

RioTinto

# Capacity Building Program Municipality of Querocoto-IFC-Rio Tinto

*Never too Early to Start*

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Washington DC, 28 June 2011

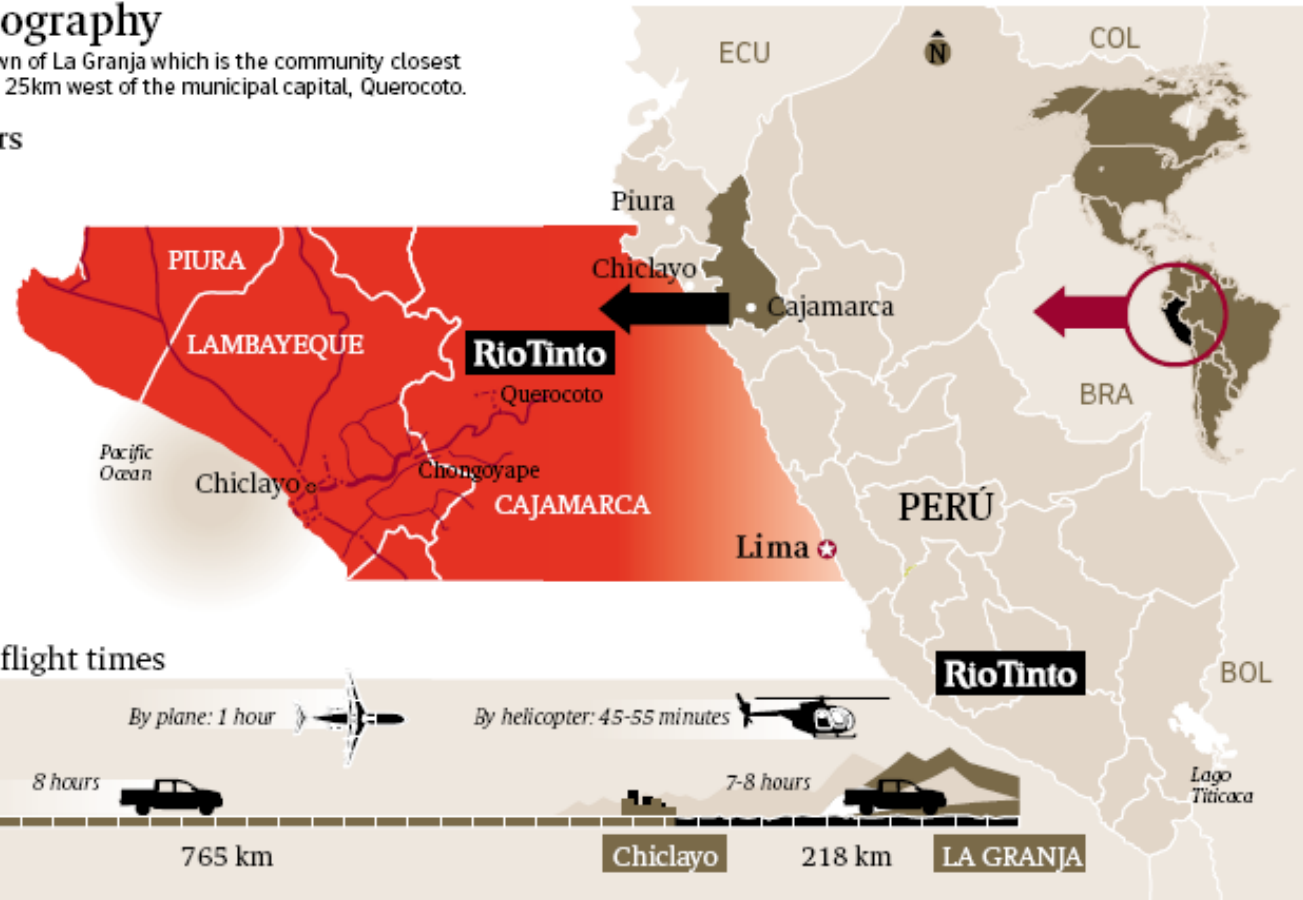
# About the La Granja Project

## Location and Geography

The project is named after the town of La Granja which is the community closest to the Rio Tinto camp. The site is 25km west of the municipal capital, Querocoto.

### The project in numbers

- 
**7400 ha**  
 (3900 ha mining concession obtained through international public bidding + 3500 ha through mining concession contract)
- 
 Altitude  
**2 200 meters**
- 
 Yearly Precipitation  
**1 000 mm**
- 
 Average annual temperature  
**17,1°C**



Rio Tinto



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Rio Tinto



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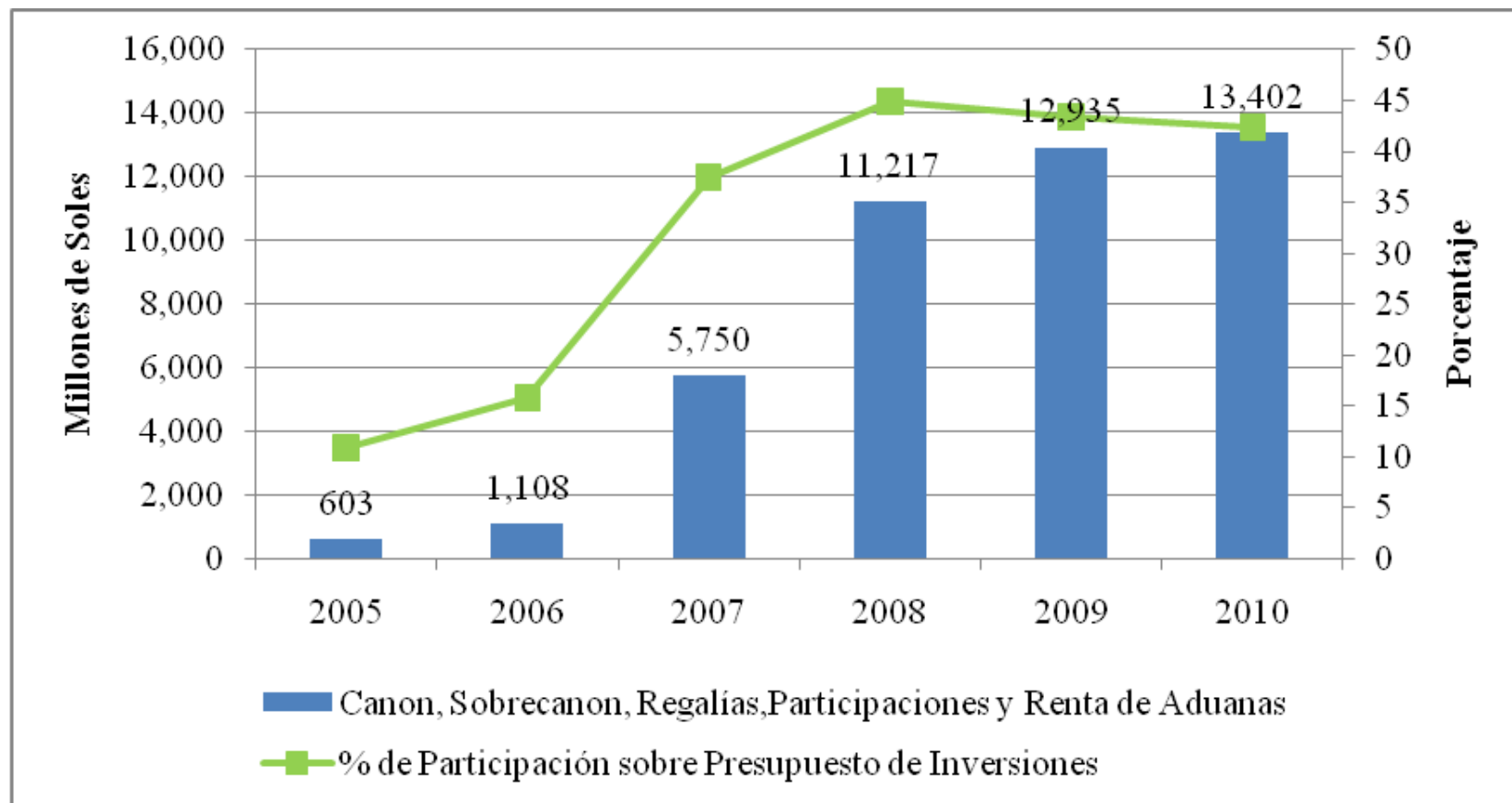
# Setting the Context

In Peru and its regions...

22x

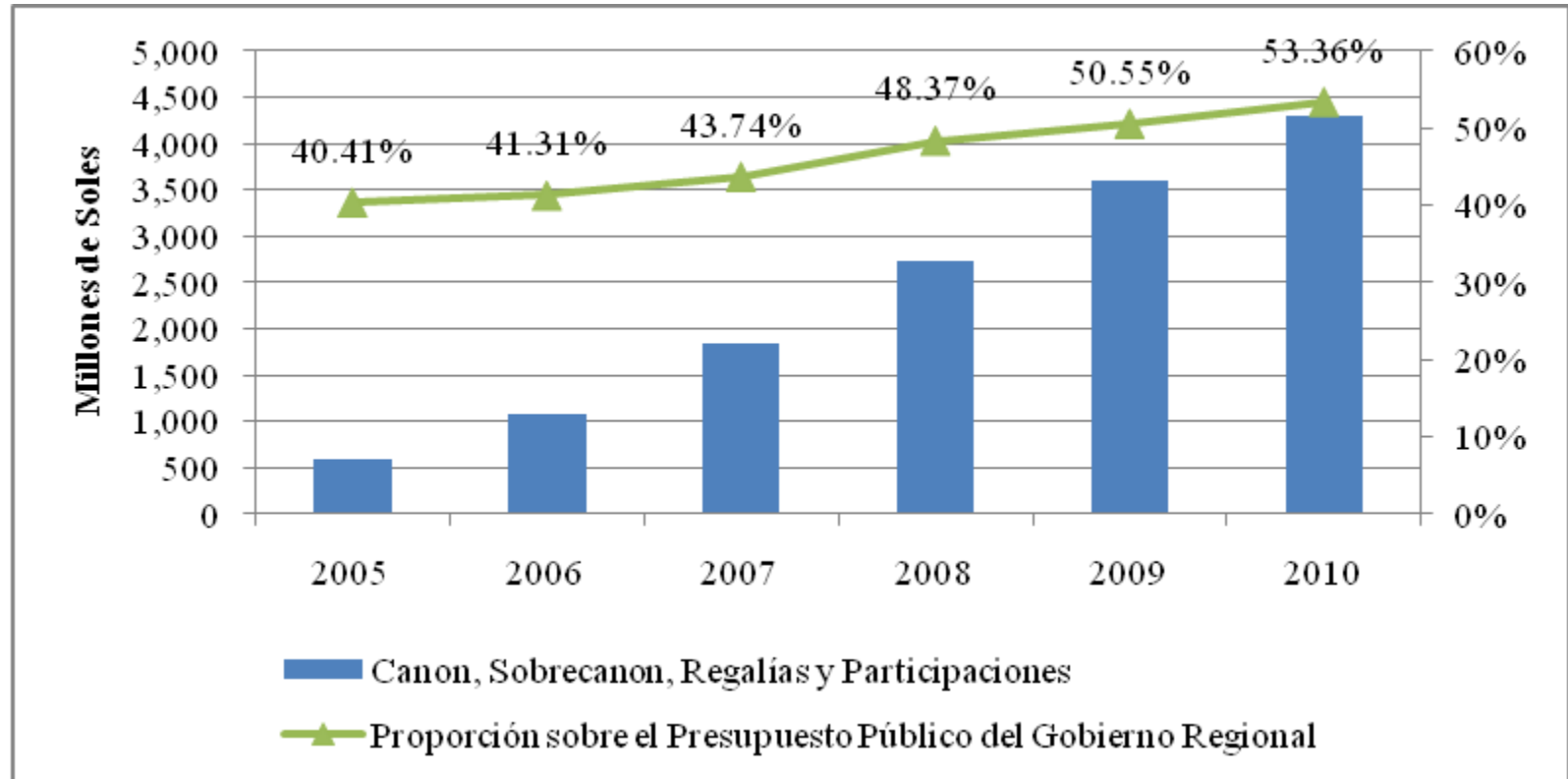
Increase of Canon between 2005 and 2010

## Canon Resources, Peru (in S/. Million)



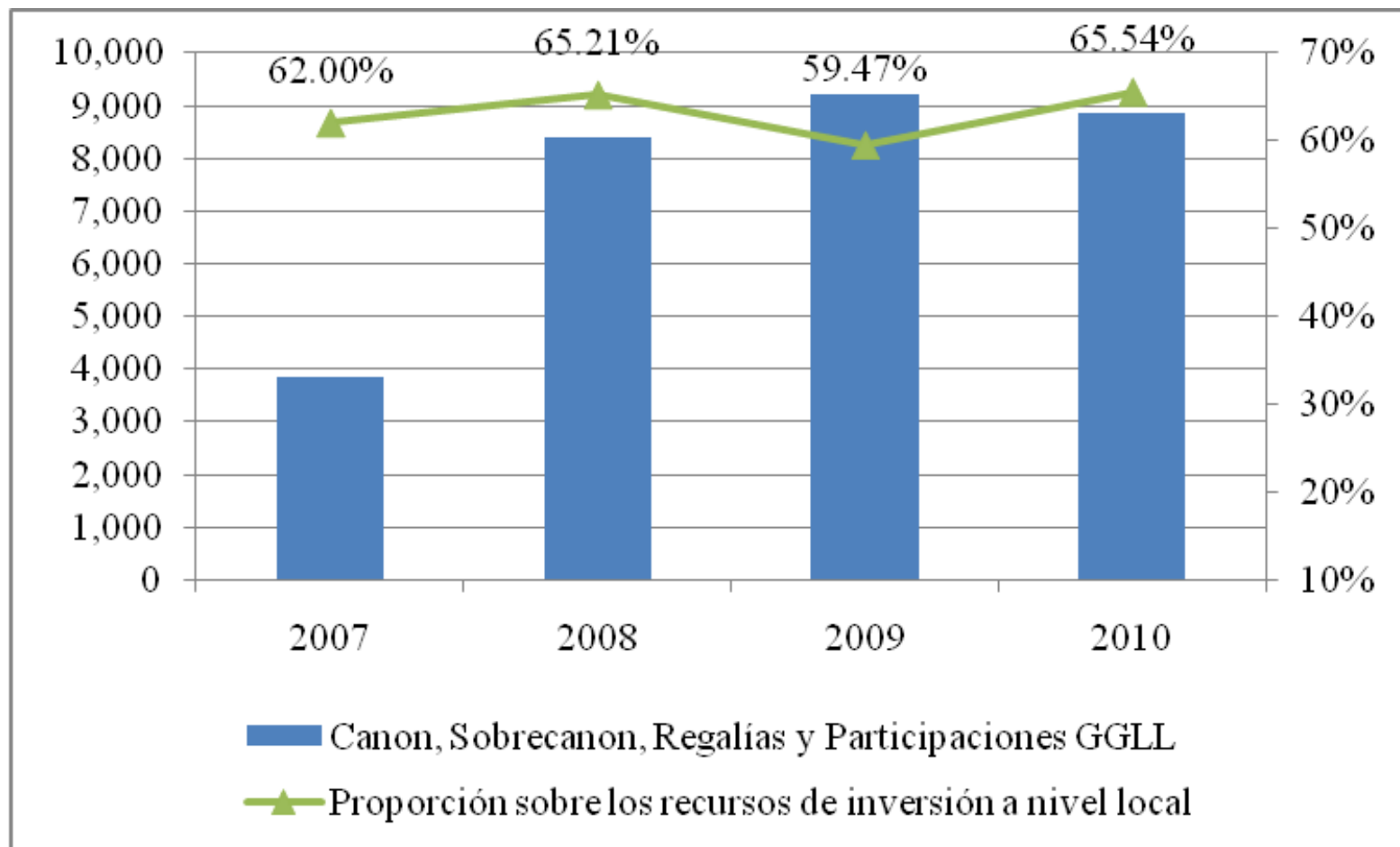
Source: Universidad del Pacifico for Rio Tinto, based on Transparencia Económica - MEF

## Canon Resources, Regions (in S/. Million)



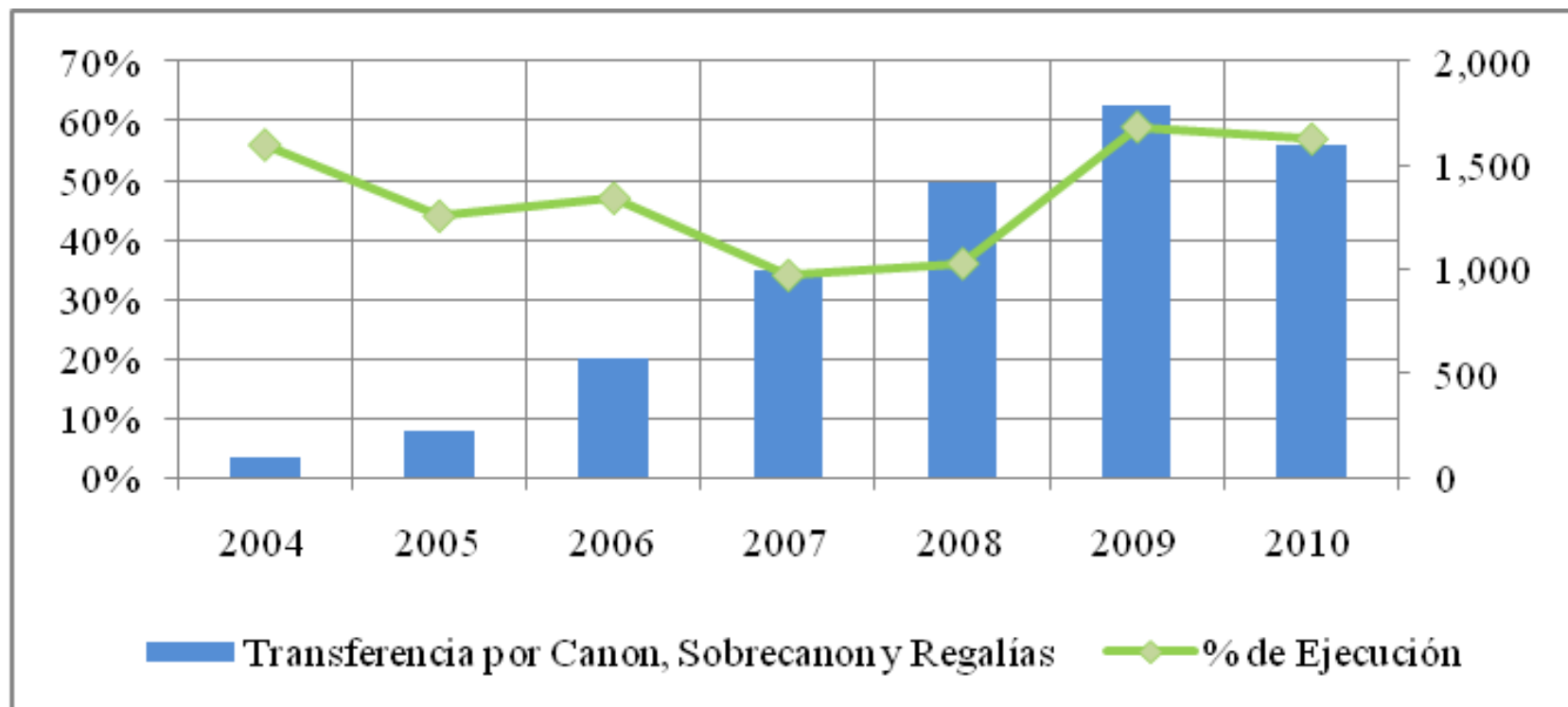
Source: Universidad del Pacifico for Rio Tinto, based on Transparencia Económica - MEF

## Canon Resources, Local level (in S/. Million)



Source: Universidad del Pacifico for Rio Tinto, based on Transparencia Económica - MEF

## Canon Resources and Execution Levels (in S/. Million)\*



Source: Universidad del Pacifico for Rio Tinto, based on Transparencia Económica – MEF

\*Only considers 6 regions: Cajamarca, Cusco, Loreto, Ancash, Tacna y Moquegua

In Querocoto...

< US\$ 0.8 million

Budget of Querocoto's Municipality  
50% of it is available for investment

25%

Budget of Querocoto's Municipality is funded by the Mining Canon, so it is 50% of budget for capital expenditure

# One

Person in charge of multiple functions, including investment management

1.56 out of 5

Multidimensional evaluation done by the IFC in 2008

# So, we wanted to be prepared

For the future inflow of resources

# Our experience with IFC

2007

Conversations started  
Program started in 2008

# Flexibility

Adaptation to the Municipality's and Rio Tinto's needs

# Trust

Relationship based on people more than signed agreements

# Team

Very professional IFC counterpart  
Consultants very well chosen (local experience, local way of  
working)

# Results

From 1.56 to 2.2

41% improvement in 2008-2010 evaluation done by the IFC

# More resources

Municipality was able to have access to more resources from the central government

# Better organized

Procedures, systems and organization in place

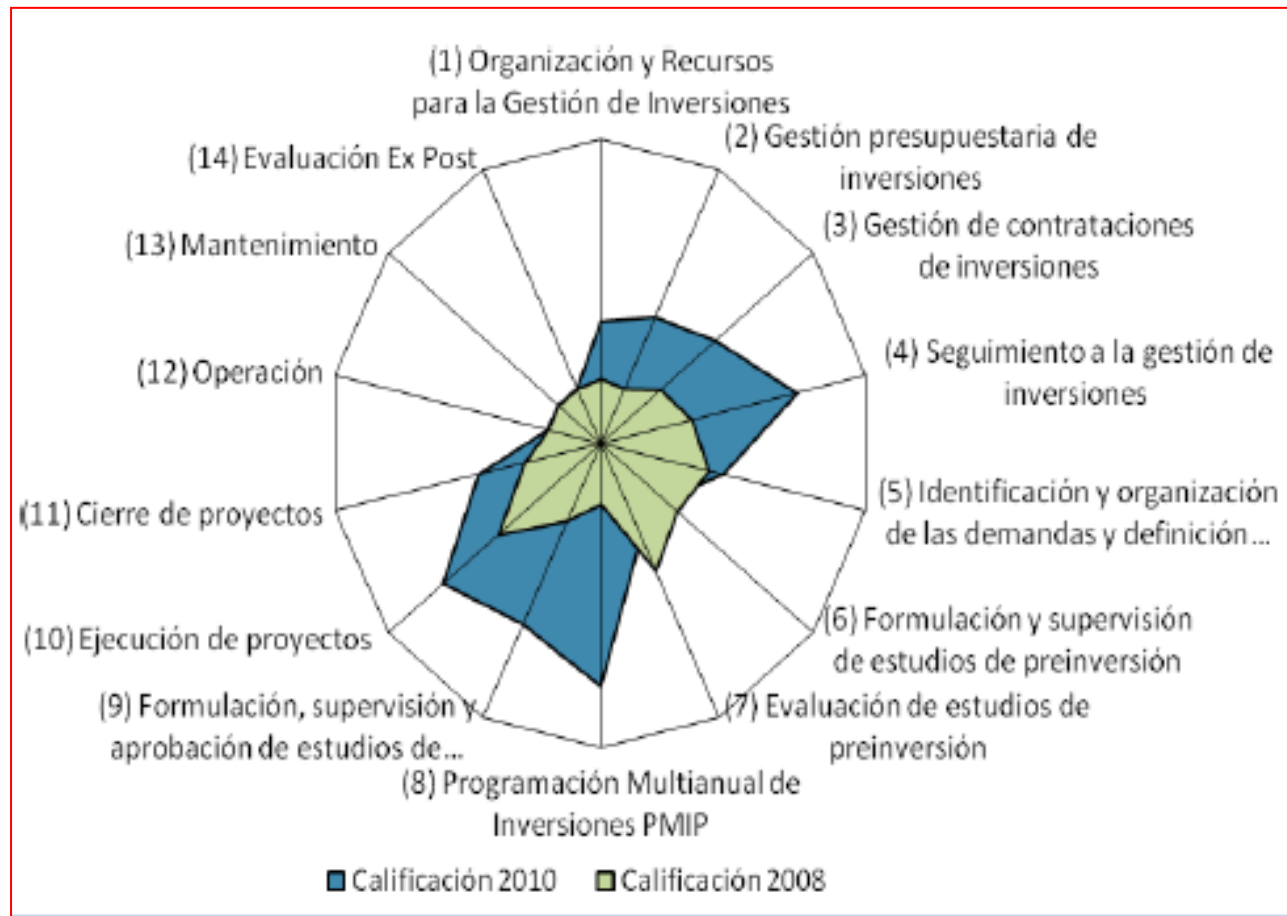
# US\$ 11 million – La Granja Social Fund

IFC's involvement was key to its current success



IFC's consultant, Augusto Burneo; Ing. José González and Mayor Anibal Pérez from the Municipality of Querocoto.

## 2008–2010 IFC's evaluation



# Lessons learned

# 4-year cycles

Inevitable, due to political process  
Today, we need to start the process again

# The local way

Do not rush or push, follow local processes

# Be more hands on

To get local commitment and get compliance

# More communication

To the general public about IFC's work with the Municipality

# Be ready for instability

Province of Chota case

# Is a lot about people

The team is key

# Be patience

Initial measurable results take time

# Next steps

# Expand intervention

To neighbor districts



## MUNICIPALIDAD DISTRITAL QUEROCOTO

JR. COMERCIO 451 PLAZA DE ARMAS - QUEROCOTO - CHOTA - CAJAMARCA

"AÑO DEL CENTENARIO DE MACHU PICHU PARA EL MUNDO"

Querocoto, 24 de junio de 2011

SRES.  
INTERNATIONAL FINANCE CORPORATION  
LIMA.

Atención: Carla Toledo, Oficial de Operaciones


De mi consideración

Por medio de la presente le expreso mi interés de contar con la Asistencia Técnica del International Finance Corporation (IFC) para el fortalecimiento de la gestión de inversiones de la Municipalidad de Querocoto durante el presente año.

Asimismo, invito a su institución a una reunión a la brevedad en Querocoto para que podamos revisar conjuntamente los ámbitos que cubrirá dicha Asistencia Técnica.

Agradeciéndole por la atención brindada a la presente, aprovecho para enviarle mis saludos cordiales.

Atentamente:

  
MUNICIPALIDAD DISTRITAL QUEROCOTO  
CHOTA - CAJAMARCA  
Sra. Percy Delgado Curi  
ALCALDE

# New government's agenda

How do we raise awareness in the new government on the need to have an integrated vision of revenue management?

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