

Lima, October 20th 2016

Mr.

Jonas Moberg

Chief of International EITI Secretariat

Extractive Industries Transparency Initiative

CC. Fredrik Reinfeldt – Chair Board EITI

Subject: Position of the Permanent Multisectoral Commission (CMP) Peru in regards to the EITI Validation Implementation Procedure of the EITI Initiative in Peru.

This communication is sent in relation to the Validation Process of the Implementation of EITI Initiative in Peru; which has started on July 1st this year, after we received the initial report of the International Secretariat on September 16th and the Validator Report SDSG on October 17th. In this regard, we express our discomfort with the content of the validation report that, in light of the progress and results achieved in Peru for the period covered by the validation process, we consider it to be unacceptable.

We want to affirm our discomfort and disagreement with the statements of the reports received. First, we are concerned upon the ambiguity of language in the report of the International Secretariat; and secondly, both reports affirm that the Permanent Multisectoral Commission (CMP) EITI Peru "does not know or does not take into consideration national priorities" to promote transparency in the extractive Peruvian sector; moreover when the different partners of the National Commission have sustained all decisions, and even more when these decisions were commended in the same reports.

It seems to us unacceptable that the Validation Report had included the items 4.2, 4.3 and 6.2 as applicable to the Peruvian situation and rated it as "Insufficient Progress". In that sense, we question on what information the financial specialist and the specialist of multi-stakeholder groups have based their recommendation for such decision? Among others, this is an indicator that the methodological procedure applied has not been the most appropriate, as it is recognized in the same report. No one with a minimum understanding of the reality of the extractive sector in Peru could endorse these notorious inaccuracies.

We find unacceptable that the International EITI Secretariat, having had the opportunity to clarify and consult all doubts about our implementation process of the EITI Peru, had included and affirmed these doubts in their report without a mayor analysis. This creates confusion for the approach and analysis of the EITI implementation in our country. For example, on matters as in-kind payments, it is regretted the no incorporation of key actors, who are already represented. Likewise, in an action that we consider as lack of knowledge of the strength of our specific norms, the validator requires the country to incorporate in their national legislation the requirements of the US SEC or the European Union - EU.

From the above, we can conclude that the detailed explanations that the CMP submitted timely regarding the report of the International Secretariat have not been taken into consideration by the validator. The report makes no mention these explanations, which is a lack of consideration to the members of the CMP and multi-stakeholder actors represented in it. In such document, the CMP answered each and all of the observations of the International Secretariat report in which were found disagreement and reiterated our concerns about the ambiguities and inaccuracies contained in the document, but we also recognized areas for improvement.

From the initial stages of the adhesion of Peru to the EITI, the National Commission has made significant efforts to convene and ensure the greater involvement of extractive companies, covering a significant percentage of the production in each case and has proposed relevant schemes searching for transparency materializing and analyzing the real benefits that could be generated by the exploitation of natural resources. As an example, the hard work done in the Regional Initiatives (sub-national): Piura and Moquegua.



After the first sub-national transparency report of these two regions, it is clear that this is one of the topics where we need to focus our efforts to improve reports and incorporate other regions into a similar work, because the main challenge is to promote transparency in the spending of public resources generated from extractive activities and inform people how, when and on what these are intended to be spent.

The progress and results that EITI Peru has achieved in transparency along the value chain of the extractive industries are recognized by friends and strangers who know both the reality of Peru as the process of implementation of this initiative in the country.

We take this opportunity to express that we are presently working on the development of our 6th EITI Report and in the second Regional Studies Transparency of Piura and Moquegua. For the next few years, the CMP will continue working to strengthen transparency based on the priorities of the national reality and the challenges it imposes. In that sense one of the issues that we have been working on is the possibility of implementing the automation of reports that allow us to have timely information, reduces the costs of studies and would facilitate the implementation of EITI Peru to more regional and local governments. In addition, the National Commission has initiated the approach and respective discussion for the progressive incorporation of new issues in accordance with EITI Standard as are: beneficial ownership, social costs and environmental issues.

We as CMP express our firm conviction and commitment to transparency, as we believe that is a key factor for improving governance of the Peruvian extractive sector. However, we reiterate our unanimous critique position in relation to the mentioned reports and expect that the Validation Committee takes into account our response document to the validation report of the International Secretariat and amend the errors and inaccuracies contained in the report of the independent validator regarding the EITI process in Peru.

Respectfully,



Guillermo Shinno Huamani
EITI Perú Champion

PERMANENT MULTISECTORAL COMMISSION (CMP) – EITI PERU

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