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PERU / ACTIVITY FACTSHEET

# 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 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

- The four regions of La Libertad, Cajamarca, Cusco and Ancash established new regional multistakeholder EITI commissions to strengthen local accountability for natural resource management and transparency for extractive revenues. These new commissions joined five existing EITI regional commissions in Piura, Moquegua, Arequipa, Apurimac, and Loreto.
- Two hundred and eighty-six community members, civil society leaders, and public officials participated in training on leadership, transparency, and the use of public financial information available on the internet.
- As of December 2022, eighty-one community leaders applied their training to oversee thirty-one public works projects that received extractive sector funding.
- Three local organizations developed proposals for extractive sector funds to support

community projects.

- Recognizing that extractive projects often trigger social conflict in mining-affected communities, the Office of the President of the Council of Ministers (PCM) availed of technical assistance to expand use of the Digital Conflict Management Platform.
- The Ministry of Energy and Mines (MINEM), in an effort to further speed up collection and publication of extractive financial information, accessed technical assistance to expand use of the online EITI reporting system.

## 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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