. Interior Minister Daniel Urresti, a former army officer, took the lead in politicising the issue of public security. He himself was subject to an investigation over his role in the death of a journalist in Ayacucho during the counter-insurgency war



with Sendero Luminoso.

At the same time, the government confronted ongoing protests against extractive industries both in the Andes and in the Amazon jungle. The giant Conga copper project in Cajamarca remained suspended due to opposition from communities towards Yanacocha's plans there. In Arequipa, hostility arose in the Tambo valley as Southern Copper was forced to delay its Tía María copper project, seen by locals as an environmental threat to agriculture. In February 2015, the government was forced to intervene at Pichinaki in the central jungle following protests at the exploration activities of Argentine-owned Pluspetrol in which one person was killed and 30 injured.

In Ayacucho there was slow progress in forensic work to identify the bodies of those killed in the 1980s and 1990s as a consequence of the counter-insurgency war there and in making reparations to their families.

Advocacy

MPs and Peers

Baroness Coussins was briefed about questions raised during EU Select Committee meeting – EU investment should take prior consultation into account and EU should question lack of progress made with FPIC procedures

Baroness Coussins and Jeremy Corbyn MP spoke on Xstrata and other issue of at annual conference.

Met with Baroness Young and Baroness Coussins to discuss the needs of Afro Peruvian civil society groups, in particular black women’s situation and rights.

Foreign and Commonwealth Office (FCO)

There was a meeting with British Ambassador to Peru to discuss trade and human rights priorities for the UK between 2014-2017.

The issue of corporate responsibility, particularly in extractive, and for Peru to adopt the Voluntary Principles on Security and Human Rights was raised at meeting with British ambassador to Lima and also with EU representative in Lima

There were ongoing contacts during the year with the Peru desk at the FCO during the year

Embassy of Peru in the UK

We continue to maintain good relations with the Peruvian Embassy in London

European Union

During her visit to Lima in November 2014, our advocacy officer visited to offices of the EU in Lima, along with two members of the management committee.

Other advocacy

In September 2014 we edited and translated a letter from CIDSE¹ (originally drafted by PEP²) to First Lady Nadine Heredia about the situation of Maxima Acuña de Chaupe and her struggle against Yanacocha mining company.

¹ CIDSE is an international alliance of Catholic development agencies, including the UK’s CAFOD.

² PEP: Peru Europe Platform or Plataforma Europa-Perú, of which PSG is a member.

Inter-Agency Collaboration

The Coordinator maintained close contact with British agencies with interest in Peru, particularly with CAFOD our main funder.

PSG is a member of Bond and find its meetings and available experts useful to us. The Coordinator attended various seminars organised by BOND as part of her induction.

We continue to be a member of PEP.

We have had dialogue with other organisations on the issue of the vulnerability of Peru to climate change.

- Joined teleconference meetings with Alejandra Alayza, Oxfam America, to understand the progress being made on developing interlinked climate change/extractives policy.
- It was one of the points of discussion with various Peruvian NGOs during the Coordinator's visit to Peru. She participated in a number of seminars on climate change held by NGOs during COP-20 and was present in the Lima march at COP20, and report in Update.

We participated with PIPLinks³ on the issue of 'Free Prior and Informed Consent'.

We participated at a London Mining Network strategy meeting on Xstrata and use of security by private companies

³ Philippine Indigenous Peoples Links

Public Events, Outreach and Press

Events

PSG annual conference and AGM

UCL Institute of the Americas, London 1 Nov 2014 “Peru 2015: Politics, Extractives and Human Rights”

Some 50 people attended. The introductory speakers were Baroness Coussins, Jeremy Corbyn MP and Prof Francisco Durand (PUCP).

There were four workshops:

- The Quality of Peruvian Democracy (John Crabtree and Natalia Sobrevilla Perea)
- Extractives and CSR: The Case of Glencore Xstrata (Rosemary Thorp)
- Human Rights Under the Spotlight (Tom Pegram)
- Natural Resources, Indigenous Rights and Gender (Jelke Boesten)

Corporate Complicity

The Argentine Embassy organised a meeting in London and Oxford on corporate complicity which was led by UCL academic and expert. Our Advocacy Officer organised a workshop on transitional justice and human rights in Peru. There was also participation by Francisco Durand (invited by PSG) at the conference.

Outreach Events

We maintained contact with relevant study centres, such as Institute of the Americas (UCL), King’s College, Latin American Centre (Oxford) and Pontificia Universidad Católica del Perú (in particular, José Távara, Javier Iguñiz, Paco Durand) and at the Instituto de Estudios Peruanos (Roxana Barrantes, Julio Cotler, Martin Tanaka).

Press

We have had discussions, mainly concerning mining (Xstrata in particular) and protests, with:

- BBC: Helen Soteriou, to discuss Xstrata situation in Espinar; and others mostly on extractives issues.
- Guardian: David Hill, to discuss progress of consultation in the Amazo; Dan Colly; Simon Goodley
- Consulted with Vigilante Amazónico and Amazon Watch NGOs in Peru about status of Pluspetrol and Perenco sites

We know that many journalists read our website/newsletter which has had much on extractives where conflict has been extensive.



Visits and Visitors

Visitors to the UK

Francisco Durand (PUCP) was visiting the UK and took part in our Annual Conference as keynote speaker.

Visits to Peru

The Advocacy Officer visited Peru in November 2014. She had numerous meetings with Peruvian NGOs including Red Muqui, Cooperación, Participación Ciudadana, APRODEH, CEPES. One of the objectives of these meetings was to identify common interests and design possible collaborative projects

Various committee and other members visited Peru (not using PSG resources) and took the opportunity for discussion of issues of core concern, particularly, human rights, extractives and democratic governance. Also discussion took place with Peruvian partners and academics about PSG research priorities for the future. We are grateful for members and others who use their knowledge from visits and other sources, to contribute to our work.

These visits have helped strengthen partner ties and establish framework for closer collaboration in future.

Publications and Resources

We have been undertaking a significant amount of work on a report funded by CAFOD, Lush Foundation and Wainwright Trust on the Tintaya mine in Cuzco. This was completed in the year, though there have been continuing subsequent meetings with CAFOD policy and Andes team to discuss issue of sensitive information and the status of legal issues regarding publishing of this report.

This work was also used for a workshop on Xstrata and Espinar as part of the annual conference in November 2015.

News and analysis through our Website and Newsletter

During the year there has been a concerted effort to increase the frequency (to weekly) and extent of the news and analysis we cover through our website and newsletter (Each of our Newsletters goes out to about 850 people worldwide). During the year we published over 80 articles, a mixture of news and analysis. The largest amount of content was concerning human rights, conflict etc around extractives both mining and oil/gas. The second largest was on politics at both state and regional levels.

We included articles on:

- Politics: regional elections; electoral prognoses; Fujimori and embezzlement of public funds; political capture
- Extractives: protests against Pluspetrol, mining violence in Puno; extensive articles on specific extractive problems (Amazonas, Cajamarca <Yanacocha/Conga>, Puno, Cuzco <Espinar has been an issue of particular attention>, Loreto); environmental legislation.
- Climate change: including reporting on the COP-20 meeting in Lima; environmental legislation
- Prior Consultation: prior consultation including the ruling by the IACHR on this and the opposition from mining companies; local involvement in decision taking
- Social: youth labour law protests; labour protests and other social conflicts by various groups but particularly in extractives.
- Other: attacks on Peruvian journalists; the power of private-sector lobby groups; corruption.

At times we also publish articles from colleagues in other organisations, for example, by Martin Scurrah (CEPES) on Pluspetrol and indigenous peoples in northern Peru (Blocks 1A/B)

Social Media

We monitored civil society NGO social media pages and re-posted and translated their updates. Main sources include: Congresswoman Veronika Mendoza, La Mula, Vigilante Amazónico, Amazon Watch.

Organisation & Governance

Presidency

We thank Baroness Coussins for continuing to be our President and generously giving her time and experience to us. We also thank Rosemary Thorp, our Vice-President, who has taken an active role with Management Committee throughout the year.

Staff

In March 2015 our part-time Advocacy Office Amalia Syeda-Aguirre left; we thank her for the efforts she put in throughout the year. In April/May 2015 Ana Reyes-Hurt joined as Coordinator. The Committee decided to go back to the Coordinator role, which is more than just advocacy, because it became clear during Amalia's reign that a slightly expanded remit was needed.

Office

In March/April 2014, because of funding difficulties and precipitated by our previous Coordinator Amy Horton leaving, we decided to go to a three-day-a-week Coordinator. At the point in March/April 2015 when Amalia Syeda-Aguirre was to leave, we had decided to continue the part-time role but with a slight change in emphasis (the return of the 'Coordinator' role). We also decided that such a part-time role might be attractive to people who might not easily undertake the journey each day to our office in east London. (We estimated that it would be cost neutral with reduction in office expenses balanced by increases in T&S for meetings etc). So when we selected Ana Reyes-Hurt, we decided to close the office and allow her to work from home with frequent trips to the meetings etc whenever required.

Management

At the AGM in November 2014, it was agreed that we move to a smaller Management Committee with a group of other close associates to whom the Committee could call on as needed. The Committee shown on the front of this report shows the members elected at the November 2014 AGM as well as those elected for the earlier period at the November 2013 meeting.

Closely associated with Committee is what is effectively a sub-committee of four (to whom we owe our thanks) responsible for our web and newsletter publishing. This compact structure has worked well; indeed certainly the quantity and, we think, also the quality of our publications have improved.

Membership

Our paid up membership stands about 160. We thank all members for their support and particularly those who make a donation above their membership subscription. We do send out the newsletters to about 850 people of whom up to 500 open them. It would be useful if we could convert more readers into members.

End of Year Accounts

The PSG is funded by grants from NGOs and trusts, members' fees and other donations. Donors have supported us through a programme agreed on a three-yearly basis with detailed annual plans, covering activities such as: research, including visits to Peru by the Advocacy Officer; advocacy; publication of news, analysis and reports; and events.

For the financial year ending March 2015, the PSG received a grant of £13,750 from CAFOD, which included a special grant of £6,000, and we continue to work closely with its programme and policy staff and partners. In addition, we received £6,000 from Worth Abbey Outreach Peru. We also did work during this year which was supported by last-years' funding from the Lush Foundation and Wainwright Trust. Members of the PSG are an important source of long-term support and many made significant additional donations. We would like to express our sincere thanks to all organisations and individuals who have supported us, particularly those providing pro bono services.

The PSG's financial year is from 1 April 2014 to 31 March 2015. The accounts for FY2014/15 given below are, with a few exceptions that are explained in the notes, prepared on a cash basis, that is receipts and expenditures are recognised when they occur.⁴ The accounts show the budget agreed at the beginning of the year and the actual outcome at the end of the year. Notes are provided to explain significant variances. An independent examiner's report on the accounts for the year is attached.

The deficit for the year was £213.34.

Next year, unless we can find extra funds we would most likely make a loss of order £10,000 which we will have to cover from our reserves. If the funding problems persist we will have to fundamentally change the way the PSG works, including possibilities such as making it all volunteer or closing it down entirely.

⁴ Thus for example a cheque from a donor might be received in January for work to be done January to July; this receipt would be recognised in January. Expenses would each be recognised as they occur between January and July.

Payments and Receipts FY2014/15

Payments

| | Budget | Actual |
|------------------------------|---------------|-----------------------|
| Rent & Insurance | 2,400 | 2,805.56 |
| Salary & National Insurance | 16,367 | 17,128.40 |
| Volunteers | 300 | 0.00 |
| Travel | 2500 | 1,291.47 ⁵ |
| Phone & Fax, Email & Website | 500 | 420.84 |
| Postage | 150 | 0.62 |
| Printing & Copying | 100 | 40.47 |
| Resources | 100 | 291.00 |
| Events | 500 | 0.00 |
| Visitor expenses | 400 | 0.00 |
| TOTAL PAYMENTS | 23,317 | 21,978.36 |

Receipts

| | Budget | Actual |
|-----------------------|---------------|------------------|
| Grants | 19,750 | 19,750.00 |
| Subscriptions | 2,100 | 1,579.20 |
| Donations | 1,000 | 220.00 |
| Events Income | | 167.01 |
| Other | | 9.60 |
| Interest | | 39.21 |
| TOTAL RECEIPTS | 22,850 | 21,765.02 |

| | | |
|--------------------|-------------|----------------|
| GRAND TOTAL | -467 | -213.34 |
|--------------------|-------------|----------------|

Balance Sheet FY2014/15

| | Petty Cash | Santander current | Santander Deposit | Coop | Assets⁶ | Liabilities and deferred income⁷ | Total |
|-------------------|-------------------|--------------------------|--------------------------|-------------|---------------------------|--|--------------|
| 01 Apr 14 | 255.58 | 3,091.37 | 13,092.33 | 26,740.84 | 0.00 | -19,750.00 | 23,430.12 |
| 31 Mar 15 | 188.20 | 4,556.37 | 13,108.39 | 19,596.09 | 0.00 | -14,232.27 ⁸ | 23,216.78 |
| Difference | -67.38 | 1,465.00 | 16.06 | -7,144.75 | 0.00 | 5,517.73 | -213.34 |

⁵ Expenses for the Advocacy Officer's visit to Peru were less than expected as she stayed with PSG friends.

⁶ Cheques or income received but not yet cashed by PSG. Also includes credit provisions.

⁷ Deferred income and liabilities also includes debit provisions.

⁸ We received grants of £13,750 for use in FY15/16 at the end of FY14/15. In order to make the payments/receipts accounts give a fair picture of our in-year activity, we have made a provision effectively to transfer the payment to FY15/16 which consequently appears as deferred income in the Balance Sheet. There was a similar situation at the end of the previous year. In this year a provision has also been made for late payments in FY15/16 to HMRC; they appear as liabilities in the balance sheet.

Examiner's Report

Independent examiner's report on the accounts

| | |
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| Report to the trustees/ members of | Peru Support Group |
| On accounts for the year ended | 31 st March 2015 |

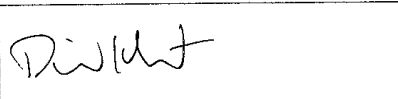
Respective responsibilities of trustees and examiner The Group's trustees are responsible for the preparation of the accounts. The Group's trustees consider that an audit is not required for this year and that an independent examination is needed. It is my responsibility to:

- examine the accounts
- to state whether particular matters have come to my attention.

Basis of independent examiner's statement An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement In connection with my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in, any material respect, the requirements:
 - to keep accounting records in accordance with best practices
 - to prepare accounts which accord with the accounting records have not been met;

| | |
|---|--|
| Signed: | Date: 29 th Sept 2015 |
|  | |
| Name: | Dr Daniel Herbert |
| Relevant professional qualification(s) or body (if any): | Chartered Public Finance Accountant |
| Address: | Hillside, Blackheath Way, West Malvern, Wr14 4DR |