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GREATER TRANSPARENCY IN THE EXTRACTIVE SECTOR

Natural resource extraction helps grow Peru’s economy and provides funding for essential public services. Revenue from mineral and hydrocarbon resources, however, often fails to reach the Andean and Amazonian communities and has led to social conflict. USAID supports efforts to strengthen transparency, accountability, and social dialogue related to extractive industries, particularly to support these communities.

The Extractive Industries Transparency Initiative (EITI) is a global standard for open and accountable management of oil, gas, and mineral resources. EITI requires disclosure of financial information along the industry value chain starting from licenses and contracts, through intergovernmental revenue transfers, and on to public expenditures. Peru was an early entrant to the initiative.

In Peru, taxes and fees from mining or hydrocarbon projects accrue to the central government. “Canon” laws re-direct 50 percent of that revenue to subnational budgets in the regions and municipalities impacted by their respective projects. EITI reporting provides clear, accessible information for stakeholder oversight of these funds.

USAID’s Greater Transparency and Best Practices in the Extractive Sector Activity promotes detailed revenue reporting, increases citizen participation in decisions about how natural resource revenue is used, and improves extractive sector governance.

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HOW DOES THE ACTIVITY WORK?

Peru's minerals benefit the world—including lithium for batteries, boron for fiberglass insulation, molybdenum for alloys, copper for conducting electricity, and gold, silver, zinc, iron, tin, and lead. Peru also produces both oil and natural gas. USAID's Greater Transparency and Best Practices in the Extractive Sector Activity ensures that the communities negatively impacted by natural resource extraction also share in the benefits those industries yield.

The transparency initiative facilitates cooperation among government, extractive companies, and civil society. This multi-stakeholder approach is essential to addressing complex problems related to the sector, such as environmental degradation and corruption. USAID supports civil society engagement with private-sector and government counterparts to design processes and tools for accountability and informed dialogue.

The activity works with extractive companies to operationalize best practices in revenue disclosure and environmental protection. The activity provides technical assistance to various ministries and levels of government to adapt systems to comply with EITI standards. It also trains citizens to monitor EITI reporting to hold companies and the government accountable for their commitments to communities. The activity focuses on 15 provinces in the regions of Arequipa, Moquegua, Cusco, Apurímac, Loreto, Ucayali, Ancash, Cajamarca, La Libertad, and Piura.

WHAT RESULTS ARE EXPECTED?

- Stakeholders routinely publish extractive revenue information for the public in Spanish, Quechua, Aymara, and Amazonian languages. Information is also presented in alternative communication formats for accessibility, which may include radio, videos, community fairs, and theatre.
- Citizens and civic organizations increase their capacity to scrutinize revenue data and payment flows, monitor projects, and advocate for their interests. At least 15 indigenous peoples' organizations and 24 women's organizations use this capacity to benefit their communities. Organizations may solicit, for example, investments in road infrastructure, potable water, or local employment initiatives.
- Peru realizes its ambitious plans to detail revenue distribution and foster debate at the regional level, through eight functioning regional EITI commissions. Multi-stakeholder forums in these regions meet regularly and agree on information disclosure norms and spending priorities.
- Progress fulfilling obligations under resource-extraction agreements is available online for stakeholders to monitor, address any shortcomings, and prevent conflict.
- Peru furthers its efforts to institutionalize revenue transparency, open data, and e-government. Companies and local governments adopt better governance practices to help minimize opportunities for corruption and maximize spending that improves citizen well-being.
- Peru's extractive industry increases its overall contribution to the benefit of society by building trust, reducing conflict, widening democratic space, ensuring government accountability, and improving the investment climate.

PROGRAM INFORMATION

IMPLEMENTER: Centro EcuMénico de Promoción y Acción Social Norte (CEDEPAS-Norte); Grupo Propuesta Ciudadana; and Derecho, Ambiente y Recursos Naturales (DAR)

ACTIVITY DURATION: 11/27/2020 to 11/26/2024

USAID FUNDING: \$3,000,000

LEVERAGE: \$700,000

LOCATION: Arequipa, Moquegua, Piura, Ancash, Cajamarca, La Libertad, Apurímac, Cusco, Loreto, and Ucayali regions.

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