



Photo: CEDEPAS Norte

GREATER TRANSPARENCY AND BEST PRACTICES 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 Andean and Amazonian communities where natural resources are extracted 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 from licenses and contracts, through intergovernmental revenue transfers, 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 on how natural resource revenue is used, and improves extractive sector governance.

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, Apurimac, Loreto, Ucayali, Ancash, Cajamarca, La Libertad, and Piura.

RESULTS ACHIEVED

- Three regions of La Libertad, Cajamarca and Ancash established new regional multi-stakeholder EITI commissions to strengthen local ownership in natural resource management and extractive revenue transparency and have approved operating regulations, annual work plans and Terms of Reference for the implementation of the first Regional Transparency Studies - ETRs, respectively. These new commissions were added to five existing EITI regional commissions in Piura, Moquegua, Arequipa, Apurimac and Loreto.
- As of June 2024, 537 community members, civil society leaders, and public officials (291 women, 244 men, and 2 others) participated in training sessions on leadership, transparency, and use of public financial information available on the Internet.
- As of June 2024, 442 community leaders (248 women and 194 men) applied their training to supervise the implementation of 89 public works projects that received financing from the extractive sector in eight regions of the Andean sector and four in the Amazon sector of Peru.
- As of July 2024, 35 local organizations (19 mixed and 8 women's), with the technical assistance of the Activity, have developed proposals to support community projects to be financed with funds from the extractive sector. 14 proposals (7 mixed organizations and 7 women's organizations) have received funding from PROCOMPITE, totaling S/1,789,676 soles.
- Recognizing that extractive projects often trigger social conflicts in mining-affected communities, the Secretariat for Social Management and Dialogue (SGSD) of the Office of the President of the

Council of Ministers (PCM) took advantage of the technical assistance provided by the activity to expand the use of the Digital Conflict Management Platform.

- The Ministry of Energy and Mines (MINEM), in an effort to further accelerate the collection and publication of extractive financial information, accessed technical assistance to expand the use of the online EITI reporting system.
- Regarding EITI Peru, the EITI Permanent Multisectoral Commission approved the publication of the IX National Transparency Report (INT) and the lifting of the temporary suspension in the Global EITI was achieved. To achieve the proper implementation of the EITI Standard, the virtual campaign "The EITI builds transparency" was developed.

PROJECT INFORMATION

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

ACTIVITY DURATION: 9/1/2021 to 8/31/2026

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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