

Municipality of Los Baños del Inca (MBI), Cajamarca, Peru

1. Peruvian Context

- *Significant increase of resources:* Since 2005, an increase amount of resources has been transferred to sub-national governments. These resources come mainly from mining operations.
- *Decentralization Process:*
In 2003, new Government levels were established: National, Regional and Local, New roles and competencies were defined at each government level.
New laws and systems were applied for the use of municipal resources.

2. Los Baños del Inca District, according to the election periods:

- 1999-2002: scarce financial resources. High poverty.
- 2003-2006: increase of resources for projects. Projects in water, sanitation education and electrification sector were initiated with IFC support.
- 2007-2010: continuing investment and projects with greater impact are executed. Poverty reduced.

3. Mining Royalty income in Los Baños del Inca

- In 2001, the MBI received less than \$100,000 in investment resources from mining royalties.
- Between 2005 and 2007, these resources exponentially increased.
- With IFC support mining royalties were invested in projects that promote local community development. (2005-2007)

IFC's support was focused in the following lines of action:

- Improve capabilities in municipal project's management
- Improve financial management efficiency
- Increase transparency and public access to information on municipal investment

4. Municipal Management Results in Baños del Inca

- In 2009, municipal investment I surpassed 10 million dollars and budget execution reached 67% (the national average municipal investment performance then was 51%).
- Projects started to be bigger, generating a greater development impact for the local populations, and focused to attend basic needs (electricity to rural areas, water and sanitation and agricultural projects).
- Some projects were implemented in partnership with private firms that were operating in the area of influence of the municipality (for leveraging additional funds).

5. Future Challenges

- Support and promote institutional strengthening (planning and citizen participation).
- Continue providing support to MIM Cajamarca as Regent, disseminating the importance of considering citizens' opinion municipal management.