



Transparency for Impact

Lessons from IFC Projects in Peru's Natural Resources Sector

January 2020

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Creating Markets, Creating Opportunities

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About the From Disclosure to Development Program

This publication is a product of the From Disclosure to Development (D2D) program, led by the Sustainable Infrastructure Advisory team of the International Finance Corporation (IFC). The program, launched in 2017, is funded by the BHP Foundation and implemented in collaboration with the World Bank. It builds on more than a decade of IFC and World Bank experience in natural resources transparency and open data. For the past 13 years, IFC transparency projects in Latin America have aimed to help local governments and communities become more transparent and effective in the use of mining revenues. The World Bank provided investment and advice to more than 50 countries on the design and implementation of national and subnational open data and data innovation programs.

The program's goal is to enhance benefit sharing with communities from investment in natural resources through effective disclosure and data-use practices. D2D develops and tests new approaches, partnerships, and platforms aimed at improving the ways in which companies and governments disclose data, and communities and other stakeholders use it to inform their decisions and actions.

Open data is a critical ingredient of transparency in the 21st century. Without transparency, there cannot be accountability or effective sector governance. Without transparency—both actual and perceived—it is easy for companies to lose the trust of communities, which can lead to a loss of their social license to operate and put investment projects at risk.

To bridge the information asymmetry in the sector and give voice to communities, D2D works to improve the disclosure and use of open data with capacity building, multi-stakeholder dialogues, and data-driven innovation activities with youth, infomediaries, and digital entrepreneurs. In its first phase (2017–19), the program piloted the following activities in Colombia, Ghana, Mongolia, and Peru:

- research on natural resources data challenges and opportunities
- engagement of stakeholders around innovative uses of open data
- capacity building on data literacy
- multi-stakeholder dialogues for improving access to and the use of natural resource data

The D2D program uses lessons learned from these in-country activities to contribute to global efforts to improve transparency in the natural resources sector through more effective disclosure and use of data. It works with partners such as the Transparency and Accountability Initiative (TAI), the Extractive Industries Transparency Initiative (EITI), Global Integrity, and others.

In the coming years, D2D plans to expand to other countries and infrastructure sectors and to add a gender data component. For more information about the D2D program, please contact Alla Morrison, Program Manager, at amorrison@ifc.org.



Foreword

VERONICA NYHAN JONES

Manager, Sustainable Infrastructure Advisory, IFC

People want to be heard. People want information. Transparency and community involvement can bolster the impact of public investment generated by the presence of natural resource companies. Collaborative efforts are not only possible but required.

Natural resources have the potential to contribute to economic development, employment, and poverty reduction. For more than 13 years, IFC has been working with companies, communities, government, and key local stakeholders to enhance long-term benefit sharing and promote sustainable business practices in the natural resources sector.

The private sector's contribution to local development is essential, especially in emerging economies and low-income areas. In contexts where social risks and expectations are high—such as areas where natural resources activities are often located—resources generated from natural resources can be a source of opportunity. If poorly managed, however, they can foster instability, risk, and conflict.

IFC has extensive experience promoting good practices in transparency and accountability. Providing knowledge, capacity building, and voice to diverse stakeholders involved in local development has proven to be the best approach to increase the impact of public investment and public funds generated around natural resource companies. Through systematic work led by civil society, significant and sustainable changes can be achieved to expand both business and social value.

Groups matter. In all our years of work we find that certain groups have great influence over accountability and service delivery. We seek to harness and empower

- authorities and municipal officials
- local leaders (including women and youth)
- surveillance committees in participatory budgeting and monitoring
- the media (including print, radio, tv and all forms social), plus
- the general population (moms and pops, school kids, shop owners, artists, farmers...)

Everyone has a role to play cultivating a resilient cohesive society. We are inspired by the community, company and government champions we meet who testify how participation and transparency benefit everyone. It helps grow the pie.

This document is part of a series of knowledge products by IFC's From Disclosure to Development program. Two other publications in the series are *Unlocking Data Innovation for Social License in Natural Resources* and *Natural Resource Data: Challenges and Opportunities*.

We expect that the lessons and experiences compiled in this publication will provide natural resources companies, governments, civil society, infomediaries, local communities, the media, and the academia with a road map for identifying synergies, mitigating risks, and building trust to unlock positive impacts on development, investment, and growth.

Executive Summary

The natural resources sector, particularly the mining industry, has been a significant part of Peru's economic growth over the past decade. But communities around the mining operations are some of the poorest in the country, and they have seen relatively little benefit from this growth. To address this imbalance, in 2004 the Peruvian government enacted the Ley del Canon (the Mining Canon), to ensure that communities benefit from nearby mining activities. The law mandates that the national government transfer half of the income taxes paid by mining companies to regional and local governments. As a result of the law, between 2004 and 2018, more than \$12 billion was transferred to 50 municipalities in key regions, according to Peru's Ministry of Finance.

This transfer of funds represents a significant opportunity to respond to the needs of local communities and lift them out of poverty. If well invested, these resources can vastly improve people's lives and help create a more stable operating environment for companies. However, municipalities do not always translate these resources into projects that deliver tangible benefits to local people—and they rarely inform the public about how these resources are being spent. Civil society has limited capacity to make its voice heard and to hold municipal officials to account, leading to weak governance. As a result, the potential benefits that could accrue to communities from mining activities are often not fully realized. Where people feel excluded and do not see the full benefit of resources, lack of adequate information, transparency, and accountability can generate mistrust and fuel social conflict.

Civil society plays a key role in holding government accountable and responsible. The Peruvian Law of Transparency and Access to Public Information lays out mandatory compliance rules for public authorities and officials. It requires public entities at the national, regional, and municipal levels to deliver, in a timely manner, information requested by people and entities and to provide adequate infrastructure to systemize and publish public information.

For local governments to take advantage of revenues from the Mining Canon, they need to have the capacity to administer and invest the money, following relevant laws and regulation. Without citizen participation and oversight, it is not likely that these investments will respond to local needs and development gaps.

Between 2005 and 2017, IFC implemented five projects in 40 municipalities in 11 regions of Peru, which aimed to promote transparency, accountability, and good municipal governance in order to help ensure that communities benefit from resource extraction in their localities.

Strengthening the demand for good governance to increase the responsiveness, responsibility, and accountability of local governments can increase the development impact of Mining Canon investments and make communities more receptive to natural resources activities. To do so, IFC developed a two-pronged “push and pull” approach to generate internal improvements within local governments by providing them with technical assistance for more efficient, transparent, and better-targeted local investment (the push mechanism) while also working with local leaders and communities to increase participation and dialogue around municipal investment decision making and demand transparency and accountability of public authorities and officials on the use of public resources (the pull mechanism).

Local leaders, civil society organizations, and local media are best placed to engage local authorities and demand good governance. IFC's projects therefore focused on helping them organize and become better informed, so that they could play active roles in exercising their rights to ensure that the authorities are responsive, transparent, and accountable in their use of Mining Canon resources. Explicit efforts were made to identify and work with vulnerable groups, in order to give them voice.

IFC identified five groups of stakeholders that were key in promoting transparency and accountability:

- authorities and municipal officials
- local leaders
- surveillance committees of the participatory budgeting process¹
- the media
- the general population

To help citizens become engaged and exercise their right to participate, IFC worked on the following:

- getting to know key stakeholders and understand their information and capacity needs to be able to design tailored intervention strategies, for communications and capacity building
- motivating key stakeholders by showing them why these issues are relevant to their daily lives
- reducing the cost of obtaining neutral, timely, and useful information
- building stakeholder capacity through training workshops, to ensure their understanding of key topics related to accountability
- identifying spaces to promote and host public dialogues

Results

Through its work with civil society, communities, and municipalities, IFC achieved highly positive and relevant quantitative and qualitative results with five groups of stakeholders:

- Authorities shared information on municipal investment with local leaders and the general population.
- Local leaders took on more active roles in monitoring the use of municipal investments.
- Surveillance committee members acquired the knowledge and skills to monitor projects and learned how to access project information on government websites.
- Journalists reported on the Mining Canon, municipal investment, and service provision, putting the topics in the public agenda.
- The general population showed greater interest in learning and proactively searching for information related to the Mining Canon and municipal investment

External reviews confirm that the IFC's projects achieved results:

- An analysis by Instituto de Estudios Peruanos (2011) found that respondents who were aware of MIM Peru were more likely to be informed about both the Mining Canon and municipal investment, to be aware of all of their rights to request information, and to have a higher degree of understanding of the Mining Canon and municipal investment than respondents who were not aware of it.
- A multiyear survey analysis by Imasen, an independent survey firm, found a strong correlation between knowledge of the Mining Canon and municipal investment and involvement in MIM Peru activities.
- An IFC-commissioned impact assessment by Georgia State University and GRADE (2015) of the effectiveness of MIM Peru from 2011 to 2014 indicated that municipal investment was responsible for a steady improvement in both individual and collective living standards. Introduction of improved municipal governance practices increased transparency and collaboration between individual players within the political process.
- Imasen carried out qualitative and quantitative studies during the Apurimac Revenue Management project (2015–17). The final survey found that communities that were included in the project had an improved view of the way in which their municipalities invested and that leaders in these municipalities were better informed on issues related to the Mining Canon and municipal investment.

Recommendations and Lessons Learned

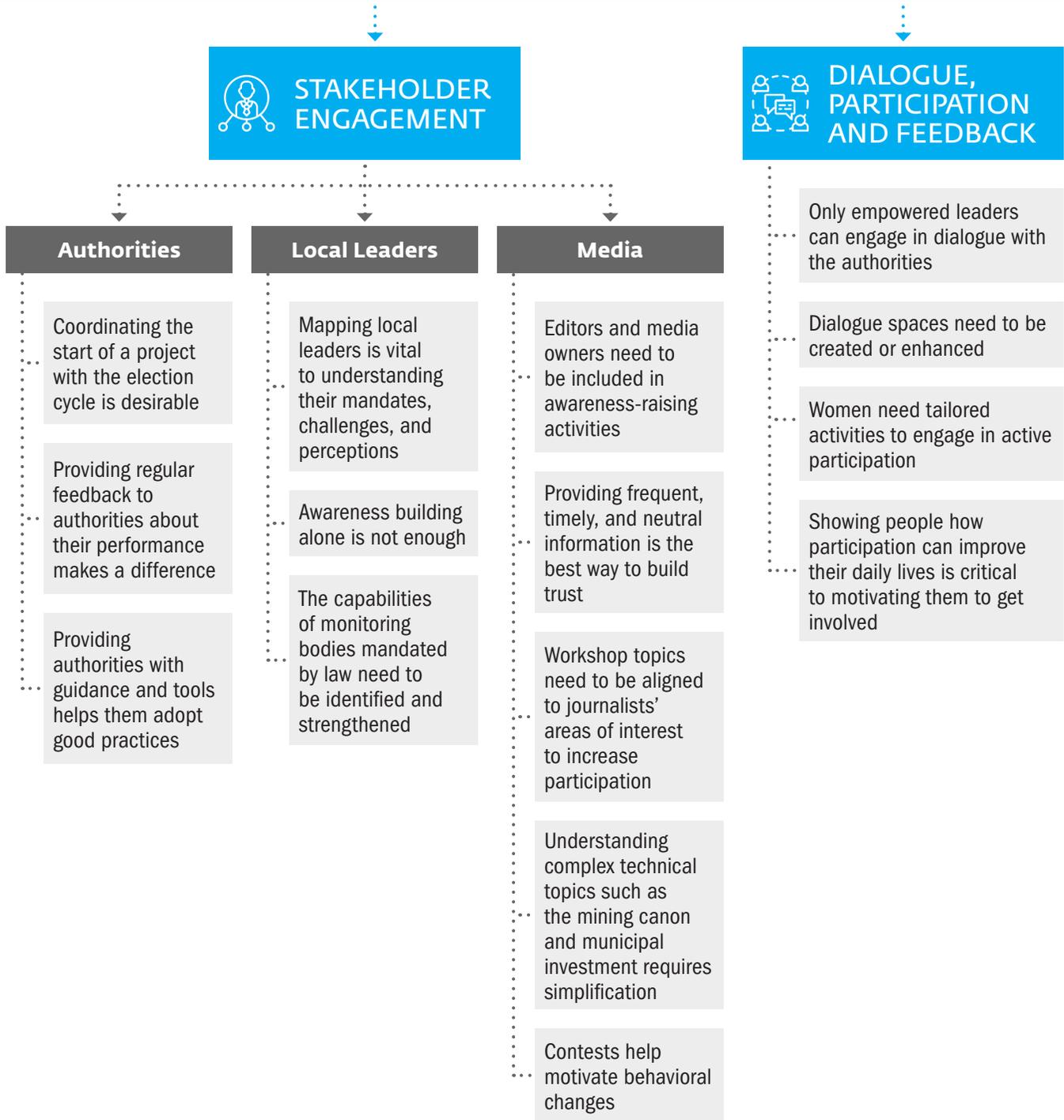
Implementation of IFC's transparency and accountability projects in Peru generated a wealth of information, experience, recommendations, and lessons that will be useful when designing and implementing future interventions. Figure ES.1 (page 10) summarizes them.

PROMOTING TRANSPARENCY



FIGURE ES.1 Lessons learned from and recommendations based on IFC’s transparency and accountability projects in Peru

AND ACCOUNTABILITY





I. Introduction

The natural resources sector, particularly the mining industry, has been a significant part of Peru's economic growth over the past decade. But communities around the mining operations are some of the poorest in the country, and they have seen relatively little benefit from this growth. To address this imbalance, in 2004 the Peruvian government enacted the Ley del Canon (the Mining Canon), to ensure that communities benefit from nearby mining activities.² The law mandates that the national government transfer half of the income taxes paid by mining companies to regional and local governments. As a result of the law, between 2004 and 2018, more than \$12 billion was transferred to 50 municipalities in key regions, according to Peru's Ministry of Finance.

This document is intended to help natural resources companies, government agencies, and development practitioners, design and implement transparency-related interventions. It is organized as follows: section two examines mining taxes in Peru, legislation that supports transparency, and the challenges of and opportunities for promoting transparency and accountability at the local level. Section three reviews the five projects implemented by IFC between 2005 and 2017 to promote good practices in transparency and accountability, explaining their methodology, delivery mechanisms, and main results achieved. Section four presents lessons learned, and recommendations based on IFC's experience implementing the projects. Section five identifies challenges to the continued promotion of transparency and accountability at the local level.



II. Mining Legislation, Local Communities, and Transparency

Mining has been a significant part of Peru's economic growth over the past decade. The Mining Canon requires that half of the revenue from income tax paid by mining companies to the national government be distributed to regional and municipal governments. These resources are distributed to regional, provincial, and district governments in the area of influence of the mine, to be used for public investment projects that meet the needs of the local population and improve their quality of life. Funds are also distributed to public universities in the mining areas, for scientific research, infrastructure, and equipment.

Between 2004 and 2018, annual transfers of Mining Canon revenue in Peru increased from \$130.3 million to \$1,031.1 million. Over this period, these taxes totaled about \$12.1 billion (figure 1).³

This revenue has not always translated into significant benefits for the people in areas surrounding mining operations, partly because

of lack of capacity in local governments and the limited capacity of local civil society actors to make their voices heard and hold municipal officials accountable.

Civil society's capacity is hampered by limited access to objective, reliable, and understandable information and a lack of sufficient dialogue spaces within which they can share their perceptions and concerns. Its lack of capacity can lead to confusion and uncertainty, creating distrust of government decisions related to public investment.

Access to public information is a fundamental right, enshrined in the Peruvian Constitution. In addition, the Law of Transparency and Access to Public Information (Unified Text of Law N0. 27806, DS N0. 043-2003-PCM) and the Regulation of the Law of Transparency and Access to Public Information (DS N0. 072-2003-PCM) lay out mandatory compliance rules for public authorities and officials.

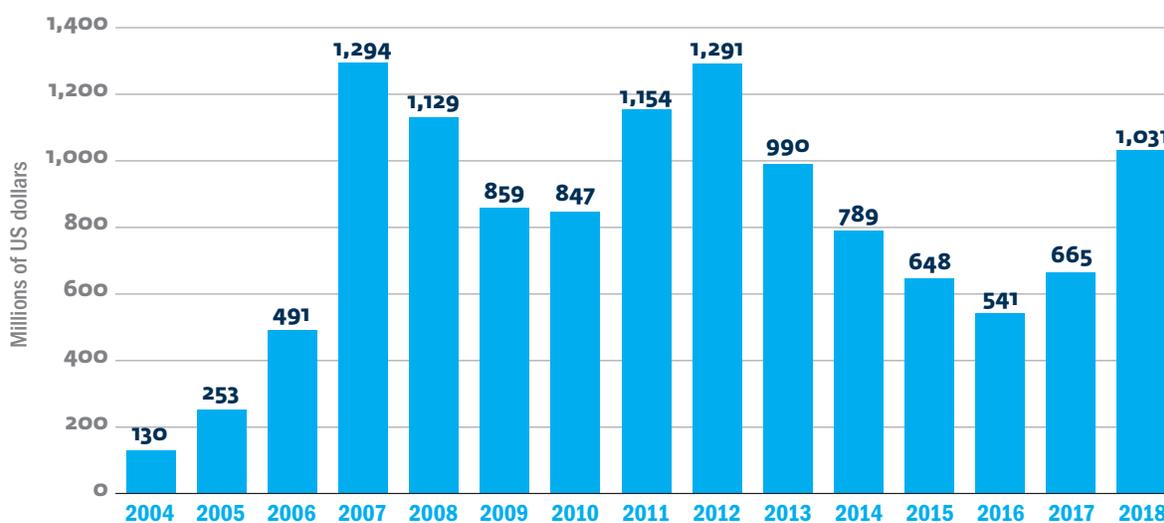


FIGURE 1 Annual transfer of Mining Canon revenue to local governments in Peru, 2004–18

Source: IFC team in Peru, based on information from Ministry of Finance databases, 2019.

These laws establish the obligation of public entities at the national, regional, and municipal levels to deliver, in a timely manner, information requested by people and entities and to provide adequate infrastructure to systemize and publish public information.

These laws have not been sufficient. Many public institutions consider simply posting information on Internet portals to be fulfilling their legal transparency obligation. But most local governments that receive money through the Mining Canon are in rural areas, where local people do not use the Internet as a primary source of information (if they use it at all). Even in areas with connectivity, few citizens

know how to use these websites, which are difficult to access and use technical language. Moreover, the information published is broad and complex and rarely what the local population needs in terms of content, detail, simplicity, or direct language.

A vast amount of national-level information is available, but this information is not useful at the local level, as it does not relate to the local context and local priorities. As a result, local people feel left out. To feel included and be able to participate in dialogue and decision making, citizens need not only access to information but also training to understand the positive and negative impacts mining represents and how mining affects their daily lives.



III. IFC's Transparency and Accountability Projects in Peru

Between 2005 and 2017, IFC implemented five projects to promote transparency and accountability in 40 municipalities in 11 regions of Peru.⁴ Municipalities were selected based on the following criteria:

- They were affected by the presence of natural resources activities, mainly mining.
- They had at least 3,000 inhabitants.
- They received or had the potential to receive Mining Canon revenue (or resources from other natural resources activities).
- It was possible to travel between municipalities.

In each successive project, IFC tested new approaches, pushed boundaries, captured lessons, adapted tools, and identified best practices and recommendations.

For local governments to take advantage of revenues from the Mining Canon, they need to have the capacity to administer and invest the money. Without citizen participation and oversight, it is unlikely that these investments will respond to local needs and development gaps.

IFC's Revenue Management "push and pull approach" (figure 2) was inspired by the three "citizen-centered local governance" principles defined by Shah and Shah (2006): responsive, responsible and accountable governance.

IFC worked with municipal governments to strengthen their investment planning, execution, and transparency capacity, so that resources received by municipalities had a positive impact on local communities' quality of life (push). At the same time, it worked with local leaders, equipping them with the



FIGURE 2 The three pillars of the good municipal governance model

Source: IFC Revenue Management team in Latin America and the Caribbean, based on Shah and Shah 2006.

skills to promote transparency, demand accountability from the authorities, and act as multiplier agents with their communities (pull) (figure 3). These efforts had important synergies with the implementation of the Extractive Industries Transparency Initiative (EITI), which focused on the national level at the time IFC started working at the local level.

Through this approach, IFC helped increase alignment between the population’s needs and priorities and local government investment plans; it also helped streamline budget and investment processes to benefit the population. These actions resulted in tangible impacts, such as better allocation of investments and increased monitoring from the population, ultimately leading to improvements

in governance. In the Apurimac project, for example, 46 investment projects (worth \$43.8 million) in water and sanitation, education, and road infrastructure that were prioritized and closely monitored were expected to benefit some 46,000 people. One year after IFC completed providing advisory services, 32 projects had started implementation; 19 projects (worth \$21.3 million) had been completed, benefiting 19,845 people.

To translate these concepts into concrete actions, IFC’s work on transparency and accountability was structured in three building blocks: capacity building, communication processes and dissemination of information, and dialogue and feedback (figure 4).

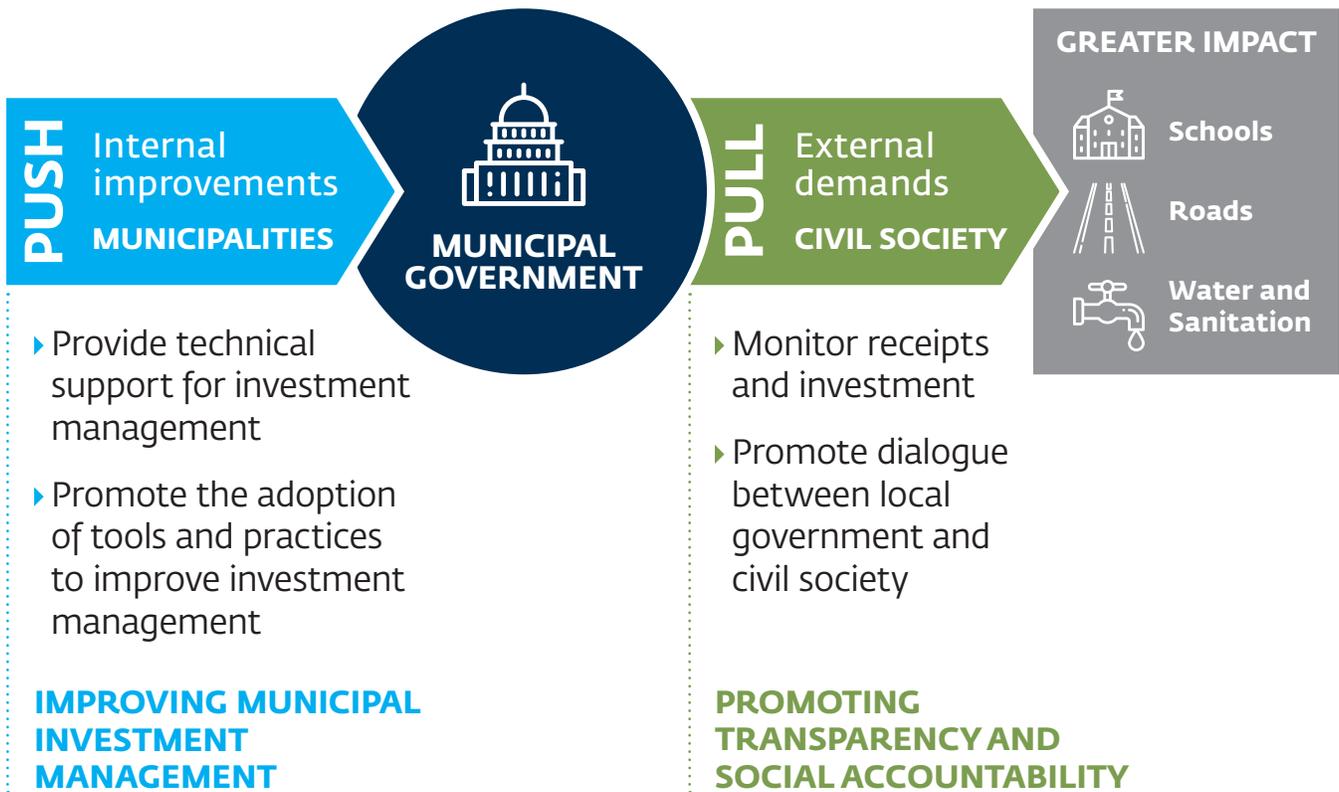


FIGURE 3 IFC’s Revenue Management push and pull approach to enhancing governance

Objectives and Key Stakeholders

Local leaders, civil society organizations, and local media are best placed to engage local authorities and demand good governance. IFC's projects (pull) therefore focused on helping them organize and become better informed, so that they could play active roles in exercising their rights to ensure that their authorities are responsive, transparent, and accountable in their use of Mining Canon resources.

Projects sought innovative solutions to tailoring information so that it was attractive, understandable, and useful to key stakeholders and responsive to their needs. The objective was for them to play

active roles in exercising their rights to ensure that authorities are responsive, responsible, and accountable in their use of Mining Canon resources, thus shaping the development of their localities. IFC also made efforts to identify and work with vulnerable groups, such as youth, women, and minorities, to give them a voice. Table 1 identifies the focus and key stakeholders of the five projects.

The first two projects, Canon Monitoring I and II (2005–07 and 2007–10), supported civil society organizations in undertaking systematic monitoring of Mining Canon revenue flows and municipal investment in selected municipalities in Cajamarca. The first one was implemented with the support of the Yanacocha mining company (IFC's client). In parallel, IFC implemented a project

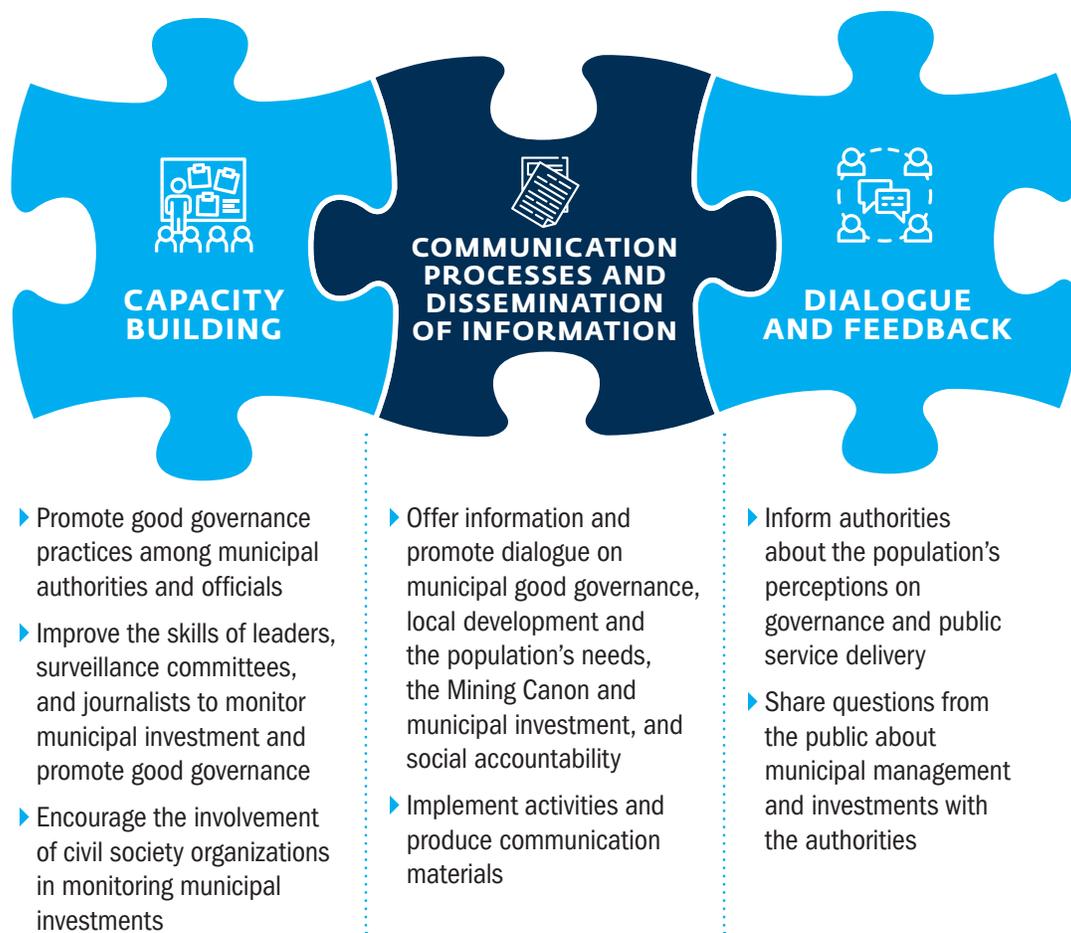


FIGURE 4 The three building blocks for increasing transparency and accountability

TABLE 1 Focus and key stakeholders of IFC's transparency projects in Peru

Project	Period	Location	Focus	Stakeholders
Canon Monitoring I Pilot	2005–07	▶ 2 municipalities ▶ 1 region	<ul style="list-style-type: none"> • Dissemination of information • Feedback 	<ul style="list-style-type: none"> • Civil society organizations (CSOs)
Canon Monitoring II	2007–10	▶ 15 municipalities ▶ 5 regions	<ul style="list-style-type: none"> • Dissemination of information • Capacity building • Feedback 	<ul style="list-style-type: none"> • CSOs • Media • General population
Peru LNG Enhancing Royalties Investment Project on Enhancing Municipal Investment Component	2008–11	▶ 3 municipalities ▶ 2 regions	<ul style="list-style-type: none"> • Dissemination of information • Capacity building • Feedback 	<ul style="list-style-type: none"> • CSOs • Local leaders • Media • General population
MIM Peru	2011–14	▶ 30 municipalities ▶ 8 regions	<ul style="list-style-type: none"> • Dissemination of information • Capacity building • Feedback • Behavioral changes 	<ul style="list-style-type: none"> • CSOs • Local leaders • Media • Surveillance committees
Apurimac Revenue Management	2015–17	▶ 7 municipalities ▶ 1 region	<ul style="list-style-type: none"> • Dissemination of information • Capacity building • Feedback • Behavioral changes 	<ul style="list-style-type: none"> • Local leaders • Surveillance committees • Local authorities

with Peru LNG (2008–11), which operates the first liquefied natural gas plant in Peru that included a transparency component based on the Canon Monitoring methodology. The next project, MIM Peru (Improving Municipal Investment, from its acronym in Spanish), which ran from 2011 to 2014, promoted good governance in local governments that received significant Mining Canon funds and promoted informed dialogue between citizens and local authorities to increase the impact of public investment on local development. Given its success, this project was replicated in Colombia and used as a reference in other regions.

In parallel and independently, these projects were complemented by a different IFC project which was focused on providing capacity building to local governments (push).

The Apurimac Revenue Management project (2015–17) was the only project that implemented the push and pull approaches simultaneously. It focused on improving mining revenue governance at the local level by providing technical assistance to municipalities to improve their investment processes in order to better meet the population's needs and to local leaders to enhance their capacity to participate in municipal investment decision making and demand accountability about the use of resources.

All projects except the Apurimac Revenue Management project were implemented through the establishment of MIM, an entity created by IFC that became recognized as a provider of trustworthy information about the Mining Canon and a champion of accountability and transparency around municipal investments.

IFC identified the following key stakeholders to promote social accountability:

- **Authorities and municipal officials** implement transparency actions. It is therefore important for them to understand the relevance of publishing information and communicating to their communities about the status of municipal investments.
- **Local leaders** lead change, influence authorities, and act as multiplier agents within their communities. They may or may not occupy

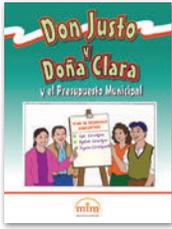
official positions. IFC considered as local leaders members or representatives of both formal and informal institutions who were recognized for their community development work, members of grassroots organizations and surveillance committees, and other natural leaders. Efforts were made to involve female leaders.

- **Surveillance committees** of the participatory budget process monitor municipal investment and communicate to the population about the progress made. These are bodies created by law to monitor investment projects that have been agreed on by authorities in a participatory budgeting process. They were made up of local leaders selected by their communities.
- **The media** puts key topics on the local agenda and generates interest and discussion about them. IFC worked with journalists from radio, television, print, and social media. Emphasis was placed on radio, the information source used most by the population.
- **The general population** demands transparency and accountability, as well as access to better services and infrastructure. As the projects progressed, IFC decided to concentrate efforts and resources on local leaders and potential local leaders (young people), as working with them allowed a multiplier effect that was more effective and less expensive than activities focused on the general population.

The projects were based on the premise that the population needs to be provided not only with access to information but also with the tools and knowledge needed to understand the nature of the Mining Canon and municipal investment as well as the context in which decisions are made. Diverse communication and training materials and activities were designed and implemented (table 2).

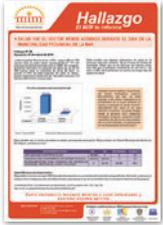
Local people also need to understand their role as active players in development and to engage in participation, decision making, and monitoring agreements. This increased dialogue and participation provides feedback to authorities about the population's needs and perceptions, which they can use to better respond to demands.

TABLE 2 Materials and activities used in IFC's projects



Don Justo y Doña Clara comic books

The series presented basic concepts related to the Mining Canon, municipal investment, the right to request information, and good government.



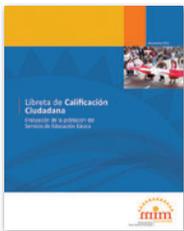
Findings factsheets

Weekly one-page publications presented relevant, objective, impartial information related to good governance, the Mining Canon, and municipal investment.



MIM Bulletins

Semi-annual publications included comparative statistics for local governments participating in the project, the Municipal Social Accountability Ranking, and the Good Governance ranking.



Citizen Report Card

Semi-annual publications presented the population's perceptions on key public service delivery (one per issue), such as education, security, water and sewage, sanitation, and social programs.



Participatory budget booklet

This annual publication presented information on the progress of participatory budget projects.



Educational capsules and sound bites

One-page informational and educational communication pieces developed key concepts related to good governance. Educations Sound bites were 30 seconds recorded pieces that were based on the capsules' content and shared with local radio outlets.



Answers from the Mayor

IFC collected questions from the population, which it channeled to the authorities. The mayors' answers were circulated in publications called the "Answers from the Mayor" (specific to each municipality), which were distributed at community meetings and visits and published on the municipality billboard. The answers helped community members better understand the status of municipal investment and increased their trust and interest in local development issues.



Social Accountability Index/ranking

In 2007 IFC created the Social Accountability Index, which was measured twice a year and publicly presented to authorities and local leaders in the form of a ranking. IFC helped the authorities improve their results by providing them with actionable recommendations.



Local leader training guides

The guides provided local leaders with information that helped them participate in municipal affairs. Topics included citizen participation and social accountability, the concerted development plan, the participatory budget and social accountability, and water and climate change.



Surveillance committee training guides

The guides provided surveillance committees with tools and information that help them perform their duties. Topics included preparing for surveillance, the participatory budget based on results, monitoring the participatory budget, public investment and access to information, and public investment project monitoring.



Good governance best practices guides for municipalities

The guide summarized IFC's experience and learnings on best practices for good governance in local governments in Peru, providing municipal officers with the basic tools to improve investment management, transparency mechanisms, and citizen participation. They cover four areas: participatory budgeting, multiyear planning, investment management committees, and transparency and accountability.



Municipal information fairs

Officials and authorities interacted with the population at information fairs, where they showed in a simple, graphic manner the work carried out by the municipality during the previous year. The fairs were organized before the annual accountability public hearings. The events included one or more stands or tents where officials provided information to the population and answered their concerns.



Workshops

Workshops targeted local leaders, the media, and surveillance committees. They were designed to last four hours. Educational materials covered specific and strategic topics on stakeholders and expected behaviors. Workshops were accompanied by handbooks and tools.



Good Governance Dialogues

Good Governance Dialogues were communication spaces in which authorities and local leaders could exchange their points of view, interests, and concerns about the local development agenda and governance.



Contests

Contests encouraged leaders, grassroots organizations, and journalists to become more active in demanding information, monitoring municipal investment projects, and putting the Mining Canon and its use on the public agenda.



Visits to communities

Visits to local leaders, the media, and surveillance committees provided opportunities to work with local leaders on how they could use the knowledge acquired or deepen their understanding.



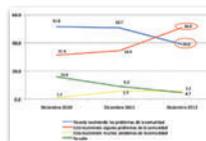
Itinerant information fairs

Information fairs were spaces in which MIM teams interacted with the local population, showing in a simple, graphic manner the work carried out by the municipality. Group games and short plays were presented with the help of volunteers.



Public hearings

Public hearings provided space for citizen participation in which mayors publicly informed the population about the achievements and challenges of their administration.



Perceptions survey results

Semi-annual perception surveys measured the evolution of the main indicators and provided insight into how stakeholders perceived mining, municipal authorities, and public investments.

TABLE 3 Strategies for working with key stakeholders

Area	Authorities	Local leaders	Surveillance committees	The media
Access to information 	<ul style="list-style-type: none"> ▶ Perception survey results ▶ MIM Bulletin 	<ul style="list-style-type: none"> ▶ MIM Bulletin ▶ Citizen report cards ▶ Findings (factsheets) 	<ul style="list-style-type: none"> ▶ MIM Bulletin ▶ Educational soundbites ▶ Educational “capsules” (handouts) 	<ul style="list-style-type: none"> ▶ Findings (factsheets) ▶ MIM Bulletin ▶ Citizen report cards ▶ Participatory budget booklet ▶ Social accountability index
Capacity Building 	<ul style="list-style-type: none"> ▶ Training guides 	<ul style="list-style-type: none"> ▶ Training workshops ▶ MIM toolkit ▶ Training guides 	<ul style="list-style-type: none"> ▶ Training workshops and training guides 	<ul style="list-style-type: none"> ▶ Training workshops
Advocacy 		<ul style="list-style-type: none"> ▶ Participation in radio programs ▶ Visits by project team 	<ul style="list-style-type: none"> ▶ Participation in radio programs 	
Motivation 	<ul style="list-style-type: none"> ▶ Studies ▶ Perception survey results 	<ul style="list-style-type: none"> ▶ Monitoring Municipal Investment Contest 		<ul style="list-style-type: none"> ▶ Annual competition on municipal service provision
Network 			<ul style="list-style-type: none"> ▶ Training workshops ▶ Guidelines ▶ Technical support 	

To help citizens become engaged and exercise their right to participate, IFC worked on the following areas:

- getting to know key stakeholders and understand their information and capacity needs, in order to be able to design tailored intervention strategies
- motivating key to stakeholders by showing them why these issues are relevant to their daily lives
- reducing the cost of obtaining neutral, timely, and useful information
- building stakeholder capacity through training

workshops, to ensure their understanding of key topics related to transparency and accountability

- identifying spaces to promote and host public dialogues

These activities helped increase social accountability and give the population a voice to engage in dialogue with their peers and authorities, monitor municipal investment, and influence municipal decision making. They also improved the relationship between local people and the authorities, by increasing trust and credibility.

Improvements in transparency and accountability were measured quarterly using a Social Accountability Index, which measured the level of transparency of each municipality on a 1–20 scale (similar to the grading scale used in Peruvian schools).

Since, IFC’s projects targeted different groups, with different characteristics, needs, levels of understanding and absorptive capacity, understanding their current behaviors and the expected ones was key to define a communication efforts that were well articulated with the capacity building activities.

The index included four indicators:

- population’s perception of provision of information on use of investment resources (survey based)
- answers from municipal authorities to questions from the population
- availability of municipal investment information
- public hearings

The Social Accountability Index was measured twice a year and publicly presented to authorities and local leaders in the form of a ranking. It was part of a Good Governance Index, also developed by IFC, which included indicators on responsiveness and efficiency. After the index figures were reported, IFC provided the authorities with advice on implementing good practices related to transparency, so that they could improve their ratings.

IFC projects incorporated gender as a cross-cutting activity. Projects identified and engaged women-led local organizations, to ensure that they received advisory assistance or guidance. This effort began with the establishment of a baseline and a logical framework in which data was collected and disaggregated by gender to track various indicators for women, in order to be able to make adjustments in activities and determine their impacts. Efforts were made to reach women with gender-sensitive communication materials and to organize project activities in locations and at times that facilitated women’s participation.

“We wanted public works to be done correctly, but we didn’t know how to ask for this information. . . . With MIM, we were trained on how to monitor projects, which steps to follow, where to go. MIM has made our fear of monitoring disappear.”

—DALILA MORALES QUINTANA,
LOCAL LEADER, CAJAMARCA

Results

As a result of project activities, all groups of key stakeholders engaged in important behavioral changes.

LOCAL AUTHORITIES

Authorities shared information on municipal investment with local leaders and the population. They also adopted a series of mechanisms aimed at increasing transparency and accountability, including providing answers to questions from the population, holding public accountability meetings, updating their municipal information boards, and organizing municipal investment information fairs.

Authorities reported improved municipal performance as a result of the new practices recommended by IFC. For example, several public officials noted that the “Answers from the Mayor” practice facilitated communication with the population and allowed them to better understand their needs and concerns. A 2014 perceptions survey conducted by Imasen after four years of project implementation, showed that 73 percent of local leaders thought municipalities were providing more information on investment and 85 percent thought the IFC transparency project had contributed to this change.

▶ **KEY ACHIEVEMENTS** of MIM Peru with authorities and municipal officials

- 12,692 responses were delivered from 27 of 31 municipalities monitored
- 27 municipalities assigned a member of staff to answer questions submitted by the population

Source: MIM Peru, March 2015

In the MIM Peru project (2010–14), the Social Accountability Index increased from 4.9 to 10.6 (on a 1–20 scale), a 116 percent improvement. In the Apurimac Revenue Management project (2015–2017), the index increased 93 percent, from 6.9 to 13.3. This growth reflected the municipalities’ willingness to provide information as well as the effectiveness of their transparency mechanisms at reaching the population.



LOCAL LEADERS

Local leaders were more active in monitoring the use of municipal investments. The activities helped them better understand concepts related to the Mining Canon and municipal investment, access public information related to municipal investment projects, and pose questions to authorities related to their progress. In the 2014 Imasen survey, 92 percent of the leaders trained said that they knew that they had the right to ask for information on the Mining Canon and municipal investment and that it is the local government’s obligation to be accountable; about 80 percent of leaders understood the issues related to municipal investment and the Mining Canon.

Local leaders also increased their participation in the participatory budgeting process and monitoring activities and actively participated in accountability meetings. For instance, in the Apurimac project, Imasen surveys showed that the general population’s participation in municipality-related activities increased from 9 percent in December 2014 to 30 percent in December 2017; participation by local leaders rose from 30 percent to 45 percent.

▶ **KEY ACHIEVEMENTS** of MIM Peru with local leaders

- 33,783 people (56 percent women) participated in 1,775 dialogue sessions in eight regions
- 1,239 leaders spoke in front of the media
- 1,033 people from 376 organizations learned how to monitor municipal investment

Source: MIM Peru, March 2015

More knowledgeable local leaders and municipal officials disseminated the information and knowledge they received helping put key topics related to local development on the public agenda. Leaders held dialogue sessions to discuss the use of investment resources; more than half of the participants at these sessions were women. They also spoke to the media and shared information in community meetings.

SURVEILLANCE COMMITTEES

Surveillance committee members acquired the knowledge and skills required to monitor projects and access information on projects on government websites. The committees were encouraged to organize themselves into networks, which allowed them to share knowledge and experiences and have a stronger voice and higher visibility to communicate their findings and reach agreements with the authorities.

Using a common methodology to monitor municipal investment, the committees prepared monitoring reports on projects prioritized through the participatory budget process. They then shared their findings with the authorities and presented them to local people and the media at public events. These activities strengthened the relationship between surveillance committees and the authorities, and the dialogue between them became more fluid and informed.

► **KEY ACHIEVEMENTS** of MIM Peru with surveillance committees

- 48 committees organized themselves into eight networks in seven regions
- 1,754 committee members (36 percent women) participated in 102 workshops on public investment
- 27 committees completed their monitoring reports and seven of them presented their reports to the population at public events

Source: MIM Peru, March 2015

THE MEDIA

IFC trained journalists, provided them with frequent and updated information, and implemented contents in order to incentivize them to cover topics related to development and good governance. These actions helped place the Mining Canon and municipal investment on the public agenda and increased media attention to social accountability and good governance. Media articles on municipal investment and the municipal budget, including opinion pieces,

“In the past, my efforts as a leader had no foundation. I was afraid of expressing myself because of the little information I had. Now my suggestions and complaints are well supported. I learned about my rights and duties as a citizen and the importance of actively participating in the different spaces for participation and consensus building. This is the proper way to contribute to good municipal governance.”

—ROSA MERY QUISPE MENDOZA,
PRESIDENT OF THE BEEKEEPERS
ASSOCIATION “LAS OBRERITAS” AND
MEMBER OF THE SURVEILLANCE
COMMITTEE OF COTABAMBAS, APURÍMAC

were published, and investigative reports exposed the needs and gaps in basic services that needed to be covered by public investment. The increased coverage of municipal investment issues prompted public officials and local leaders to speak to the media about the topic.

► **KEY ACHIEVEMENTS** of MIM Peru with media outlets and journalists

- More than 13,000 news items cited MIM press releases
- 20 radio stations transmitted MIM educational soundbites for free
- 260 journalists participated in three competitions that led to 173 journalism investigations

Source: MIM Peru, March 2015

GENERAL POPULATION

As a result of the transparency projects, the general population showed greater interest in learning about and searching for information on the use of mining-related resources for development. The activities gave non-traditional actors, such as underserved populations living in remote communities where mining firms operate, the opportunity to participate in decisions that affected their lives, especially decisions related to access to basic services. IFC gave a voice to the main users of basic services (water, schools, health services) by educating them and encouraging their participation in municipal investment decisions.

► **KEY ACHIEVEMENTS** of MIM Peru with the general population

- 26,237 questions were channeled from the population to the authorities in 30 municipalities
- 395,602 citizens (including 186,184 women) increased their knowledge of the Mining Canon, a 46percent increase from baseline
- 546,348 people (including 268,864 women) increased their knowledge of municipal investment, a 106 percent increase from the baseline

Source: MIM Peru, March 2015

External reviews confirm that the IFC projects achieved results:

- An analysis by the Instituto de Estudios Peruanos (2011) found that respondents who were aware of MIM Peru were 22.1 percent more likely to be informed about both the Mining Canon and municipal investment, 17.1 percent more likely to be aware of all of their rights to request information, and 9.9 percent more likely to

have a higher degree of understanding of the Mining Canon and municipal investment than respondents who were not aware of it.

- A multiyear survey analysis by Imasen, an independent survey firm, found a strong correlation between knowledge of the Mining Canon and municipal investment and familiarity with MIM Peru. The survey, conducted annually between 2010 and 2014, collected data on perceptions of governance by both the general population and civil society organizations. The sample included 52,696 individuals from 36 districts and 22 provinces in 11 regions of Peru. The results showed that MIM Peru activities contributed to transparency and accountability in the municipalities monitored.
- An IFC-commissioned impact assessment by Georgia State University and GRADE (2015) of the effectiveness of MIM Peru from 2011 to 2014 indicated that municipal investment was responsible for a steady improvement in both individual and collective living standards. Introduction of improved municipal governance practices increased transparency and collaboration between individual players within the political process. The assessment found that the intervention increased perceptions of living standards in the studied population.
- Imasen carried out qualitative and quantitative studies during the Apurimac Revenue Management project (2015–17). The final survey, conducted in December 2017, included 165 leaders and 3,624 citizens. It found that communities that were included in the project had an improved view of the way in which their municipalities invested and that leaders in these municipalities were better informed on issues related to the Mining Canon and municipal investment. The share of respondents that had a passing grade on a knowledge test on these subjects rose from 20.4 percent to 32.2 percent over the course of the project.

IV. Recommendations and Lessons Learned

This section presents recommendations and lessons in five areas: general design; communication processes and the dissemination of information; capacity building; stakeholder engagement; and dialogue, participation, and feedback.



General Design

To achieve its objectives, IFC conducted assessments and studies; developed communications and capacity-building strategies; proposed good practices, tools, and methodologies; provided training sessions; and engaged in communication activities. These actions achieved a range of immediate and medium-term outcomes, including increased understanding, awareness, and media attention to the issues and greater inclusivity and accountability in decision making (figure 5).

The following lessons and recommendations are based on IFC’s experience designing the transparency and accountability projects.

1 A “push and pull” approach increases accountability.

One of the most valuable lessons to come out of IFC’s experience is the importance of working with both the authorities and local leaders. The 2015 impact assessment of the MIM Peru project by Georgia State University and GRADE found synergies between push and pull activities.⁵ Push activities helped accelerate investments that would benefit the population; pull activities promoted the participation of the local population through its leaders and the monitoring of municipal investments. The joint presence of push and pull interventions affected perceptions of improvements in living standards more than the effect of either type of intervention on its own (figure 6).



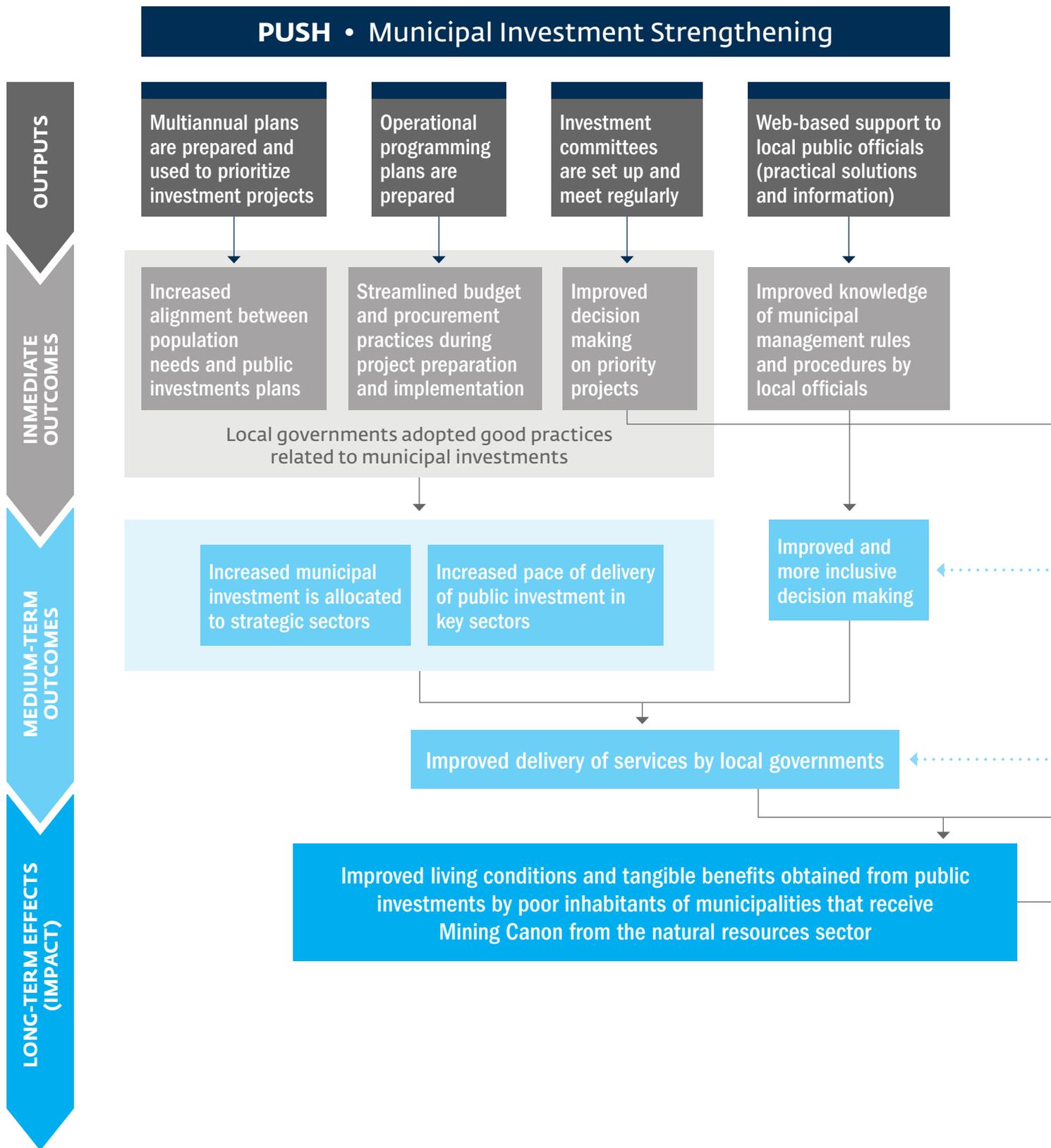


FIGURE 5 IFC Revenue Management: Theory of change

PULL • Social Accountability

Social
Accountability
Index

Establishment
of MIMs and
Surveillance
Committees

Leaders capacity
building and
information

Raising awareness
events on governance
with the media

Better
informed
authorities

Better informed
civil society
with increased
oversight capacity

Increased
understanding of the
Mining Canon and
municipal investment
by population

Media is more
attentive to good use
of public resources

Increased accountability of public
resources obtained through the
Mining Canon

Increased understanding of the
Mining Canon as a source of
resources for local development

Improved local governance

Increased receptivity of natural resources sector by population
living in municipalities that receive Mining Canon

Sustainable operations of natural resources companies

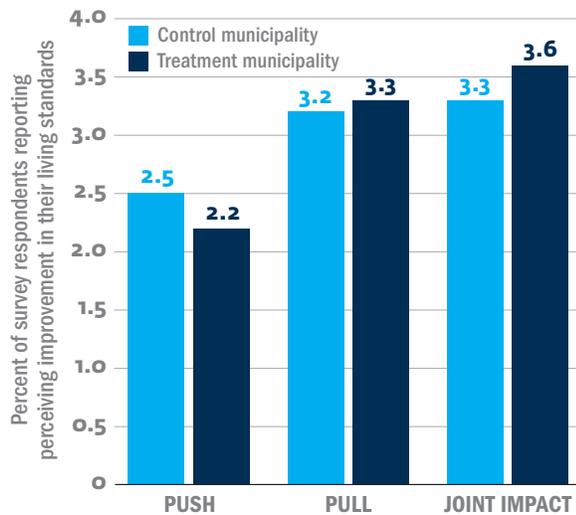


FIGURE 6 Impact of IFC's projects on perceptions of living standards

Source: *Impact assessment to the MIM Peru project*. Georgia University and GRADE. 2015.

2 Local leaders are best able to lead change.

For the initial projects, the general population was selected as the key stakeholder group. After an internal midterm evaluation of the MIM Project, the team realized that local leaders were best positioned to lead change. After a thorough analysis, the team decided that the focus should be on groups that had the greatest influence over the authorities and that showed interest in the Mining Canon and municipal investment and were aware of its impact. Several additional stakeholders that could influence change in municipal practices related to municipal investment—including surveillance committees, media associations, and municipal authorities—were identified. The general population was dropped as one of the main audiences.

3 Collecting baseline information from a mix of sources enriches the design of the intervention strategy.

IFC used the following tools to set the baseline:

- A stakeholder map helped IFC understand key stakeholders and their dynamics.

- A behavioral change matrix defined the current and expected behaviors of stakeholders and helped the project team monitor progress in changing the attitudes and perceptions of each group. The matrix specified the effects that were expected to be generated once the projects were completed, as well as quantitative and qualitative indicators that measure progress and compliance with these changes.
- In-depth surveys on the perceptions and priorities of citizens were conducted every six months, beginning with an initial baseline survey. Surveys of the general population included a representative sample of each district's populations with a 5 percent margin of error; surveys of local leaders included 100 leaders per region. Results on women were analyzed separately.
- The Social Accountability Index, created by IFC in 2007, measured the level of transparency, access, and disclosure of public information, as well as accountability for resources managed, in each municipality. The results, presented at meetings with mayors and local leaders, helped municipalities meet the population's needs, become more responsive and transparent in the use of municipal investment resources, and compare themselves to other municipalities, generating a race to the top.

4 Designing activities in building blocks allows for flexibility.

Designing activities in building blocks (see figure 4) allowed for flexibility, as some projects could implement only certain activities. It also allowed the team to easily and quickly adapt to changing and sometimes challenging environments by including or removing certain activities.

5 Periodic monitoring improves the capture of results.

The IFC projects used monitoring tools to assess project impact, beginning with the development of the theory of change, the use of control municipalities, and baseline studies. The team also defined a set of quantitative and qualitative indicators to monitor performance of outputs, outcomes, and impacts

and adjust activities when necessary. Semi-annual assessments measured these indicators. Where relevant, IFC differentiated indicators and results by gender. IFC also conducted internal midterm evaluations and final internal and external evaluations.

6 Healthy competition among local governments can help drive improvements.

IFC's ranking of municipalities based on the indexes promoted healthy competition among local governments, which motivated them to implement good practices and improve specific aspects of municipal investment management and transparency. The index included key indicators and provided actionable recommendations on improving them. Sharing periodic reports allowed IFC to discuss with the authorities key areas for improvements and recommendations and obtain commitments for improvement.

7 Having women present during a meeting is not the same as having women participating in a meeting.

IFC identified women's organizations in project municipalities and provided female leaders with technical assistance to enable them to participate and voice their opinions in dialogue spaces. It also developed gender-sensitive communication materials and conducted project activities at times and places that facilitated women's participation.

8 The sooner partners are engaged in a project the better.

To ensure the long-term sustainability of any project activity, it is important to identify partners at the project planning stage and design an engagement strategy that will help them see value in the work and understand their institutional role in supporting it. IFC partnered with more than 50 civil society institutions to set up MIMs and engage on the promotion of transparency and accountability. Having respected institutions support MIM efforts helped build credibility and position the MIM in each region.



Communication Processes and the Dissemination of Information

IFC's projects targeted a range of groups, in both urban and rural communities, with different characteristics, needs, levels of understanding, and absorptive capacity. Given these varied audiences, communication materials and activities had to be culturally adapted and developed in formats with different levels of complexity (table 2). IFC used these materials to initiate dialogue with stakeholders. Local project teams were trained to lead the communication process with stakeholders, using communication materials for support. Between 2011 and 2015, 9,360 individuals received information generated by MIM Peru local teams.

1 Changing stakeholders' behaviors should be at the core of a communications strategy.

Early on the team realized that the focus of communication activities should be on changing behaviors and attitudes in key audiences. To do so, it

- prioritized audiences using a stakeholder map and the results of the perceptions baseline survey
- analyzed current and expected behaviors
- identified the knowledge and attitudes required to motivate expected behaviors.
- determined the right combination of communication activities and materials for each stakeholder group, in coordination with capacity-building activities.

This approach helped align project activities with expected behavioral changes. It also helped define behavioral change indicators for each stakeholder group, which facilitated the monitoring of results.

2 Less may be more: The right level (and amount) of information should be provided to respond to stakeholders' needs.

It is important to continuously calibrate the amount and scope of information required to meet the



BOX 1 Empowering women with information

“Before, we knew that we could ask for information, but we didn’t know how. Now we are clearer about this,” said Magda Urbina, leader of the Jesus district in Cajamarca. Her thoughts were echoed in the results of a survey carried out by the MIM Peru project in December 2010 in the eight regions being monitored. It revealed significant improvements in women’s knowledge about the Mining Canon and municipal investment compared with the May 2008 survey. Knowledge of the Mining Canon increased by 30 percent, and knowledge about municipal investment increased by 136 percent.

The communications and dissemination processes carried out by MIM Peru, using educational materials such as the “Don Justo and Doña Clara” comic booklets (see table 2), significantly contributed to these results. The materials used simple and accessible language to discuss issues related to the Mining Canon, municipal investment, and the right to information. This type of material, along with street theatre, helped MIM Peru reach women, who are often excluded, because of lack of education. Empowered women expressed their interest in learning more about the Mining Canon and municipal investment. Now that they are more informed, they are better positioned to demand social accountability from the authorities and to influence the development of their communities.

information needs of different audiences. During focus groups, the IFC team learned that too much information was being provided. In response, it developed materials and implemented activities with the appropriate level of complexity, based on the level of understanding and absorptive capacity of each stakeholder group. For instance, IFC adjusted the level of complexity of materials for local leaders as their level of understanding increased.

3 Multiple channels should be used to reach stakeholders.

To respond to the information needs and absorptive capacities of stakeholders, IFC adapted and diversified its materials, developing a range of formats and channels to reach stakeholders.

This approach was key to the success of IFC's project communications strategies. Products were disseminated through the media, as well as in periodic meetings with community organizations and visits to local leaders by technical teams, and volunteers. Communication materials were also distributed to individuals who approached the project offices and exhibited on public information boards outside the offices and at partner institutions. IFC ensured that the topics remained on the public agenda by ensuring that key stakeholders were reached at least once a month.

4 Committed young volunteers are excellent partners when working with communities.

IFC forged alliances with universities to recruit volunteers. These young people, who shared the projects' objectives and had the passion and conviction to lead change, played a key role in disseminating information. More than 100 volunteers made visits to stakeholders to distribute and explain the published materials. They also participated in awareness-raising campaigns. Several years after the projects, several of these young people had been appointed to public positions or continued to lead change.

5 Creating a brand that reflects the attributes a project seeks to convey is key.

Project teams recognized the importance of branding to position the projects. This understanding helped guide the definition of the values and attributes that would be associated with the projects, key messages, the graphic style its communications and capacity building material would follow, and answers to frequently asked questions.

For instance, the logo for MIM Peru aimed to represent reliability and independence. Having a well-defined brand helped position MIM Peru with the population as a local and neutral source of information on the Mining Canon and municipal investment. Project team members were trained on the values and behavior that were expected from them to build and maintain a good reputation on the ground and prevent risks (be neutral, do not share your own opinions, use evidenced-based data). At the end of the projects, the local populations associated MIM Peru with independence, impartiality, reliability, and credibility. The success of the MIM Peru branding experience was applied in other IFC projects.



6 All projects need a plan for mitigating potential communication risks and crises.

During implementation, IFC projects occasionally faced situations that put their reputation and credibility at risk. For example, mayors and municipal officials questioned the veracity of the information produced by the projects, and the local media tried to link the activities to a mining company. These situations led the team to devise a crisis management response that included the following steps:

- Identify crises and their causes.
- Determine which stakeholders are involved and identify their interests.
- Discuss the strategy to be followed.
- Prepare a response, with key messages and arguments.
- Appoint a speaker who will deliver the response.



BOX 2 Opening communication channels between leaders and authorities

"I would like to thank MIM Ancash's team for the work they do to keep us informed of the population's perceptions. MIM Ancash has become our guardian angel," said Antonio Mezarina, mayor of the Independencia district, during a public event organized by MIM Ancash. The event was convened to share the results of a survey that compared statistics about the Mining Canon, municipal investment, and the population's perceptions regarding the use of resources. In a clear demonstration of transparency and willingness to dialogue with the population, the mayor voluntarily responded to 19 questions that had been channeled to him by MIM. Journalists, students, community representatives, and municipal officials attending the event welcomed the mayor's comments.

MIM played an important role in generating informed dialogue between the population and the authorities, in an attempt to change behavior on both sides. By doing so, the project promoted civic participation and social accountability on the use of the Mining Canon and municipal investment. The mayor's actions were institutionalized: the municipality of Independencia now regularly responds to questions from citizens, showing a willingness to be held accountable regarding the use of the Mining Canon.



Capacity Building

Through the stakeholder mapping and perception surveys, IFC determined whom to focus on, identified capacity-building needs, and set targets for improvement. The behavioral change matrix allowed the team to monitor the progress made in changing behavior within each group of beneficiaries.

The capacity-building plan was framed using two methodologies: “learning by doing,” where stakeholders adopted new practices and implemented them in their day-to-day jobs, and “adult training,” which included dynamic and interactive processes based on their own experiences. The team implemented these strategies through workshops, visits, good governance dialogue sessions, and contests designed for each group of beneficiaries.

1 Workshops and materials need to be tailored to respond to stakeholders’ capacity-building needs.

The team must ensure that the capacity-building workshops respond to the final user’s needs so that they are attractive, understandable and most importantly, used by key stakeholders. While undertaking the studies to set up the baseline information, IFC worked on getting to know key stakeholders, understanding their information and capacity needs to design tailored intervention strategies. The behavioral change approach allowed IFC to identify knowledge needs and attitudes required for expected behaviors to start occurring.

2 Training methodologies must be culturally adapted.

Teams need to develop culturally adapted adult-oriented capacity building plans, so that the practices, tools, and activities implemented relate to the beneficiaries’ day-to-day activities and are relevant to the context where they are being applied. Workshops and materials were adapted to ensure that they were culturally appropriate in terms of content, detail, simplicity, and language.

3 Stakeholder fatigue needs to be avoided.

Teams should avoid overloading stakeholders with information or holding too many meetings. Most municipalities had only a few officials and local leaders. They had limited time to dedicate to project activities. IFC noticed stakeholder fatigue from the frequent and unstructured interactions (visits, meetings, trainings, events) that were taking place. Through information learned from focus groups, it finetuned the amount, depth, and frequency of contact, to ensure that every point of contact added value. To ensure that stakeholders were receptive to project activities, interactions were rationed, focused on results, and planned in a way that helped stakeholders see a benefit in participating.

4 Knowledge, not just information, empowers local leaders and the media to become agents of change.

The initial IFC project was focused on information dissemination. IFC quickly came to understand that information was not enough. In order to motivate local leaders to become agents of change, IFC needed to build capacity and understand their needs, expectations, and fears. The combination of information sharing and capacity building, together with their interest in local development, helped turn local leaders and journalists into agents of change, multipliers, and generators of dialogue with their local authorities and their communities. This mix contributed to the development of proactive local leaders who learned how to find information (in person or online), analyze it, and monitor public investment projects. Monitoring real public investment projects helped leaders gain confidence in their capacities and overcome their fears of undertaking similar actions in the future.



Stakeholder Engagement

Identification of stakeholders, issues, interests, and current and expected behaviors began as early as possible and was monitored throughout the life of the projects.

When IFC first began the pilot project, participating municipalities had limited or no transparency and accountability mechanisms. There was no alignment between municipal investment projects and the population's needs and priorities and no mechanisms for listening to or understanding the population's needs and concerns.

Using this baseline and the current and expected behaviors of municipal authorities, IFC designed a strategy to engage them to improve their capacity to listen to and communicate with the population, in order to help them understand and respond to citizens' needs and to be transparent and accountable.

IFC's main argument was that increased transparency and accountability would translate into increased popular approval and reduce the risk of conflict. An assessment commissioned by IFC (Georgia State University and Grade 2015) showed a correlation between the level of transparency and the level of support for the authorities. Providing useful information to people improved the grade given to municipal management by an average of 2.75 points (out of a maximum of 20). The probability of approving a local authority's investments was higher (40 percent) among respondents who reported having received valuable information from the municipality.

IFC's Municipal Social Accountability Index provided feedback to the authorities regarding needed improvements in transparency and accountability practices. Using the results in ranking helped IFC spur healthy competition among municipalities. It identified practices municipalities could adopt and built the capacity of officials to implement them. These practices included mayors answering the population's questions using a structured format ("Answers from the Mayor"), Good Governance dialogues, public information boards, and municipal information fairs (see table 2).

The practices aimed to increase dialogue with the population, improve transparency and accountability, and incorporate observations and suggestions from the population into the provision of municipal services.

“During the first months, the mayors didn't answer questions. It was very difficult. They needed to understand what MIM Peru was and that it wasn't there to damage their administrations. Once MIM Peru had gained their trust and they saw that the question and answer process was another way for them to communicate with the population, the mayors started to respond.”

—EDGAR HERRERA, MIM ANCASH COORDINATOR

ENGAGING THE AUTHORITIES

1 Coordinating the start of a project with the election cycle is desirable.

IFC started its projects at different points in the municipal governance cycle. It learned that starting projects at the beginning of an election cycle makes it easier to engage and train new municipal teams on good practices and helps avoid interruptions in technical assistance (although it may not always be feasible). It is important to identify officials in key positions and make them aware of the benefits of adopting transparency practices.

2 Providing regular feedback to authorities about their performance makes a difference.

Providing regular, relevant, and timely feedback and information to the authorities is important both to engage them and to provide a catalyst for change. Authorities appreciate receiving information to help them understand the population's concerns. Tools can take many forms, including perception surveys, questions from the population, and rankings.

3 Providing authorities with guidance and tools helps them adopt good practices.

The first time IFC introduced transparency practices to authorities, it took at least six months before they were implemented and more than a year before they were consistently used. In response to this slow pace of adoption, IFC fine-tuned its procedures. For instance, to make it easier for authorities to respond to the population's questions, it asked local authorities to appoint one staff member to help respond to these questions and provided guidelines and recommendations on how to answer the questions. To help the authorities respond, it provided lists of 20 questions and answers a month (instead of 100 questions and answers every three months). IFC also provided recommendations on how to disseminate the answers and ensure that they get to the person or community that posed them.

IFC's efforts helped increase the adoption of the practice and boosted the number of authorities responding and the number of questions answered.

ENGAGING LOCAL LEADERS TO DEMAND ACCOUNTABILITY

Local leaders play an important role in demanding transparency and accountability. If leaders are aware of and informed about the Mining Canon and municipal investment, they are more likely to play an active role in decision making and make their voices heard. They can also share their knowledge within their communities, increasing public interest and participation.

The projects taught local leaders, including surveillance committees, how to find information (in person or online) and built their capacity to analyze this information and monitor public investment projects. Once empowered, leaders felt more confident about participating in public meetings and responding to audiences, demanding information from authorities, and monitoring municipal investments. Eventually, the leaders also took part in the preparation of their municipalities' participatory budgeting processes and in public hearings.

By strengthening the capacity of local leaders and their institutions, IFC contributed to good

governance, as several local leaders who were trained through the MIM Peru project now hold positions in local government and well-recognized organizations.

1 Mapping local leaders is vital to understanding their mandates, challenges, and perceptions.

IFC mapped local leaders in order to understand their social composition, roles in the community, and positions on certain topics as well as the dynamics among leaders. This information helped IFC prioritize target groups to work with, analyze current and expected behaviors, evaluate capacities, and identify the knowledge and attitudes required for behavioral changes to be triggered, as well as any barriers to or facilitators of change. This map was periodically updated throughout the projects.

When mapping local leaders, IFC emphasized the following:

- understanding their mandate and their approach to short- and long-term activities to improve community well-being
- establishing a baseline to register and assess their knowledge and level of understanding about municipal investments and transparency mechanisms, in order to refine the project design and identify activities to be implemented and content to be shared
- identifying their current and desired behaviors
- defining the capacity-building and communications plans necessary to trigger the desired behaviors.

IFC systematically assessed local leaders' behaviors through semi-annual perception surveys. These surveys helped monitor progress in achieving the expected behaviors and allowed local teams to make adjustments when needed.

2 Awareness building alone is not enough.

IFC prioritized public presentations and personalized visits to local leaders to share key information about the use of the Mining Canon and municipal investment. Initially, it thought that just raising



awareness would convince leaders of the value of having reliable, up-to-date information. It later realized that capacity-building and advocacy activities were needed to motivate local leaders to increase their participation in municipal affairs.

3 The capabilities of monitoring bodies mandated by law need to be identified and strengthened.

Surveillance committees are mandated by law to monitor municipal investment projects in Peru. To increase their capacity, IFC offered training, information, and technical assistance that helped them facilitate project monitoring and report preparation and organize into networks. IFC's efforts made it easier to get authorities to recognize them and their mandate and to respond to their information requests.

ENGAGING THE MEDIA TO BECOME AGENTS OF CHANGE

In 2005, when IFC started its work on transparency in Peru, the media in Peru tended to condemn mining activities. It did not cover properly the relation between the Mining Canon, municipal investment, companies and local development.

IFC knew that journalists were key to improving public knowledge and awareness about the Mining Canon and municipal investment. To encourage them to cover these topics, it provided them with trustworthy, up-to-date, unbiased information with

which to inform the public and promote dialogue about municipal investment and local development. MIM Peru teams visited local journalists and media outlets to make them aware of their role as change agents and of the opportunities and challenges represented by the presence of natural resources companies in their regions. Teams also suggested stakeholders that journalists could interview, including members of MIM boards, local leaders, authorities, and public officials.

1 Editors and media owners need to be included in awareness-raising activities.

When the projects' local teams first began reaching out to journalists, they quickly learned that unless the reporters were freelancers, they usually had to cover news or topics that were assigned to them. Thus, it was important to sensitize editors and owners to the importance of public investment and the appropriate use of the Mining Canon.

2 Providing frequent, timely, and neutral information is the best way to build trust.

To raise awareness among the media, local teams produced weekly factsheets, called "MIM Findings," that included impartial, timely, and newsworthy information from public sources on issues related to the Mining Canon and municipal investment. During the course of the MIM Peru project, the team produced 1,071 weekly Findings. They were followed by visits to journalists to explain issues and answer questions. Based on the Findings, the media published or produced thousands of articles and reports (figure 7).

3 Workshop topics need to be aligned to journalists' areas of interest to increase participation.

In the early projects, the project team found it difficult to get sufficient numbers of journalists to attend the workshops if offered. It learned that journalists were not as interested in the Mining Canon and mining investment as they were in economic journalism, social media, and the Internet. To get their attention and increase participation, workshops were framed under

BOX 3 Incentivizing the media to cover relevant issues

“The most important thing that MIM does is get important issues, like water and sewage, onto the public agenda,” said Abel Villalba, who won the prize for best television report in a contest run by MIM Peru. The contest was held in alliance with the Peruvian Press Council, National Journalists Association, Propuesta Ciudadana NGO, and the World Bank’s Water and Sanitation Program. The aim of the contest was to deepen journalists’ knowledge of and encourage them to disseminate the state of water and sewage services provided by different municipalities. Journalists from seven regions (Ancash, Cajamarca, La Libertad, Moquegua, Piura, Puno, and Tacna) participated. The contest was run for three consecutive years and had three categories: print and online press, radio, and television.

“The media plays an important role, because it can send out a positive or negative message. In this case, it is a positive one, because MIM provides us with information about government indexes, budgetary expenditure, investments, and projects. We then transmit this information through the media, and, in turn, the population learns about these issues, they make them their own, and therefore they know what money from the Mining Canon is invested in. By gaining this knowledge, they are better equipped to participate in the participatory budget and to decide what to do with this money. That’s very positive,” said Abel.

“I had the pleasant surprise of discovering MIM Puno when I was a university student,” Abel said. “I liked Don Justo, the educational capsules, the Findings. Since I am a journalist, I received MIM’s Findings, which really helped us to make our programs more dynamic, to lay the cards on the table and say, listen, 30 percent of the budget has been spent, what should we do, there are only two months left. Then those involved have to analyze the problem and provide responses to the population.”





BOX 4 Building the capacity of journalists to use technology for research

“The best thing about the workshop was that we learned where and how to gather information about the projects,” said Rosana Peña Marcelo, a journalist from Radio Activa in Piura, after participating in a training workshop on economic journalism given by MIM Piura in 2012. Journalists from the Paita and Talara provinces and from the district of El Alto participated in the workshop, which provided practical ideas for writing economic news. Participants learned how the MIM team got information for the “Findings” factsheets by using the Internet and monitoring webpages containing economic information, such as the Ministry of Economy and Finance’s user-friendly portal and other public government database portals. This training helped journalists ensure that the information they presented was up-to-date, verified, timely, and neutral.

Following the workshop, journalists took the initiative to request a second workshop, on the use of the Internet to monitor public investment, that would be open to their colleagues from the whole Talara district. The request was presented by Rosana Peña, who offered to invite journalists and communications specialists to participate, identify a computer center with access to the Internet, and publicize the event. The Board of Directors of MIM Piura approved the request, and in March 2013, a workshop was held in Piura, with the participation of 30 journalists.

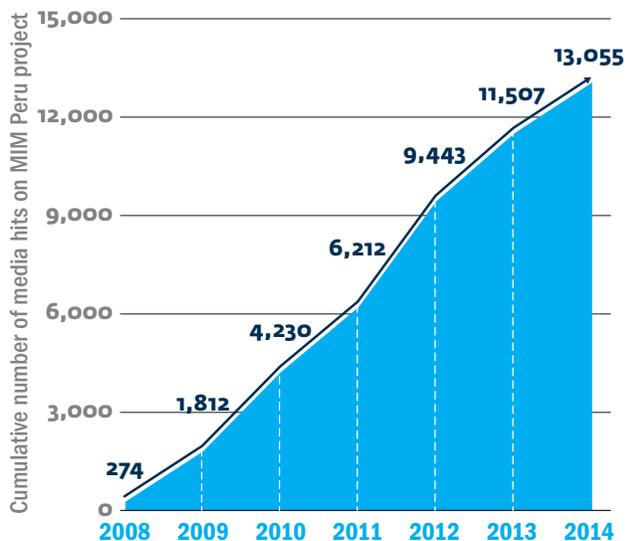


FIGURE 7 Media coverage of the MIM Peru project, 2008–14

these topics while also covering good governance, public investment, and the Mining Canon.

4 Understanding complex technical topics such as the mining canon and municipal investment requires simplification.

To fully grasp the contents of the “finding factsheets” and cover them appropriately, journalists needed training on certain key concepts, including the Mining Canon, municipal investment, the right to request information, and the mining cycle. To meet this need, in 2008 the MIM Peru team produced a set of educational publications called “educational capsules”—one-page documents that briefly and simply explain key concepts and were used along with the finding factsheets.

5 Contests help motivate behavioral changes.

Once journalists had written about the Mining Canon and municipal investment, IFC sought ways to interest them in searching for information. IFC launched a contest for journalists that focused on the use of Mining Canon funds in providing access to more or better basic services and asked journalists to undertake their own research. As part of the contest, journalists participated in training sessions where

they learned how to research information (box 4).

Results were positive, as journalists went beyond just publishing news to undertaking research and accessing different sources of information, strengthening the desired behaviors and increasing the media focus on good governance, the Mining Canon, and municipal investment. Each year, more journalists signed up for the contests, as IFC made conditions to participate simpler, the topics more attractive, and added a recognized (and popular) jury.

Dialogue, Participation, and Feedback

To strengthen oversight of municipal investment by local leaders, it is important to provide them with voice mechanisms and create spaces that make it easier for leaders to convey their opinions to local authorities in a systematic, representative, and regular way. Doing so can enrich the dialogue between the authorities and citizens and spur local debate on transparency and accountability.

At the beginning of IFC’s transparency projects, mistrust and insufficient communication characterized relations between local leaders and municipal authorities. Leaders thought they did not have the right to question authorities and that they would not be listened to, and they feared retaliation for challenging the government. They also had limited understanding of concepts, which prevented them from getting involved in municipal affairs or expressing their concerns to authorities. In 2011, at project baseline, only 44 percent of local leaders understood municipal investment, 28 percent understood the Mining Canon, and 28 percent knew about their rights to access information.

By the project’s completion, in 2015, these numbers had risen to 54 percent, 53 percent, and 57 percent, respectively. Through training, local leaders gained the ability to monitor municipal projects and activities, request and take advantage of different sources of information from municipal hearings or authorities, and understand transparency laws and investment processes. In parallel, IFC encouraged the authorities to listen to the concerns and perceptions of

local leaders and the general population and provide quality and relevant responses to their questions.

1 Only empowered leaders can engage in dialogue with the authorities.

IFC projects provided leaders with knowledge, information, and tools that made them more aware of their right to demand information and monitor municipal investment, which in turn made the authorities more aware of their obligation to respond to the population's information needs. Local leaders also learned how to communicate with public officials and the media. Over time, they began engaging in open dialogue.

2 Dialogue spaces need to be created or enhanced.

Spaces for dialogue, such as public hearings, are required by law in Peru. But these mechanisms were not working effectively. Hearings often lacked structure, minutes, up-to-date and understandable information, and follow-up; they were held merely to comply with legal obligations. To address this problem, IFC strengthened existing dialogue spaces by providing authorities with a structure for meetings, preparing and adapting information so that it could be easily understood by participants, and recording any agreements reached, so that their compliance could be monitored.

It also helped create spaces where mayors and local leaders could discuss governance issues. One of the most successful activities was the Good Governance Dialogues, a space where authorities and local leaders could exchange points of view on the development of municipal affairs, investment projects, and the communities' needs and challenges. IFC provided structure to the activity and facilitation support during the first sessions to ensure that everyone understood the dynamic and their role. Although it took time to convince the authorities to be open to dialogue and local leaders to listen more and overcome their fear of participation, after the first dialogue sessions participants realized the benefits and continued dialogues on a regular basis. Under the Apurimac project, 865 people participated in 45 Good Governance Dialogues. Over time, these

sessions gained legitimacy and helped reduce tensions, straighten out misunderstandings, and build trust.

3 Women need tailored activities to engage in active participation.

Men and women have different information needs, because they play different roles in the community and face different problems. Dialogue spaces for women are necessary to provide them with a venue to express their views and opinions on issues affecting them. Under the MIM Peru project, IFC identified and engaged 45 women-led organizations to ensure that women were informed and trained and increasingly participated in municipal surveillance and dialogue. In the MIM Peru project, 2,540 women participated in capacity-building workshops; 373 women participated in workshops as part of the Apurimac project.

Empowered women expressed their interest in learning more about the Mining Canon and municipal investment. Once they were better informed, they demanded accountability from the authorities and participated in public hearings and the participatory budget process, asking questions, providing suggestions, and influencing the allocation of municipal resources.

To ensure women's participation, IFC looked for appropriate meetings spaces and times in each district. It held sessions with young women at educational institutions and met with adult women at markets and weekly rural fairs.

4 Showing people how participation can improve their daily lives is critical to motivating them to get involved.

Voice mechanisms are effective only if people are interested in participating in them. To provide motivation to participate, project teams demonstrated how municipal investment affected people's daily lives. They showed that access to water inside houses, transportation to school for children, and security gates in parks were all services that should be provided by the municipality and that they could request them through the participatory budgeting process and later monitor their provision along with the surveillance committees.

BOX 5 Strengthening women's monitoring role

"Now we know that when we ask [the municipality] for information about an investment project, they aren't doing us any favors; we are exercising our civic rights, and they are obliged to answer us. We are women, we are citizens, and therefore we have the right to be informed," said Dalila Morales Quintana. The mixture of strength, energy, and commitment that she exudes is inspiring. Dalila is the treasurer of the Federación de Rondas Campesinas Femeninas del Norte del Peru (FEROCAFENOP Cajamarca [Federation of Female Peasant Patrols in Northern Peru]). As an active leader, she participates in the activities carried out by MIM Cajamarca in the region. She and the other members of FEROCAFENOP are always willing to learn and participate in initiatives that contribute to their community's well-being.

Dalila's participation in MIM's Monitoring Municipal Investment contest is proof that perseverance bears fruit. Dalila and a group of colleagues from FEROCAFENOP Cajamarca first participated in a 2013 contest monitoring a project to improve and extend an educational institution. They were still learning about municipal investment and the mechanisms to monitor investment project management, so that year they didn't win. But that didn't stop them.

The following year they participated in the contest again. "MIM has helped us to be more prepared, to understand how to approach our authorities, and how to ask for information," Dalila said. She and her colleagues submitted their work on monitoring a project to improve the operational capacity of a water-quality control laboratory being implemented by the Los Baños del Inca District Municipality. With the experience gained the year before, they won first prize in the region in 2014.



V. Looking Ahead

Large infrastructure projects or investments in the natural resources sector have the potential to contribute significantly to economic growth and poverty reduction in the communities surrounding them. However, these investments often have unintended long-term negative consequences. Positive outcomes are not automatic, and it is not uncommon for potential gains to neighboring communities to go unrealized.

IFC's projects in Peru have increased transparency, dialogue, and participation. But challenges in promoting not only the social accountability of local governments but good governance in general remain. The general population, local leaders, civil society organizations, and the media, among others, need to find ways to demand better government and change by municipal authorities.

Innovative ways need to be found to disseminate and communicate information that is relevant to users and delivered in ways that contribute to dialogue and participation. For this to happen, information needs to be presented in ways that are easily understood and used. Good practices also need to be promoted,

incorporate women, foster knowledge and dialogue, and, ultimately, generate trust.

Rural and isolated areas still face significant challenges in terms of access to services and resources. In these regions, even small efforts are sowing seeds of change. However, without multisectoral and multidimensional approaches, the impact on improving living conditions and opportunities is limited.

IFC's initiatives provide a blueprint for natural resources industries, especially mining companies, to work with local and national institutions to reduce conflict and unlock the potential for future investments in basic services. The tools and methodologies developed by these projects can continue to be used and replicated in Peru and in other countries. The lessons and recommendations in this report may help other communities take advantage of resources generated by the natural resources sector, improving people's lives and contributing to growing relationships of trust and understanding among stakeholders.



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Endnotes

- ¹ Local leaders selected by their communities to monitor the agreements from the participatory budgeting process.
- ² The Mining Canon Law can be found (in Spanish) at <https://www.mef.gob.pe/es/por-instrumento/ley/6055-ley-n-27506/file>.
- ³ Information was obtained from the Transparencia Económica [Economic Transferences] datasets of the Ministry of Finance (2019). IFC used the “Consulta de Transferencias” [Transferences Inquiry] module to calculate the annual amounts of Mining Canon and royalties categories transferred to local governments.
- ⁴ The following regions were covered: Canon Monitoring I: Cajamarca; Canon Monitoring II: Ancash, Cajamarca, Moquegua, Puno, and Tacna; Peru LNG: Ayacucho and Huancavelica; MIM Peru: Ancash, Cajamarca, Cusco, La Libertad, Moquegua, Piura, Puno, and Tacna; Apurimac: Apurimac.
- ⁵ In several project municipalities, projects to support public investments (the push side) were also implemented (the implementation teams were completely independent).

IMAGE CREDITS

Cover | Top: IFC/Apurímac Revenue Management Project; Bottom left and right: IFC/MIM Peru Project

Interior | Page 2: IFC/MIM Peru Project—Young volunteers ready to perform a play on municipal investments as part of the MIM information activities; Page 12: IFC/Apurímac Revenue Management Project—Municipal public hearing; Page 13: IFC/Apurímac Revenue Management Project—Women participating in the Municipal Participatory Budget process; Page 15: IFC/MIM Peru Project—Informative session in the rural area; Page 16: IFC/MIM Peru Project—Young women and men writing questions to their mayors; Page 26: IFC/MIM Peru Project—Training session with local leaders; Page 29: IFC/Dominic Chavez—Apurímac; Page 34: IFC/Apurímac Revenue Management Project—Municipal public hearing; Page 36: IFC/MIM Peru Project—Informative session in the rural area; Page 40: IFC/MIM Peru Project—Itinerant Information Fair; Page 41: IFC/MIM Peru Project—Ancash Coordinator answering questions from local journalists; Page 42: IFC/MIM Peru Project—Training activity in Ancash; Page 45: IFC/MIM Peru Project—Women leaders asking for information as part of the activities for monitoring municipal investments; Page 46: IFC/Dominic Chavez—Apurímac

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