

Projects on Royalty Management

PERU LNG Project

The LNG Export Gas Project consists in:

- Operate a 408 kilometers of Pipeline from Ayacucho to the Peruvian coast
- Operate a Plant in Pampa Melchorita which includes a Marine Terminal

The PERU LNG Pipeline is 408 Km long and crosses 4 departments: Ayacucho, Huancavelica, Ica, and Lima

- Among other Social Investments Projects, PERU LNG and the IFC are developing two Projects, one for the Direct Influence Area (DIA) Plant called FORPYME and other for Pipeline DIA called Enhancing Royalties Investment.
- The 67% of the population is consider poor.

PERU LNG - IFC Project

- The Enhancing Royalties Investment Project commenced in 2008 and considers the implementation of 02 subcomponents:
 - a) ForGestión to promote the improvement of municipal investment management practices and
 - b) MIM Ayacucho-Huancavelica, to promote social accountability by supporting local CSOs to undertake a systematic monitoring of municipal investment.

The First activity of the Project was conducted a situational assessment to provincial municipalities of Huamanga, La Mar and Huaytará on issues related to the management of public investment.

Through this assessment was possible to identify the main challenges and strengths of the technical teams of the municipalities, basis for developing an action plan which allows solving problems encountered.

Support

- **Public Investment:**
For the implementation of public investment projects in Peru the state authorities must meet certain requirements and go through several stages from project conception to execution according to the established by the Ministry of Economy and Finance of Perú (MEF).
- **Gap in the local authorities:**
Most of the authorities have management gaps in order to fulfill the requirements of the MEF
- **Second Step of the PLNG – IFC Project**
To start with the technical assistance activities in the municipalities were created 03 Investments Committees (1 per province) to receive technical assistance from the Project.

Results

In this sense, the Project supported the development of 4 profiles (the whole process) in key sectors:

- In Huamanga: two educational and infrastructural health projects for the reduction of children's chronic malnutrition (8,694 expected direct beneficiaries – mainly women and children under 3);
- In La Mar: installation of potable water and sanitation system in eight communities (1140 expected direct beneficiaries); and
- In Huaytará: building of a waste management system (1,303 expected direct beneficiaries).

Reward

The municipalities were supported in complying with the targets set by the MEF's Municipal Modernization and Incentives Plans.

These State Programs are aimed at promoting growth and sustainable development of local economy and therefore rewarded with additional funds to the municipalities that make public administration more efficient and those to develop nutrition projects in their areas.

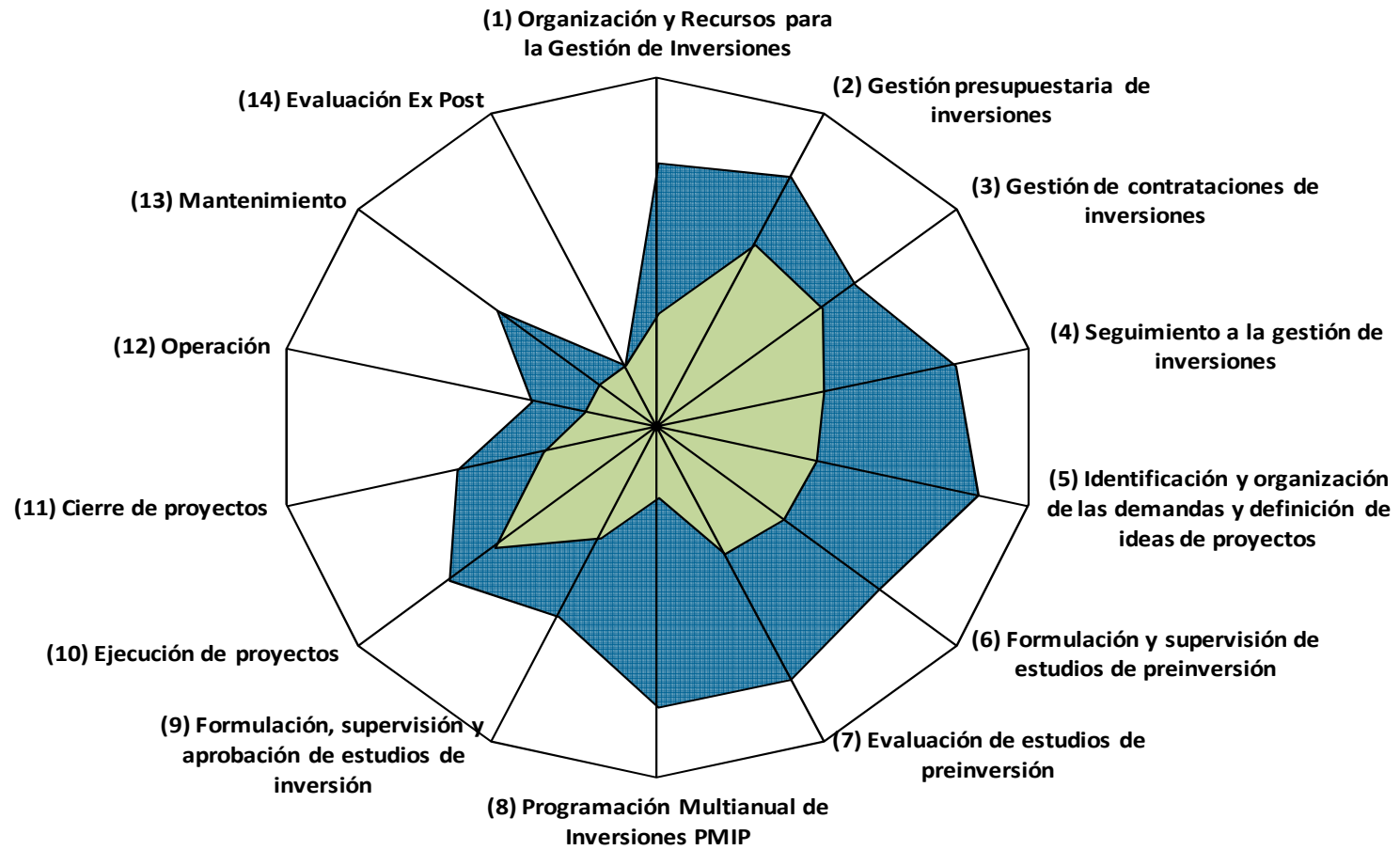
As a result of the efforts of the municipalities of Huamanga, La Mar and Huaytará they were rewarded with a total of US\$ 2.4 million of additional investment funds.

Monitoring of the improvement

An evaluation undertaken by Universidad Católica Sedes Sapientiae (UCSS) applying IFC's assessment methodology at project start and at the completion of the intervention (2 years later) showed an improvement in investment management of 67% in Huamanga, 80% in La Mar and 49% in Huaytará.

The municipalities have improving on organization, budget management, follow up investment procedures, etc.

La Mar Municipality



■ Calificación 2010 □ Calificación 2008

MIM:Improving Municipal Investment was established a board of Directors composed of representatives of respected local civil society organizations from Ayacucho and Huancavelica with the purpose of improving social accountability of the municipalities.

MIM implemented an intensive communication campaign featuring information regarding municipal investment and FOCAM (revenue distribution from the Camisea project).

Benefits to work with the IFC

- IFC identifies and puts in place a good technical team for the provision of technical assistance to provincial governments. It was a great help to us that they take the responsible of the project management
- IFC achieves better approach to the authorities that sometimes they have a great expectation in the private investment.

THANKS

