

## In Brief

### Project dates:

- December 2007 to December 2009

### Sector:

- Mining

### Country:

- Peru

### Partners:

- Office of the Prime Minister (PCM)
- National Business Association (CONFIEP)
- National Mining Society (SNMPE)
- Instituto de Estudios Peruanos (IEP)

### Sponsors:

- IFC
- United States Agency for International Development (USAID)
- Rio Tinto

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# Enhancing Local Benefits

## National Mining Canon Program improving Mining Royalty Management in Peru

### Objective

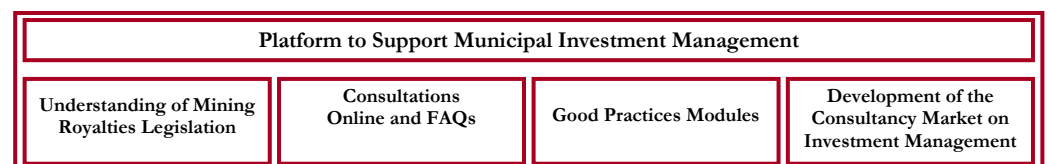
The National Mining Canon Program aims at strengthening public revenue management of municipalities thereby increasing the impact of municipal investment on the poor. The program focuses on 34 municipalities located in 5 departments that received the vast majority of mining canon transfers, more than 80% of the total royalties transferred: Ancash, Cajamarca, Moquegua, Puno and Tacna.

The program, expected to last 2 years, is working at the national and local levels and is structured around three components aimed at: (i) contributing to the national debate on mining royalties' regulations and use, (ii) providing management tools to local authorities, and (iii) promoting a better understanding on municipal management performance.



### Program Components

- ✓ **Mining Royalties Analysis and Management.** The program will commission two types of studies on mining royalties and will disseminate them as a way of furthering a national debate through: (i) policy implications and regulations on mining royalties' studies; and (ii) case studies and lessons learned on municipal management.
- ✓ **Platform to support municipal investment management.** The program, in cooperation with Instituto de Estudios Peruanos (IEP), a prestigious research institute, is developing a web-based platform to support municipal investment management, providing officers and authorities a wide range of municipal management services and tools. The platform will organize the existing tools and modules, using "Good Practices" management criteria.



# Enhancing Local Benefits



a. Understanding of Mining Royalties Legislation.- The program has gathered and organized the laws and regulations aimed at providing to municipal authorities and officers, information related to mining royalties' distribution and use.

b. Consultations.- Provides a quick and precise answer to municipal officer's doubts through: (i) Specific Online Consultations.- Allowing municipal officers to make specific online consultations related to municipal investment management and receiving quick responses and solutions to subjects that often block investment decisions, and (ii) Frequently Asked Questions (FAQ).- Providing municipal officers access to a data base of frequent municipal investment management questions.

c. Good Practices Modules.- Organizes, provides and makes available in independent modules tools aimed at improving municipal investment management practices. The modules will include: (i) a brief explanation of the benefits of adopting the practice, (ii) document support for its implementation, and (iii) Step by Step recommendations for implementing the Good Practice.

d. Development of the Consultancy Market.- Supports the development of the private consultancy market, providing information related to the supply of consultants and the demand for services related to municipal investment, as a means to promote the participation of external consultants on municipal management.

## ✓ Performance Assessment of Municipalities.

a. Assessment of investment management. Aimed at introducing investment management standards, the program provides an assessment tool to identify management weaknesses and to measure management improvements.

*Assessment of Municipal Good Practices.-* Provides a standardized tool based on a methodology developed by the IFC to assess municipal investment capacity and practices and to measure and compare management capacity among municipalities.

*Development of Action Plans to improve investment management.-* aimed at identifying, in cooperation with local government authorities, the actions required to strengthen public investment capacity through the implementation of Good Practices.

*Rating on Municipal Investment Management.-* Based on the assessment, the program will publish a Municipal Investment Management Rating, as a way of monitoring management improvements and promoting municipal competition.

b. Monitoring key investments. Provides local authorities with information related to the level of coverage and access of the population to basic services on key sectors –food safety, education, health, etc.– in order to identify the main needs to make better decisions in allocating public funds.

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