

## In Brief

### Project dates:

- November 2007 to December 2008

### Sector:

- Mining

### Country:

- Peru

### Partners:

- BPZ Energy Inc.

### Donors:

- IFC's Oil, Gas, Mining and Chemicals Department

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# Enhancing Local Benefits

## BPZ Project

### Objective

The project's objective is to improve the use of recently generated oil royalties derived from business activities in the Regional Peruvian Government of Tumbes (RGT). This will be done by improving the project investment cycle and enhancing of RGT Officers' ability to manage the investment process.



At the impact level, the project will contribute to improve local development impact associated with extractive industries in the Tumbes Region by improving the local services and infrastructure provided by RGT.

### Background

BPZ Energy Inc. (BPZ), an IFC investment related client, is developing an integrated gas-to-power project in Tumbes, north of Peru, near the border with Ecuador. The project is designed to produce gas from their current oil and gas reserve, generate electricity for northern Peru and supply gas for power generators in southwest Ecuador.

The RGT received USD 3.8 million from oil royalties during 2007. Tumbes is expected to receive oil royalties and an increased share of royalties from oil and gas exploitation as a result of the BPZ Project. Over the next few years, this project is expected to produce approximately 3,000 barrels of oil a day, which will mean an additional USD 1.5 million in income per year. This represents a great opportunity for the RGT to implement investment projects to benefit the local population. In order to generate a more efficient investment process, sub-national government officers need to be prepared to maximize the impact of the transfers derived from additional revenues and investments.

### Components

The project is structured in four components:

- ✓ Developing a quick assessment of the investment management practices at the RGT and proposing an Action Plan.
- ✓ Supporting the RGT in developing a Multi-Annual Investment plan
- ✓ Supporting the implementation of a strategic project to be determined jointly with the Regional authorities.
- ✓ Support regional officers in identifying and mobilizing National Program funds for project implementation in Tumbes.

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