

Extractive Industries Transparency Initiative (EITI)

Validation of Peru

Report on initial data collection and stakeholder consultation by the EITI International Secretariat

15 September 2016

Abbreviations

APR	Annual Progress Report
CMPE	Comisión Multisectorial Permanente para el seguimiento y supervisión de la Transparencia en el empleo de los recursos que obtiene el estado por el desarrollo de las Industrias Extractivas Minera e Hidrocarburifera (Permanent Multi-stakeholder group for the supervisión of the use of the resources obtained by the state from the development of the extractives industries Mining and Hydrocarbon)
DAR	Derecho, Ambiente y Recursos Naturales (Law, Environment and Natural Resources)
DGGS	Dirección General de Gestión Social (General Directorate of Social Managment attached to the Ministry of Energy and Mines)
EGPS	World Bank’s Extractives Global Programmatic Support
FEPC	Fondo de Estabilidad de Precios del Petróleo (Fund for Oil Price Stabilization)
FISE	Fondo de Inclusión Social Energético (Social Fund for Energy and Social Inclusion)
GEM	Gravamen Especial a la Minería (Especial mining obligation)
GEOCATMIN	Sistema de Información Geográfico y Catastral Minero (Geological Information System and Mining Cadastre)
GIZ	German Federal Enterprise for International Cooperation
IAG	International Advisory Group
IEM	Impuesto Especial a la Minería (Especial mining tax)
IEP	Instituto de Estudios Peruanos
IFC	International Finance Corporation
INFOBRAS	Sistema Nacional de Información de Obras Públicas (National Information System of Public Works)
INGEMMET	Instituto Geologico Minero y Metalurgico (Geologic, Mining and Metallurgic Institute)
INTOSAI	International Organization of Supreme Audit Institutions
ISC	Impuesto sobre el consumo (Tax on consumption of fuels)
LAC	Latin American and the Caribbean
MEF	Ministerio de Economía y Finanzas (Ministry of Economy and Finances)
MINEM	Ministerio de Energía y Minas (Ministry of Energy and Mines and Mines)
MSG	Multi-stakeholder Group
OEFA	Organismo de Evaluación y Fiscalización Ambiental (Agency for Environmental Assessment and Enforcement)
OLACEFS	Organización Latinoamericana y del Caribe de Entidades Fiscalizadoras Superiores (Organization of Latin American Caribbean Supreme Audit Institutions)
OSINERGMIN	Organismo Superior de la Inversión en Energía y Minería (Superior Body for the Supervision

	of Investments in Energy and Mining)
PSMP	Programa de Solidaridad Minero con el Pueblo (Mining Programme for Solidarity with the People)
SECO	Swiss Confederation's State Secretariat for Economic Affairs, Economic Cooperation and Development
SD	Supplementary Documentation
SIAF	Sistema Integrado de Administración Financiera (Integrated System for Financial Administration)
SIDEMCAT	Sistema de Consulta de Derechos Minero y Catastro (Mining Rights and Lands Registry System)
SMV	Superintendencia del Mercado de Valores (Superintendence of the Stock Market)
SNIP	Sistema Nacional de Inversión Pública (National Investment System)
SNMPE	Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Petroleum and Energy)
SOE	State Owned Enterprise
SUNARP	Superintendencia Nacional de los Registros Públicos (National Public Registry)
SUNAT	Superintendencia Nacional de Administración Tributaria y Aduanera (National Superintendence of Customs and Tax Administration)
UNDP	United Nations Development Programme
USAID	United States' Agency for International Development
VAT	Value Added Tax

Contents

Abbreviations	2
Contents	4
Executive Summary	5
Introduction	10
Part I – MSG Oversight	16
Part II – EITI Disclosures	31
Part III – Outcomes and Impact	77
Annexes	91
Supplementary documentation	102

Executive Summary

Peru's engagement with the EITI dates back to 2004¹. A delegation from the Peruvian Ministry of Energy and Mines participated in the second EITI Global Conference in London in 2005, and declared their support for the EITI Principles. The government established the first multi-stakeholder group (MSG) in 2006, now called the "Comisión Multisectorial Permanente para el seguimiento y supervisión de la Transparencia en el empleo de los recursos que obtiene el estado por el desarrollo de las Industrias Extractivas Minera e Hidrocarburífera" (hereafter, CMPE). The EITI Board designated Peru as an EITI candidate country in September 2007. Following the first Validation the EITI Board designated Peru EITI as compliant with the 2009 EITI Rules in February 2012, the first country in Latin America to achieve this milestone.

On 1 June 2016, the EITI Board agreed that Peru's Validation against the 2016 EITI Standard should commence on 1 July 2016. In accordance with the Validation procedures set out in the 2016 EITI Standard, the International Secretariat was tasked with carrying out initial data collection and stakeholder consultations and preparing a report with an initial evaluation of progress against requirements in accordance with the Validation Guide. The International Secretariat undertook a desk review, carried out data collection and stakeholder consultations in Lima and Piura from 18 - 22 July 2016. The Secretariat has followed the standardised procedure for data collection and stakeholder consultation as agreed by the Board in May 2016².

While this assessment has not yet been reviewed by Peru's multi-stakeholder group or been quality assured, it is the Secretariat's initial assessment that while Peru has made significant progress in meeting the requirements of the EITI Standard, requirements 1.5, 2.2, 2.6, 4.1, 4.3, 4.9, 6.1, 7.3 and 7.4 are unmet (see Figure 1). Peru has made significant strides in addressing the subnational dimension of the EITI. It has gone beyond the requirements in this area, including pioneering regional EITI implementation.

The major areas of concern have to do with the lack of thorough and documented work in ensuring that the scope of reporting is in line with the 2016 EITI Standard; coverage of all material payments in accordance with the agreed definition of materiality; lack of documented impact assessment and stock-taking on outcomes and lessons learnt from implementing the EITI; and outdated and inadequate work plans. There are a number of areas where the EITI process could be further strengthened: broader and more analytical communication and dissemination work; better connection to and use of other government systems, including opportunities to mainstream EITI disclosures; and streamlining the disclosure process, including a long term solution that address confidentiality issues. Recommendations for improving implementation are suggested in the assessment tables for each requirement.

Overall conclusions

Peru has been a pioneer in EITI implementation. It was engaged in the initial design of the EITI and started to disclose extractive sector data under the EITI tripartite structure back to 2004. It has since published five EITI Reports covering 11 fiscal years. EITI-Peru has made transfers from extractive revenues to subnational governments transparent from the outset and has recently piloted EITI implementation in two regions,

¹ Systematization of 10 years of EITI in Peru

<http://eitiperu.minem.gob.pe/documentos/Documento%20Sistematizacion%20Proceso%20EITI%20Peru.pdf>

² <https://eiti.org/document/validation-procedures>

Moquegua and Piura.

Multi-stakeholder collaboration has been institutionalised through a permanent national commission that has been served by longstanding and committed representatives from the host Ministry (Energy and Mines), industry and civil society. Peru has also strongly supported EITI implementation in the Latin-American region, including hosting study tours from a number of countries and supporting outreach efforts in the region. More recently, Peru hosted the 7th EITI Global Conference, the first EITI implementing country to host the Global Conference.

In a country where conflicts in mining areas are intense and complex, the EITI's contribution to building trust should not be underestimated. EITI figures are trusted and used by parliamentarians, central government and regional officials, and civil society organisations. Industry and civil society has collegially reached compromises and collaborated with the government in advancing the EITI. Publication of tax data on a company-by-company basis was, for example, achieved after extensive debate and after several reporting cycles. Ensuring the participation of all companies making material payments has required support from all constituencies.

That said, this initial assessment has identified a number of areas for improvement.

First, **the CMPE does not appear to have systematically reviewed the outcomes and impact of EITI implementation.** This has been neglected in the preparation of the required annual progress reports. Peru's EITI work plans have often been outdated, and there is a need to revisit the objectives in light of national priorities for the extractive industries.

Second, **the CMPE has not thoroughly revised the scope of EITI Reporting in light of the 2013 and 2016 EITI Standards.** EITI-Peru has been disclosing payment and revenue data following the same scope adopted in 2008 with the subsequent inclusion of two revenue streams, the special mining tax (IEM) and the special mining obligation (GEM), which entered into force in 2011. A thorough scoping exercise, in accordance with the 2016 Standard and the standard Terms of Reference for Independent Administrator is needed.

The International Secretariat was able to clarify a number of issues during the data gathering and stakeholder consultations, such as the decision to exclude dividends, signature, discovery and production bonuses. However, there are a number of unclear or unsubstantiated scoping decisions. These include: the coverage of revenues generated through state participation (through Perupetro and Petroperu), fees paid to regulator OSINERGMIN, and industry contributions to the social fund FISE. Discussion and documentation of the CMPE's position on the coverage of social payments (in particular, with respect to the agreements reached between companies and mining communities) requires attention. It would also be timely to definitively confirm and document that in-kind payments, transportation payments and direct payments to subnational government entities are not applicable. In a number of areas, it is likely that these issues can be addressed quickly, in particular by referring to existing (public) sources of information, and cross-referencing this information in future EITI Reports.

Third, **the 2014 EITI Report did not meet the CMPE's target for covering all material payments.** Although significant efforts were made to encourage Chinalco to report, their non-participation impacts the comprehensiveness of the EITI Report.

Finally, **there is a need to revitalise communication and dissemination efforts so that the EITI realises its potential to promote informed public debate.** Despite well-functioning and established government systems³ in areas such as licensing and cadastre systems, national budget and macroeconomic planning, Peru's EITI Reports and communicational material make limited references to these systems. This is a missed opportunity to highlight relevant features of those systems for the EITI Standard. EITI-Peru could also probe the effectiveness of those systems and use the EITI process to inform public debate.

Although the value of more than 10 years' worth of revenue data, including subnational transfers, validated by a trusted third party, is recognised by all stakeholders as a key result from EITI implementation, there is common recognition across all constituencies that there are opportunities to further strengthen EITI implementation. A number of areas have been identified for further discussion and development, including: expanding dissemination to all mining and oil regions; more timely information both at the national and subnational level; including more analysis of EITI data, more analytical work on aspects such as tax regulations and discussion of topics addressed in the EITI Standard such as interpretation of cadastre information. Other areas for further work are increased collaboration with other national efforts such as the National Office of Dialogue and Sustainability and between CSOs leading on EITI and the wider spectrum of organisations working on extractive sector governance. Finally, CSOs have argued that the EITI should explore options for including information, e.g., whether taxes are appropriately levied, information on social and environmental impacts, and compliance with agreements signed with local communities.

Recommendations

Based on the initial data gathering and stakeholder consultations, the International Secretariat makes the following overall recommendations for improving implementation in Peru. Detailed recommendations are provided in the assessment tables throughout the report.

1. The CMPE should **review the outcomes and impact of EITI implementation** and agree a **revised and fully costed work plan**. In accordance with the EITI Standard, this should include setting specific implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries. The CMPE may wish to consider undertaking, in consultation with all constituencies, an impact assessment with a view to identifying opportunities to increase impact. The CMPE is encouraged to consider whether to take a more active role in developing recommendations from EITI Reports and agree follow-up and implementation. The CMPE is encouraged to explore options for extending EITI implementation to address issues of greatest relevance to contemporary public debates.
2. The CMPE should **undertake a comprehensive scoping study** that addresses all aspects of the 2016 EITI Standard. This should include a thorough assessment of role of Perupetro and Petroperu, and the arrangements related to the regulator OSINERGMIN and the nature of the social fund FISE. As part of this work, the CMPE is encouraged to systematically review what information required or

³ Examples of this are: Mining concessions and cadaster (Website available at: <http://www.ingemmet.gob.pe/>); Financial administration integral system (Website available at: https://mef.gob.pe/index.php?option=com_content&view=article&id=2006&Itemid=101422&lang=es); and Macroeconomic annual framework (Website available at: http://www.mef.gob.pe/index.php?option=com_content&view=article&id=3731&Itemid=100869&lang=es)

encouraged to be disclosed under the EITI Standard is publicly available through existing disclosures. The CMPE may wish to move toward more **timely and mainstreamed transparency**.

3. The CMPE should ensure the EITI Reports provide information (or links to publically available sources) regarding the transfer of **hydrocarbon licenses** in the year covered by the report.
4. The CMPE should ensure that the next report **follows the standard Terms of Reference for Independent Administrators**, and that there is **comprehensive disclosure and reconciliation of all material payments** in accordance with the agreed scope. The CMPE may wish to review the definition of materiality in light of the revised scoping work.
5. The CMPE is encouraged to consider a number of mechanisms that could **speed up the publication of EITI Reports**. This could include a long-term solution to ensure company participation and for waiving the confidentiality rights to taxpayer data disclosed in the EITI; automated reporting and online disclosures, including in open data formats.
6. The CMPE is encouraged to consider developing a communication strategy **to increase the EITI's contribution to public debate**. In light of the identified needs, this might include more analytical work and better linkages with the work advanced by other organisations, including government agencies and efforts, working toward better extractive sector governance.

Figure 1 – Assessment card

EITI REQUIREMENTS		LEVEL OF PROGRESS				
		No	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (# 1.1)				■	
	Industry engagement (#1.2)				■	
	Civil society engagement (#1.3)				■	
	MSG governance (#1.4)				■	
	Workplan (#1.5)			■		
Licenses and contracts	Legal framework (#2.1)				■	
	License allocations (#2.2)			■		
	License register (#2.3)				■	
	Policy on contract disclosure (#2.4)					■
	Beneficial ownership (#2.5)	■				
	State participation (#2.6)			■		
Monitoring production	Exploration data (#3.1)				■	
	Production data (#3.2)				■	
	Export data (#3.3)				■	
Revenue collection	Comprehensive disclosure of taxes and revenues (#4.1)			■		
	In-kind revenues (#4.2)	■				
	Barter agreements (#4.3)			■		
	Transportation revenues (#4.4)	■				
	SOE transactions (#4.5)				■	
	Direct subnational payments (#4.6)	■				
	Disaggregation (#4.7)				■	
	Data timeliness (#4.8)				■	
	Data quality (#4.9)			■		
Revenue allocation	Revenue management and expenditures (#5.1)				■	
	Subnational transfers (#5.2)					■
	Distribution of revenues (#5.3)	■				
Socio-economic contribution	Mandatory social expenditures (#6.1.a)			■		
	Discretionary social expenditures (#6.1.b)	■				
	SOE quasi-fiscal expenditures (#6.2)	■				
	Economic contribution (#6.3)				■	
Outcomes and impact	Public debate (#7.1)				■	
	Data accessibility (#7.2)	■				
	Follow up on recommendations (#7.3)			■		
	Outcomes and impact of implementation (#7.4)		■			

Introduction

Brief recap of the sign-up phase

The Government of Peru committed to the EITI in May 2005⁴ and participated in the International Advisory Group (IAG)⁵ between 2005 and 2006. During 2005, initial work on EITI implementation was developed with the support of the World Bank⁶. In May 2006, the government established the first multi-stakeholder group through Supreme Decree DS 027-2006-EM⁷. The EITI Board designated Peru as EITI Candidate in 2007. In 2011 the government made the multi-stakeholder group permanent, the permanent multisector EITI commission (CMPE, for its initials in Spanish). The government established the highest official representing the Ministry of Energy and Mines (MINEM) in the multi-stakeholder group as the EITI Champion. Deputy Minister of Mining Guillermo Shinno was designated as EITI Champion in February 2012⁸. A national secretariat, hosted by the Social Affairs Department in MINEM, the *Oficina General de Gestión Social* (OGGS), was created to support the CMPE. The CMPE's membership was renewed in 2012 for the period 2013-2015, and in 2015 for the period 2016-2018⁹.

In 2011, the EITI Board, based on Peru's 2010 Validation Report¹⁰, concluded that the country was "close to compliance" with the 2009 EITI Rules. Following a Secretariat Review conducted in 2012 to verify the completion of corrective actions, the EITI Board designated Peru as EITI Compliant with the EITI Rules¹¹. Peru was the first country in the Americas to achieve this status.

Key features of the extractive industry

Peru is an upper middle-income country in South America. It has been one of the fastest growing economies in the region during the last decade, with average GDP's growth of 5.9% and low inflation¹². The World Bank expects Peru's growth for 2016 to be similar to previous years¹³. As the mining and hydrocarbon sectors have developed, the extractive industries contribution to the national economy has continued to be significant. The sector was the third largest contributor to GDP (after manufacturing and other services), accounting for 11.5% of GDP in 2014¹⁴. Following this strong economic performance, poverty levels were reduced from 55.6% in 2005 to 21.8% in 2015¹⁵. The Government regards the mining sector as a "*lever to make the leap to industrial development*"¹⁶. As most projects are developed in inhospitable places, the sector also contributes to building infrastructure and to employment opportunities for local communities.

⁴ Peru 2010 Validation Report, p. 13. <https://eiti.org/node/7917>

⁵ https://eiti.org/sites/default/files/documents/eiti_iag_report_english.pdf

⁶ http://archive.resourcegovernance.org/sites/default/files/Peru_Work%20plan_spanish.pdf

⁷ <http://eitiperu.minem.gob.pe/documentos/documento-33523971.pdf>

⁸ <http://www.minem.gob.pe/detallenoticia.php?idSector=10&idTitular=4534?riqnrzfknotdnkbi>

⁹ SD 5 and 6 contain the Ministerial resolutions appointing representatives from the industry and civil society to the CMPE. This information is available upon request.

¹⁰ Peru 2010 Validation Report. <https://eiti.org/node/7917>

¹¹ <https://eiti.org/node/4149>

¹² <http://www.bancomundial.org/es/country/peru/overview>

¹³ <http://www.bancomundial.org/es/country/peru/overview#1>

¹⁴ Peru 2014 EITI Report, p. 13.

¹⁵ <http://www.bancomundial.org/es/country/peru/overview#1>

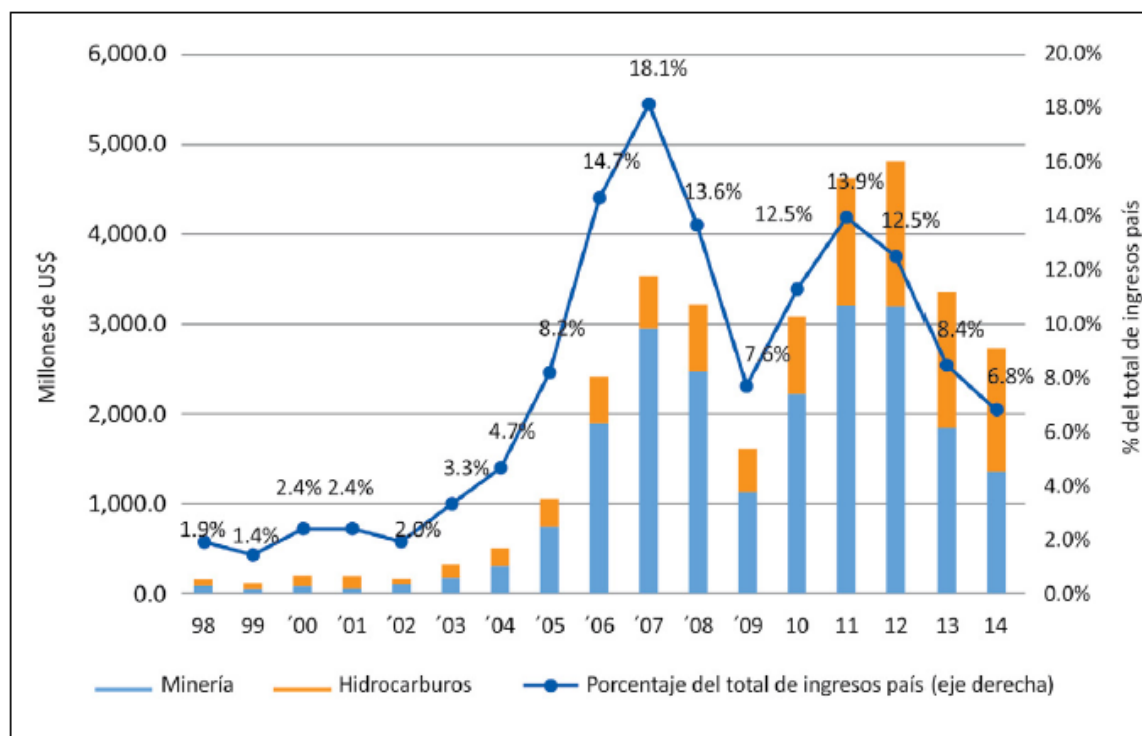
¹⁶ Government of Peru, Mining Statistics, p. 11, available at

<http://www.minem.gob.pe/minem/archivos/file/Mineria/PUBLICACIONES/ANUARIOS/2015/02%20PANORAMA.pdf>

Peruvian exports of minerals, hydrocarbons and derivate-products almost tripled between 2004 and 2015. Extractive exports have represented between 60 and 70% of total exports. In 2014 alone, extractive sector exports were valued at USD 23 billion¹⁷. Three commodities account for half of these exports: copper, gold and oil products, representing, respectively, 23%, 15% and 9% of total exports.

The contribution from mining and hydrocarbons to the government's revenues has fluctuated in the last 15 years as shown in the image pasted below. Fluctuations responded not only to oscillating international commodity prices, but also to a number of projects that became profitable and to the increase in production volumes¹⁸.

Figure 2 - Government income from mining and hydrocarbon sectors relative to total government revenue (USD million), 1998-2014



Fuente: SUNAT, PERUPETRO y BCRP

Source: Peru 2014 EITI Report, p.16 with data from SUNAT, PERUPETRO and the Central Bank.

In the mining sector, the most important commodities are copper and gold. In 2014, the country was ranked as the world's third largest copper and silver producer¹⁹. The country also produces zinc, tin, lead, iron oxide and molybdenum. In 2014, six companies represented about half of the total national value of production: Minera Antamina (14%), Southern Peru (11%), Sociedad Minera Cerro Verde (8%), Minera Yanacocha (6%), Antapaccay (6%) and Barrick (4%)²⁰. Mining production is concentrated in four (out of the eighteen) regions. Production from Ancash, Arequipa, Cajamarca and La Libertad represent 48% of the

¹⁷ Peru 2014 EITI Report, p. 14-15.

¹⁸ Peru 2014 EITI Report, p.16-17.

¹⁹ https://www.inei.gob.pe/media/MenuRecursivo/publicaciones_digitales/Est/Lib1173/cap14/cap14.pdf

²⁰ Peru 2014 EITI Report, p. 20.

value of mining production²¹. Mineral reserves are estimated to last for 30 years for copper and 13 years for gold²².

Hydrocarbon production was 146.1 million barrel of oil equivalent (BOE) in 2014: 57% Natural gas, 26% liquid natural gas, and 17% oil production. Oil production has been decreasing, although this has been compensated by an increase in the production of liquid natural gas and natural gas from the Camisea project, the largest gas field in the continent²³. The main gas operators are Pluspetro, Hunt Oil and SK²⁴. Hydrocarbon reserves are estimated at 27 years of current production²⁵.

According to the Peruvian Ministry of Energy and Mines, the country has focused on long-term growth by expanding production, increasing efficiency of operations and reducing costs²⁶. Between 2010-2015, Peru has received about USD 42 billion in mining investments²⁷. It is expected that the projects of Las Bambas, the expansion of Cerro Verde, Toromocho, Antapaccay and La Costancia will bring copper production up to 1.2 million metric tons fine. In the hydrocarbon sector USD 1.2 billion were invested in 2014. 68% of this investment went to exploitation and 42% to exploration activities²⁸.

Objectives for implementation and overall progress in implementing the work plan

Peru's overall objectives for the EITI, as set in 2005, are to “*strengthening mechanisms for transparency and improve management of revenues from extractive industries*” and “*improving the accessibility and acceptance of the figures [extractive sector data] by all*”²⁹. Subsequent work plans have focused on the EITI process, the publication of the EITI Reports and targeted efforts at bringing EITI to the subnational level.

The 2016-2018 EITI work plan outlines a list of expected outcomes from the EITI process:

- A. Strengthening the CMPE and the EITI-Peru initiative.
- B. Strengthening the national secretariat of EITI-Peru.
- C. Producing EITI-Peru reports for fiscal periods 2015, 2016 and 2017 in accordance to the EITI Standard.
- D. Strengthening the subnational implementation processes in Piura and Moquegua.
- E. Implementing the EITI in three new regions with significant extractive industries.

For significant periods of EITI implementation, Peru has not had an up-to-date work plan. The 2012-2014 work plan was approved on 12 October 2012, the 2015 work plan was published in early 2016 and the 2016-2018 work plan was shared with the International Secretariat in April 2016 but at the time of this assessment had not been published online. EITI Reporting does not appear to have been delayed. However, making the best use of this planning tool has deprived EITI-Peru of a systematic opportunity to take stock,

²¹ Peru 2014 EITI Report, p. 21.

²² Peru 2014 EITI report, p. 11. It is assumed that this is at current production levels.

²³ <http://www.pluspetrol.net/peru/camisea.php>

²⁴ Peru 2014 EITI Report 22-23.

²⁵ Peru 2014 EITI report, p. 11. It is assumed that this is at current production levels.

²⁶ Government of Peru, Mining Statistics, p. 9 available at

<http://www.minem.gob.pe/minem/archivos/file/Mineria/PUBLICACIONES/ANUARIOS/2015/02%20PANORAMA.pdf>

²⁷ Government of Peru, Mining Statistics, p. 98 available at

<http://www.minem.gob.pe/minem/archivos/file/Mineria/PUBLICACIONES/ANUARIOS/2015/02%20PANORAMA.pdf>

²⁸ Peru 2014 EITI Report, p. 18.

²⁹ Peru 2005 EITI work plan.

discuss and strategically plan future EITI implementation.

History of EITI Reporting

EITI-Peru has disclosed data cover 11 fiscal years (see Annex D). All reports have been produced by the same Independent Administrator: Ernst and Young (EY). In addition, EITI-Peru has produced two subnational pilot EITI Reports for Piura and Moquegua. The reports disclose data for 2012 and 2013 and cover:

- Reconciliation of the amounts transferred by the central government from extractive sector revenues with the receipts disclosed by the regional government.
- Disclosure of the expenditure, at the subnational level, of the resources received from the extractive sector.

Moore Stephens was initially engaged as the Independent Administrator to produce these reports. After reviewing progress made by this company in 2015, the CMPE decided to complete the pilot reports with the assistance of Nilton Quiñonez, a Peruvian consultant. The Moquegua and Piura EITI pilot reports were launched in early 2016³⁰.

Explanation of the validation process (objectives, timeline, ToR, etc.)

The EITI International Board agreed at its 33rd Board meeting in Oslo, Norway that fifteen countries, including Peru would undergo Validations starting 1 July 2016.

1. Validation is an essential feature of the EITI process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI. The Validation process is outlined in chapter 4 of the EITI Standard³¹.

2. Validation procedure. In February 2016 the EITI Board approved a revised Validation system. The new system has three phases:

1. Data collection undertaken by the International Secretariat;
2. Independent quality assurance by an independent Validator who reports directly the EITI Board;
3. Board review.

In May 2016, the Board agreed the Validation Guide³², which provides detailed guidance on assessing EITI Requirements. The Board also established detailed Validation procedures³³, including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator. As previously, there are extensive opportunities for stakeholder participation, as set out below.

³⁰ SD 12 includes evidence of the report launch for Moquegua and Piura. Information available upon request.

³¹ <https://eiti.org/validation>

³² <https://eiti.org/document/validation-guide>

³³ <https://eiti.org/document/validation-procedures>

The Validation Guide includes a provision that: “Where the national multi-stakeholder group wishes that Validation pays particular attention to assessing certain objectives or activities in accordance with the its work plan, these should be outlined upon the request of the MSG”. The CMPE did not request any issues for particular consideration.

3. Data collection by the International Secretariat. In accordance with the Validation procedures³⁴, International Secretariat’s work was conducted in three phases:

1. Desk Review. From 1 July to 15 July 2016, the International Secretariat conducted an initial desk review of the available documentation relating to the country’s compliance with the EITI Standard, including:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group’s Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports, and supplementary information such as Terms of Reference for the Independent Administrator;
- Communication materials;
- Annual progress reports; and
- Other information of relevance to EITI implementation and Validation.

This work included initial consultations with the EITI-Peru national secretariat and the representatives of the CMPE, who were invited to submit any documentation they considered relevant. Supplementary information submitted to the International Secretariat that were considered for this assessment are referenced as supplementary documentation (SD). All documents are available upon request. In accordance with the Validation procedures, the Secretariat did not take into account any actions undertaken after the commencement of Validation on 1 July 2016.

2. Country visit. The country visit took place from 18 to 22 July 2016. Most of the meetings took place in Lima and a working day was dedicated to meetings in Piura. The International Secretariat met with the members of the CMPE, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented in the multi-stakeholder group (see Annex B). In addition to meeting with the CMPE as a group, the Secretariat met with its constituent members (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders were able to freely express their views. Requests for confidentiality have been respected. In Piura, the secretariat met with members of the regional multi-stakeholder group, the national secretariat and, in separate meetings, with representatives from each regional constituency.

The list of stakeholders consulted³⁵ was prepared by members of the Peru CMPE, with inputs and suggestions from the national secretariat and the International Secretariat. Civil society and industry representatives at the CMPE arranged a meeting each with their wider constituency. The International Secretariat started all meetings with an introduction of the EITI Validation process and its methodology. Meetings ended with an invitation to all stakeholders to submit any written comments. The International Secretariat’s view is that the report covers views of the key stakeholders engaged in the EITI process and of

³⁴ <https://eiti.org/document/validation-procedures>

³⁵ Annex B, at the end of this document, contains the list of stakeholder consulted by the International Secretariat during the country visit, telephone calls or virtual meetings.

other key actors representing wider stakeholders.

3. Reporting on progress against requirements. Based on these consultations, the International Secretariat has prepared this report - making an initial evaluation of progress against requirements in accordance with the Validation Guide. In accordance with the Validation procedures, the report does not include an overall assessment of compliance. The report will be made available to the multi-stakeholder group for comment prior to quality assurance by the Independent Validator.

The International Secretariat's team was Aida P Aamot, Francisco Paris and Sam Bartlett.

4. Independent Validation. In accordance with the EITI Standard, the EITI Board will appoint a Validator³⁶, who will report to the Board via the Validation Committee. The Validator will assess whether the Secretariat's initial data gathering has been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat's initial evaluation for each requirement, and a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements. The Validator will amend or comment on the Secretariat's report as needed. The Validator then prepares a short summary (the Validation Report) for submission to the Board. This will include the Validator's assessment of compliance with each provision, but not an overall assessment of compliance. The multi-stakeholder group will be invited to comment on the Validation Report.

5. Board Review and decision. The final stage in the process is the review by the EITI Board. The Validation Committee will review the Validator's assessment and any feedback from the multi-stakeholder group. The Validation Committee will then make a recommendation to the EITI Board on the country's compliance with the EITI Requirements. The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with provision 8.3.a.ii of the EITI Standard. There is an appeal process, as per requirement 8.8.

³⁶ At the time of writing, the procurement process was ongoing, see <https://eiti.org/node/7118>

Part I – MSG Oversight

1. Oversight by the MSG

1.1 Overview

This section relates to government oversight of the EITI process, stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the multi-stakeholder group (MSG), and the EITI work plan.

1.2 Assessment

Government oversight of the EITI process (#1.1)

Documentation of progress

As noted above, Peru was one of the first countries to commit to the EITI³⁷. In 2006, the government created the first multi-stakeholder group) for a period of three years, later extended to five years. In September 2007, the EITI Board designated Peru as candidate³⁸. In 2011, the Government of Peru made the multi-stakeholder group permanent through the creation of a permanent multi-stakeholder EITI commission “*Comisión Multisectorial Permanente de la EITI*” (CMPE). The government established that the highest official representing the Ministry of Energy and Mines (MINEM) in the multi-stakeholder group is to be the EITI Champion³⁹. In February 2012, Peru was designated as compliant with the 2009 EITI Rules⁴⁰.

In June 2012, Peru hosted the first EITI Latin-America regional conference in Lima, inaugurated by Ollanta Humala, President of Peru⁴¹. In 2015, the Government of Peru co-hosted the third EITI Latin-America regional conference, opened by Rosa Maria Ortiz⁴², Minister of Energy and Mines. More recently, Peru hosted the seventh EITI Global Conference in February 2016, the first held in an implementing country. Pedro Cateriano, Prime Minister of Peru opened the Conference. Rosa Maria Ortiz, Minister of Energy and Mines; Guillermo Shinno, Deputy Minister of Mining and EITI Champion, and a number of other government representatives contributed as speakers⁴³. The government covered a substantial part of the cost of hosting the conference. The EITI Champion and the National Coordinator have also been engaged in Latin-American outreach efforts⁴⁴.

³⁷ https://eiti.org/sites/default/files/documents/eiti_iag_report_english.pdf

³⁸

https://shared.eiti.org/_layouts/15/WopiFrame.aspx?sourcedoc=/Shared%20Documents/Board/Board%20Meetings/02%20Berlin/Berlin_Board_%20Paper_2%206-%20Validation%20Final.pdf&action=default;

<https://shared.eiti.org/Shared%20Documents/Board/Board%20Meetings/03%20Oslo/Minutes/Minutes%20of%20the%203rd%20EITI%20Board%20Meeting.pdf?Web=1>

³⁹ http://www.gacetajuridica.com.pe/servicios/normas_pdf/mayo_2006/12-05-2006/pag_318551-318654.pdf;

http://www.minem.gob.pe/archivos/legislacion-gz318vsz2q140-Decreto_Supremo_No_028-2011-EM.pdf

⁴⁰ https://eiti.org/sites/default/files/documents/boardmeeting_003_minutes.pdf

⁴¹ <https://eiti.org/node/4161>

⁴² <https://eiti.org/node/4422>; <https://eiti.org/node/4685>

⁴³ Programme EITI Global Conference 2016 available at <http://www.lima2016.eiti.org/>

⁴⁴ <https://eiti.org/node/4685>; <https://eiti.org/node/4161>

MINEM hosts the EITI-Peru national secretariat in the directorate dealing with social affairs, the Dirección General de Gestión Social (DGGs). The national secretariat has a staff of three people. Fernando Castillo Torres, the EITI National Coordinator and General Director of DGGs served on the EITI International Board from 2013-2016.

The government has provided substantial funding (see Table 1). MINEM has also been active in securing funding from the World Bank's Multi-Donor Trust Fund and support for different projects from partner organizations including GIZ, SECO and USAID.

Table 1 - EITI-Peru expenditures, 2013 – 2016

	2013		2014		2015		2016	
	USD	%	USD	%	USD	%	USD	%
Transferences and Grants	-	0 %	217 008	69 %	61 236	45 %	78 965	26 %
Own resources	104 181	100 %	97 192	31 %	76 157	55 %	225 065	74 %
Total	104 181		314 201		137 393		304 030	

Source: Ministry of Energy and Mines, OGGs⁴⁵.

The government has led efforts to promote full company participation in the EITI reporting process, and to ensure that EITI Reports are disaggregated on a company-by-company basis, as required by the 2013 and 2016 EITI Standard. Company participation is voluntary and has to be secured for each reporting cycle. Companies' legal representatives need to issue a waiver for lifting their confidentiality rights with the tax authority for each reporting exercise. This has often led to delays with EITI reporting, as it takes time to collect the necessary waivers and disclosures from all participating companies.

The government has also reached out to regional governments to encourage their participation in pilots of EITI regional implementation⁴⁶ (see requirements 5.2 and 7.1 below). The regions of Moquegua and Piura have participated in these pilots and discussions are ongoing with other regions, including Apurimac, Arequipa, Cusco and Loreto.

Stakeholder views

Stakeholders were generally content with the level of engagement and participation from the government. Industry and civil society stakeholders expressed their appreciation for the support and commitment to the EITI from MINEM, especially from Guillermo Shinno, Deputy Minister of Mining and EITI Champion and Fernando Castillo Torres, the EITI National Coordinator. The common view was that the EITI champion and the national coordinator have the confidence of all stakeholders, the authority and freedom to coordinate action on the EITI across relevant ministries and agencies, and are able to mobilise resources for EITI implementation. Partner organizations such as those grouped in the so-called "*Alliance for sustainable mining*"⁴⁷, led by the Canadian Embassy, also highlighted the sustained commitment from the MINEM.

⁴⁵ SD 1 contains the overview of EITI-Peru's expenditures. Information available upon request.

⁴⁶ SD 3 provides an overview of EITI-Peru communication activities and efforts. Information available upon request.

⁴⁷ <http://www.minem.gob.pe/detallenoticia.php?idSector=9&idTitular=6223>

However, a number of stakeholders noted that the participation of other government entities, including those represented in the CMPE, was less active. Some stakeholders also noted that EITI implementation could be more useful if the work of EITI-Peru was done jointly with other governmental efforts, such as the dialogue roundtables led by the Office of Dialogue and Sustainability attached to the Office of the Prime Minister and/or done in collaboration with other government entities such as the Ministry of Economy and Finance (MEF).

Initial assessment

The Ministry of Energy and Mines and Mines has led the government's leadership of the EITI process. This has included appointing senior officials to lead, coordinate and mobilise resources for EITI implementation. These officials have the confidence of all stakeholders and appear have the authority to coordinate contribution to EITI implementation across extractive sector-related agencies The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement. It is recommended that other government entities such as the Ministry of Economy and Finances are invited to be more engaged in the EITI process.

Company engagement (#1.2)

Documentation of progress

Companies are represented on the CPME both directly by mining and hydrocarbon companies and by the industry association, Sociedad Nacional de Minería, Petróleo y Energía (SNMPE). SNMPE represents the main companies operating in the extractive sector, including mining and hydrocarbon sectors. The company constituency has been actively engaged in the work of the CPME with a satisfactory record of participation in the group's meetings⁴⁸. Representatives from the SNMPE are also members of the regional multi-stakeholder groups in Piura and Moquegua.

Company participation in the reconciliation exercises is thoroughly addressed in section 3.2 below. Company's participation in the reporting process in Peru is voluntary and, with respect to disclosing income tax, requires a waiver from each company each year to address taxpayer confidentiality. The majority of companies have routinely provided these waivers, although there have been some delays and difficulties. The number of companies participating in the last three EITI reports has been stable. 59 companies participated in the report covering 2011-2012, 63 companies in the Peru 2013 EITI Report and 59 companies in the report for 2014. Ensuring the participation of small companies has required outreach efforts from both MINEM and SNMPE. One material company, Chinalco Mining Peru, declined to participate in the 2014 EITI Report despite efforts from all parties to encourage their participation, particularly from SNMPE. This issue is addressed in more detail in the assessment of Requirement 4.1, below. There does not appear to have been any discussion among companies on finding a more permanent solution for disclosure of income tax payments that address the current confidentiality provisions nor of a permanent commitment to report instead of having to commit for each reporting exercise.

Companies and the industry association's websites have links to the EITI-Peru webpage and highlight their

⁴⁸ SD 2 provides an overview of attendance of CMPE members. Information available upon request.

participation in the Standard as part of their communication materials, annual reports, sustainability reports and presentations in industry and outreach events⁴⁹. Company representatives are also engaged in the regional MSGs in Piura and Moquegua. Industry representatives on the CMPE also participate in the regional meetings.

Stakeholder views

Stakeholders expressed satisfaction with the engagement of companies in the EITI process, including their participation in preparing the work plans, annual progress reports and drafting EITI-Peru's communication materials. They highlighted that companies have participated in EITI reporting and that the industry association SNMPE has been crucial in ensuring that medium and small companies are part of the process. They also highlighted that most of the dissemination, capacity building and outreach activities have been conducted with active industry participation.

While acknowledging that companies are adequately engaged in the EITI process, a number of civil society stakeholders highlighted their expectation that companies should be more welcoming of proposals to increase the comprehensiveness of EITI reporting and to explore opportunities to extend EITI implementation to issues such as environmental information and social contributions (such as agreements between companies and mining communities). Similarly, these stakeholders highlighted the need for a permanent solution to ensure full company participation in EITI reporting.

Initial assessment

There is an enabling environment for industry participation and companies are actively and effectively engaged in the EITI process. A mechanism for addressing taxpayer confidentiality provisions has been agreed and successfully implemented. The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement.

Civil society engagement in the EITI process (#1.3)

Documentation of progress

There is a vibrant and active network of civil society organisations (CSOs) working on oil, gas and mining issues in Peru, including:

- Lima-based think-tanks and research organisations such as Grupo Propuesta Ciudadana⁵⁰.
- Regional-based organizations like the Centro de Investigación y Promoción del Campesinado (CIPCA)⁵¹ in Piura and Centro de Estudios Bartolomé de las Casas in Cusco.
- Organizations focused on natural resources and environmental issues such as Derecho, Ambiente y Recursos Naturales (DAR)⁵².

⁴⁹ SD 3 and 12 provides an overview of communications efforts at national and subnational level by constituency. Information available upon request.

⁵⁰ <http://propuestaciudadana.org.pe/>

⁵¹ <http://www.cipca.org.pe/>

⁵² <http://www.dar.org.pe/>

- National and regional universities such as the Catholic University of Peru (PUCP), Universidad del Pacífico and Antunez University of Ancash and University of Piura.
- Investigative journalists such as Ojo Público⁵³ and IDL Reporteros⁵⁴.
- Other organizations such as CooperAcción⁵⁵ that have done extensive work on monitoring licensing and cadastre systems⁵⁶ and follows on mining conflicts⁵⁷, OXFAM⁵⁸ and Transparency International's chapter in Peru Proetica⁵⁹.
- Organizations representing indigenous populations such as AIDSESP⁶⁰.
- Organizations working on Human Rights issues like the Coordinadora Nacional de Derechos Humanos⁶¹.

Two organisations appear to be the most active: Grupo Propuesta Ciudadana and DAR. A number of civil society organisations working on extractive industry issues know of the EITI and are aware of the revenue and distribution information published in EITI reports. They engage in the EITI through informal channels including sharing experiences informally with likeminded colleagues and partners organisations. There is no, however, a more structured mechanism for liaising with the civil society representatives on the multi-stakeholder group. Given the broad spectrum of civil society organizations working on extractive sector issues in Peru, there are a number of opportunities to increase CSO engagement in the EITI process, including formal and informal collaboration.

(i) *Expression*

There is no evidence of self-censorship or self-imposed restrictions relating to freedom of expression on EITI and wider transparency issues. Minutes from the multi-stakeholder group meetings demonstrate that representatives from civil society organisations contribute freely to the discussions. Three leading organizations, Grupo Propuesta Ciudadana, DAR and CooperAccion have campaigned on issues like social and environmental disclosure, mandatory company participation in the EITI reporting, and increased transparency⁶² in the extractive industries.

(ii) *Operation*

The Constitution of Peru grants freedom of expression, association, movement and access to public information⁶³. CSOs are governed by the Civil Code of 1984⁶⁴. In 2002 the Law of Transparency and Access

⁵³ <http://ojo-publico.com/>

⁵⁴ <https://idl-reporteros.pe/tag/gustavo-gorriti/>

⁵⁵ <http://cooperaccion.org.pe/main/index.php>;

⁵⁶ <http://cooperaccion.org.pe/main/mapas/informe-de-concesiones/2014>

⁵⁷ <http://www.conflictosmineros.org.pe/>

⁵⁸ <https://www.oxfam.org/en/countries/peru>

⁵⁹ <http://www.proetica.org.pe/>

⁶⁰ <http://www.aidesepp.org.pe/>

⁶¹ <http://derechoshumanos.pe/>

⁶² Examples of this are: <https://vimeo.com/163463264>; <http://www.dar.org.pe/noticias/el-Peru-debe-respetar-su-compromiso-de-impulsar-el-gobierno-abierto/>;

<http://www.propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/Pronunciamento%20junio.pdf>;

<http://cooperaccion.org.pe/main/mapas/informe-de-concesiones/2014>

⁶³ <http://www2.congreso.gob.pe/sicr/RelatAgenda/constitucion.nsf/constitucion>

to Public Information was enacted⁶⁵. The law regulates the constitutional right to access to information. There are no legal, regulatory or administrative barriers to civil society representative's participation in the EITI, nor any restrictions of fundamental rights. Funding has been available for CSOs working on the EITI. For example, Grupo Propuesta Ciudadana has received support from USAID for EITI work at the national and subnational levels⁶⁶.

(iii) *Association*

The civil society organisations engaged in the EITI process confirmed that they collaborate freely with one another, and with other CSOs not directly represented in the CPME both in Lima and in the regions, with no restrictions on formal and informal communications.

(iv) *Engagement and access to public decision-making*

Civil society organisations are involved in the design, implementation, monitoring and evaluation of the EITI process. This is illustrated in a number of ways, including:

1. Participation: Meeting minutes of the CMPE confirm the sustained participation of civil society representatives in all meetings⁶⁷;
2. Capacity-building activities: Training events have been arranged in the regions⁶⁸;
3. Dissemination: Two civil society organizations, Grupo Propuesta Ciudadana and DAR have been very active in producing and disseminating the EITI Reports, the regional pilot reports, communication material and opinion pieces in different media; and
4. Outreach: Civil society organizations in the multi-stakeholder group have also participated in a number of outreach events, especially at the subnational level. Examples include the work undertaken in Piura and Moquegua and in other prospective regions such as Loreto, Cusco and Arequipa. International partners have provided funding for this work. In particular, the United States' Agency for International Development (USAID) that has supported a number of these dissemination and outreach activities through a program called Pro-Participation⁶⁹.

Stakeholder views

Stakeholders in general recognise the active involvement of civil society organisations in the implementation and monitoring of the EITI in Peru. All stakeholders recognised the work done in decentralizing the EITI in the pilot regions, ensuring the regional reports are more timely and that they monitor local expenditures.

⁶⁴ https://es.wikipedia.org/wiki/C%C3%B3digo_Civil_del_Per%C3%BA

⁶⁵ http://www.mef.gob.pe/index.php?option=com_content&view=article&id=830:ley-nd-27806&catid=298&Itemid=101008

⁶⁶ http://dar.org.pe/archivos/eventos/talleres_transparencia/d_gpc_tc_EITI_220915_iqt.pdf; <https://www.sec.gov/comments/s7-25-15/s72515-37.pdf>

⁶⁷ SD 2 provides an overview of CMPE meetings. Information available upon request. Minutes available at EITI-Peru's website at <http://eitiperu.minem.gob.pe/documentos.html>

⁶⁸ SD 3 offers an overview of communication efforts by stakeholders of EITI-Peru. Information available upon request.

⁶⁹ Project: *Pro-participación* organized by *Grupo Propuesta Ciudadana* available at <https://www.youtube.com/watch?v=RKUH-21Bo6k>

Initial assessment

Civil society is actively and effectively engaged in the EITI process. There is an enabling environment for civil society participation. Fundamental rights of civil society actors are respected and there are no major obstacles to their participation in the EITI and, more widely, on transparency and governance issues. There is, though, significant scope to increase civil society engagement in the EITI outside the multi-stakeholder group.

The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement. It is recommended that civil society representatives on the CMPE continue their efforts to engage with other organizations outside the established networks. This might be facilitated by establishing some form of coordination and continuous communication between the representatives of CSOs in the CMPE.

Multi-stakeholder governance and functioning (#1.4)

Documentation of progress

(i) *Multi-stakeholder composition and membership*

In May 2006, the Peruvian government created the first EITI Working Committee⁷⁰ with three representatives from each constituency. The three government representatives were appointed by the Ministry of Energy and Mines (2) and Ministry of Energy and Finances (1). There was one representative from the mining companies, one from oil and gas companies, and one from the industry association (SNMPE). The two representatives from civil society were self-selected following elections certified by a public notary. The remaining member was selected by the universities. This EITI Working Committee, as it was called at that time, had a one-year duration. The group's mandate was renewed annually until 2011, when the government created a permanent national EITI commission (CMPE) through Supreme Decree No 028-2011-EM.

Peru's CMPE is supported by a national secretariat⁷¹. The secretariat is hosted by the Social Affairs Department OGGs in MINEM. The Validation conducted in accordance with the EITI Rules found that Peru was compliant with the requirement regarding the establishment the MSG⁷² and recommended measures to improve the capacities of the national secretariat.

The CMPE was renewed in 2012 for the period 2013-2015, and in 2015 for the period 2016-2018. The Supreme Decree 028-2011-EM establishes the representation from MINEM. The appointed representative from MEF to the CMPE was communicated to the MINEM through Ministerial Resolution No 466-2011-EF/10. The appointed representatives are Hugo Oropeza as full member and Carmen Paola Astor as alternate⁷³.

The civil society constituency shared with the International Secretariat documentation of the election

⁷⁰ Presidential Decree No, 027-2006 of 12 may 2006. <http://eitiperu.minem.gob.pe/documentos/documento-268155045.pdf>

⁷¹ Ibid, Decree No. 027-2006 of 12 May 2006, Article 7.

⁷² Peru 2010 Validation Report, p. 32-33. Indicator 5. Available at <https://eiti.org/node/7917>

⁷³ SD 08 contains communication of MEF representative to the CMPE to MINEM. Information available upon request.

procedures and minutes of the meetings with the broader constituency⁷⁴. In November 2015 meetings were held to introduce the EITI and the election procedures for the CSOs representatives to the CMPE⁷⁵.

Civil society organizations were encouraged to nominate representatives attaching a motivation letter within ten days. The nominations were shared with all interested organizations ahead of the elections. The votes were submitted through email to the organizers of the election (all former CSOs representatives to the CMPE). The representatives from national organizations were selected by 32 organizations⁷⁶. They are Pilar Camero from DAR and Epifanio Baca from Grupo Propuesta Ciudadana. 10 representatives from organizations based in Piura, Cusco, Ucayali, Cajamarca, Loreto and Moquegua attended the meeting on 30 November 2015. These regional organizations nominated two representatives. The regional full CSOs member is Hernan Pacha Guvera from CEOP ILO, an organization from Moquegua. The alternate is Francisco Cordova Sanchez from CIPCA Piura⁷⁷. The International Secretariat has not seen any documentation of how the universities appoint their representatives to the CMPE.

The industry representatives from the CMPE responsible for supporting the Validation process pointed out that industry representatives were selected among the members of the industry association SNMPE. They notified MINEM of their representatives for the period 2016-2018 in October 2015⁷⁸. MINEM formally confirmed the appointment of representatives from the extractive industry and from civil society to the CMPE through Ministerial Resolutions No 002-2016-MEM/OGGS and No 003-2016-MEM/OGGS respectively⁷⁹.

The Annual Progress Reports for 2014 and 2015 include a list of CMPE members for each year⁸⁰.

(ii) *Multi-stakeholder governance*

The CMPE has adopted terms of reference (ToRs), “*El Reglamento*”⁸¹. These were approved by the CMPE on 7 November 2012⁸², and outline the role and responsibilities of the CMPE and their internal governance procedures. According to the CMPE’s ToRs, the CMPE has the responsibility to design, approve, execute and monitor all activities related to the EITI implementation in the country (Article 2). Article 5 elaborates on the various procedures outlined in the EITI Standard such as approval of the work plan, hiring an Independent Administrator, etc. The mandated functions are as follows. The CMPE is to:

- a) Define and approve the work plan;
- b) Define and approve the ToRs for selecting and hiring consultants i.e. the Independent Administrator and for dissemination purposes;
- c) Define and approve the budget of EITI implementation;

⁷⁴ SD 4 contains meeting minutes of CSOs elections. Information available upon request.

⁷⁵ SD 4, p. 6. Information available upon request.

⁷⁶ SD 4, p. 12. Information available upon request.

⁷⁷ SD 4, p. 4. Information available upon request.

⁷⁸ SD 6 contains the communication of the industry representatives for the CMPE to MINEM. Information available upon request.

⁷⁹ SD 5 includes the ministerial resolution recognizing company’s representatives to the CMPE and SD 6 includes the ministerial resolution recognizing CSO’s representatives to the CMPE. Information available upon request.

⁸⁰ Peru 2010 Validation. Op Cit.

⁸¹ EITI-Peru CMPE’s TORs are available at

<http://eitiperu.minem.gob.pe/documentos/REGLAMENTO%20COMISION%20MULTISECTORIAL%20PERMANENTE.pdf>

⁸² CMPE minutes of meetings, available at <http://eitiperu.minem.gob.pe/documentos.html>

- d) Approve fund-requests;
- e) Approve funding and technical cooperation proposals;
- f) Manage the EITI-Peru implementation process;
- g) Approve annual EITI Reports (i.e. reconciliation reports);
- h) Establish permanent or temporary working groups;
- i) Coordinate with and support to subnational EITI commissions;
- j) Approve any administrative or advisory services for the CMPE or the national secretariat;
- k) Approve the modifications to the norms (i.e. ToRs);
- l) Others according to the Article 4 of the Supreme Decree 028-2011-EM.

The functions of the President of the CMPE are addressed in Article 6. They include: to represent publicly the CMPE, to ensure the commitment of the government with the EITI initiative and the decisions of the CMPE, to convene CMPE meetings, etc.

The responsibilities of the national secretariat (Article 7) include implementing the decisions of the CMPE regarding EITI implementation, to draft and keep records of CMPE meeting minutes, and keeping the national EITI-Peru website up-to-date. The terms of reference indicate that the national secretariat staff cannot take any decision or speak in an official capacity regarding the implementation of EITI in the country (Article 8).

The ToRs provide for internal governance guidelines and related procedures (Article 9). Decisions are taken by consensus. In exceptional circumstances, where it has not been possible to reach consensus, decisions can be taken by simple majority (Article 9.e). The International Secretariat is not aware of any decision taken by simple majority. Debate and decision-making can also be held through electronic communications provided there is a clear indication of the agenda, documentation and deadlines (Article 9.f). The established quorum is at least five members of the CMPE. The International Secretariat understands (as reflected in the CMPE minutes) that in practice quorum requires that at least one member of each constituency is present. It is a requirement that CMPE meetings are announced at least 5 working days in advance, including an indication of agenda, time and venue. Following the meeting, the national secretariat drafts and circulates minutes for approval. The CMPE is given 48 hours to suggest amendments. The minutes are uploaded to the website following their approval⁸³.

Based on Decree DS 028-2011-EM, the ToRs further elaborate on the distribution of membership among all constituencies, establishes election procedures for each of the constituencies and indicates the term of the mandate including options for possible re-election. Article 3 states: *“the EITI-Peru National Commission is composed by representatives from the State, the extractive industries and from civil society; in equal amounts rights and obligations”*⁸⁴. As explained above, each constituency is responsible for selecting three full and three alternate representatives (Article 3). As in the original CMPE’ ToRs, the government representatives are designated by the Ministry of Energy and Mines, and from Ministry of Economy and Finances. Mining companies and hydrocarbon companies designate one full member and one alternate

⁸³ CMPE minutes of meetings, available at <http://eitiperu.minem.gob.pe/documentos.html>

⁸⁴ CMPE’s ToRs, p. 1

each. The industry also designates one full member and one alternate representing the industry association SNMPE. The civil society constituency selects one member and one alternate from organizations based in the capital, one from organizations based outside of Lima and one from the universities. The mandate is for two years and the representatives can be re-elected. The representatives to the CMPE function *ad honorem*, but are entitled to reimbursement for any travel expenditure when representing EITI-Peru subject to prior approval of the CMPE.

Stakeholder views

Stakeholders consulted expressed general satisfaction with the governance structure. They stressed the role of government representatives in ensuring the CMPE's activities are sustained. Although the engagement of the government through the Ministry of Energy and Mines has been commended, some stakeholders pointed out the need to strengthen the representation of the Ministry of Economy and Finances. Several stakeholders also noted the need to include a representative from Perupetro.

Stakeholders not directly represented on the CMPE often note that they had been briefed on the EITI process, often on an informal basis. The CMPE representative from CSOs tasked to support Validation told the International Secretariat *"we know what the interests of our constituency members are as we are in a constant dialogue, albeit informally, with a wide range of CSOs; we meet in different arenas"*. An industry representative said *"updates and consultation on EITI related matters are part of our regular meetings at the SNMPE both at the board of directors and through our communications with member companies"*. Some stakeholder consulted expressed interest in more continuous and systematic engagement with the CMPE. It was noted that if civil society and industry actors could engage with more diverse organizations within their constituency, the national debate on governance of the extractive industries could be further enhanced⁸⁵.

Civil society and company representatives on the CMPE were content with the functioning of the CMPE and it is their perception that they have been treated as equal partners. Some stakeholders said that some of the proposals from civil society had not always been thoroughly considered. At the same time, the consensual view expressed by CMPE members is that they have attempted to find a balance between setting ambitious goals and agreeing realistic commitments given the available resources. Expanding the scope of EITI implementation, they agreed, would require additional financial and human resources.

CMPE representatives that have been active for several periods highlighted the improvement in the support provided by the national secretariat. Representatives of the CMPE tasked with supporting Validation highlighted to the International Secretariat that the minutes of the CMPE provide a concise and accurate summary of the deliberations and decisions adopted.

Although the CMPE's ToRs do not explicitly address consultations with the wider constituencies, the representatives from the wider constituencies appeared to be content with the prevailing practices. A broader group of CSOs comprising think tanks, community-based organizations, subnational organizations among others, highlighted their familiarity with the EITI and the role of their representatives on the CMPE. They expressed interest in being more involved in EITI implementation discussions and dissemination of

⁸⁵ Report "Towards a New Vision for Mining in Peru 2030". <http://www.perusupportgroup.org.uk/article-1166.html>
<http://www.congresorelacionescomunitarias.com/2016/>

information.

Assessing the opportunities for strengthening their work, CMPE members agreed that there is scope to expand outreach activities to broader constituencies. It was also noted that there was a need to more widely disseminate the results of the EITI, including from EITI national and regional reports. Stakeholders representing the wider constituencies concurred with the need to undertake more robust communication and dissemination efforts.

At the regional level, representatives from the Piura subnational multi-stakeholder committee confirmed that they feel free from pressures both from both the government or the industry. Representatives from the Piura regional commission expressed that the tripartite body has been able to use the EITI platform to address wider issues of the sector's governance beyond core EITI implementation. As one representative put it: *"there is an open and frank conversation about issues that matter to us"*. Civil society representatives pointed out that EITI's activities complement the actions of other spaces for participation and accountability such as the *"participative budget"*.

Initial assessment

The CMPE has been formally structured from the outset. It comprises appropriate stakeholders self-selected by each constituency. CMPE members from the government have demonstrated ability to lead on EITI implementation. There are opportunities for diversifying the representation from government and adding a representative from Perupetro could strengthen the representation from the hydrocarbon subsector.

Senior representative from key mining and hydrocarbon companies operating in Peru represent the industry constituency. Civil society representatives are selected from a wide network of CSOs that work on natural resource governance issues. The constituency has recently attempted to diversify their representation.

The ToRs for the CMPE addresses the requirements of the EITI Standard. The CMPE is operative, meets frequently and the attendance and record keeping appears to be adequate. It is the initial assessment of the International Secretariat that Peru has made satisfactory progress in this requirement. It is, however, recommended that CMPE explores opportunities for engaging more widely with their constituencies.

Work plan (#1.5)

Documentation of progress

The International Secretariat received the 2016 EITI-Peru work plan on 28 April 2016⁸⁶. The minutes from the CMPE meeting on 14 April 2016 indicates that the work plan was discussed and that there were pending observations from CMPE members. It is unclear whether it was later approved. The 2016 EITI work plan is not publicly available on Peru's EITI website or any other government site. The International Secretariat is assessing this requirement based on the submitted work plan (henceforth, the "2016 work plan").

⁸⁶ Peru's work plan 2016-2018 available at <https://eiti.org/node/7244>

(i) *National priorities*

While the 2016 work plan outlines a number of target areas and activities, it does not spell out how these established targets reflect national priorities for the extractive industries. It does however highlight the priority given to subnational EITI implementation in Peru. This includes establishing regional multi-stakeholder groups, ensuring they are functional, and the publication of regional EITI reports including disclosures on the use of subnational transfers. It also includes dissemination of these reports.

(ii) *Work plan activities*

The 2016 work plan is clear that management of the EITI in Peru must follow the 2016 EITI Standard. The 2016 work plan also outlines a list of expected outcomes:

- Outcome A: Strengthening the CMPE and the EITI-Peru initiative.
- Outcome B: Strengthening the national secretariat of EITI-Peru.
- Outcome C: Producing EITI-Peru reports for fiscal periods 2015, 2016 and 2017 in accordance to the 2016 EITI Standard.
- Outcome D: Strengthening the subnational implementation processes in Piura and Moquegua.
- Outcome E: Implementing the EITI in three new regions with significant extractive industries.

For each outcome there are details related to sub-outcomes, activities and an indication of the need to seek funding. Additionally, monitoring and dissemination activities are indicated each outcome. For example, to achieve outcome D, the CMPE and/or the national secretariat are expected to undertake six listed activities:

- To organise a public event to support the EITI-Peru implementation in each region.
- To ensure the functioning of the regional MSGs in Piura and Moquegua.
- To verify the publication of the regional EITI reports in Piura and Moquegua.
- To establish and enable functioning of a regional MSG in Loreto region.
- To raise funds for the execution of the regional reports and for dissemination activities.
- To disseminate the results of the regional reports in Piura and Moquegua, and additional communication efforts in Loreto region.

The activities associated with each outcome are measurable and time-bound, although the timeframe for funding, communication and monitoring progress is not specified.

(iii) *Capacity building*

The work plan addresses one specific capacity constraint at the national secretariat: *“To have a technical team knowledgeable of issues related to transparency in the extractives industries and monitoring of the activities”*. Other work plan activities appear to address capacity building needs, but only in general terms.

(iv) *Scope, legal/regulatory obstacles and following recommendations*

The 2016 work plan refers to producing the ToRs for the Independent Validator but it does not hint at any revision of the scope of reporting. It does not address or identify any possible revision of the legal framework related to reporting, despite the fact that the 2012 Validation Report and successive EITI Reports have raised issues regarding confidentiality, ensuring companies’ participation and data quality assurance. There are no references to addressing aspects of reporting such as comprehensiveness

(Requirement 4.1) and data reliability (Requirement 4.9), which have been problematic in the past. The work plan does not address issues that are new to the EITI Standard, such as transportation payments, infrastructure provisions, discretionary social expenditures, beneficial ownership and open data.

(v) *Funding*

The 2016 work plan does not provide indications of costs or identify funding sources. The International Secretariat understands that the World Bank is close to approving an EGPS grant for Peru dedicated entirely to subnational implementation. The International Secretariat also understands that other development partners such as Switzerland's SECO have discussed supporting EITI-Peru activities. Guillermo Shinno, EITI Champion, confirmed that the Ministry of Energy and Mines will cover the costs related to EITI implementation including the 2015 EITI Report⁸⁷. As a reference, past EITI implementation costs have been covered 55% by the Ministry of Energy in 2015 and 75% of the costs in 2016⁸⁸.

(vi) *Annual review*

For significant periods of EITI implementation, Peru has not had an up-to-date work plan. Reviewing and updating the work plan has been an issue for EITI-Peru. The 2012-2014 work plan was approved on 12 October 2012. The 2015 work plan was sent to the World Bank on August 2015 and there is no evidence that the CMPE endorsed it. The 2016 work plan was submitted to the International Secretariat in April 2016 with unclear procedures for its finalisation and CMPE endorsement.

Stakeholder views

Members of the CMPE argued that they have agreed that the overarching priority for EITI implementation is to improve society's understanding and monitoring of the resources spent at subnational levels of government. This for two reasons: first, given the significant share of extractive revenues going to regions and municipalities (nearly 50% of total revenues); second, for the challenges posed by the lack of efficient and accountable local administrations. This results in great obstacles to ensuring extractive wealth reaches affected communities and regions. They are mindful of the significance of improving this latter aspect as a way to reduce the many conflicts around mining operations. They also highlighted that building capacity and trust in the management of subnational transfers requires time and continued efforts. Stakeholders, including members of the CMPE, believe that improving the understanding of how the extractive revenues are generated, distributed and used is key to mitigate some of the aspects related to those conflicts. Peru's 2016 EITI work plan emphasises, accordingly, subnational implementation. Civil society and industry stakeholders stressed that they have devoted their own resources to these efforts.

Stakeholders also pointed out that Peru's government systems and practices in areas such as contract transparency, macro-economic data, commodity production data, licensing and cadastre systems, national government revenues, national budget and budget execution, are sound. They argued that the value-added of the national EITI process lies in the company-by-company disaggregation of payment data that continues to be a core product of EITI implementation. They confirmed that these issues have been discussed by the

⁸⁷ CMPE minutes from meeting held on 23 June 2016.

Publicly available online at <http://proactivo.com.pe/estado-peruano-financiera-sexto-estudio-sobre-transparencia-en-sector-extractivo-eiti/>; <http://diariouno.pe/2016/06/28/estado-financiera-nuevo-eiti-en-sector-extractivo/>

⁸⁸ Table 1: EITI-Peru expenditures overview.

CMPE and that have regularly consulted with their larger constituencies.

The National Coordinator Fernando Castillo recalled that after the 2013 EITI Global Conference in Sydney the CMPE went through all the recently –introduced requirements to assess how they would affect EITI implementation in Peru. While written records of these discussions are limited, stakeholders gave assurances they have considered these aspects and have agreed on giving priority to subnational EITI implementation.

Initial assessment

The International Secretariat takes note of the CMPE’s considered efforts to give top priority to subnational EITI implementation. While the 2016 work plan includes time-bound activities, it lacks an estimate of the costs, without clear reference to possible funding source. The work plan does not include a clear definition of the scope, and does not address a number of features in the EITI Standard. There is no evidence that acting on past recommendations has been considered in developing work plans. The last two work plans have been agreed with considerable delays, resulting in significant periods where EITI-Peru has not had an active work plan. While it seems that functioning of the EITI has not been particularly affected, it also appears that having failed to make a good use of the planning tool has deprived EITI-Peru of a systematic opportunity to take stock, discuss and strategically plan. The International Secretariat initial assessment is that Peru has made meaningful progress with meeting this requirement.

Table 2 - Summary assessment table: CMPE oversight

EITI provisions	Summary of main findings	International Secretariat’s initial assessment of progress with the EITI provisions (to be completed for ‘required’ provisions)
Government oversight of the EITI process (#1.1)	The Ministry of Energy and Mines and Mines has led the Government’s active participation in the EITI. It has maintained a satisfactory level of engagement, appointed senior officials to lead, and coordinated and mobilised resources for EITI implementation. Stakeholders confirmed that they trust and have confidence in the appointed officials.	Satisfactory progress
Company engagement (#1.2)	There is an enabling environment for company participation. Companies are actively and effectively engaged in the EITI process. Obstacles to company participation regarding taxpayer confidentiality provisions have successfully addressed.	Satisfactory progress
Civil society engagement (#1.3)	Civil society is actively and effectively engaged in the EITI process. There is an	Satisfactory progress

	enabling environment for civil society participation. The fundamental rights of civil society actors are respected and there are no major obstacles to their participation in EITI related activities and discussions. Civil society stakeholders speak freely, collaborate with each other, are not restrained, coerced or reprimanded as result of their EITI-related activities. There is, however, scope to increase civil society engagement in the EITI beyond the multi-stakeholder group.	
MSG governance and functioning (#1.4)	<p>The CMPE comprises relevant actors and appears to function well with an inclusive decision-making process. Stakeholders have identified opportunities for reviewing the representation of government entities.</p> <p>The ToRs for the CMPE largely addresses the requirements of the EITI Standard and appears to be followed in practice.</p>	Satisfactory progress
Work plan (#1.5)	<p>The work plan does not include clear objectives for the EITI, linked to national priorities for the extractive sector. It also lacks a clear account of costs, and details on capacity building priorities. The work plan needs to be finalised, formally approved by the CMPE and made publicly available.</p>	Meaningful progress
<p>International Secretariat's recommendations:</p> <p>The CMPE should agree a fully costed work plan with clear objectives for the EITI, linked to national priorities for the extractive sector.</p> <ol style="list-style-type: none"> 1. The government is encouraged to consider revising its representation in the CMPE with a view to expanding the participation of other government entities. 2. Civil society representatives in the CMPE are encouraged to continue their efforts in engaging with other organizations outside the multi-stakeholder group that are working on issues of governance in the extractive sector. 3. Industry representatives in the CMPE are encouraged to consider opportunities for increasing engagement with other fora such as the Dialogue Group for Mining and Sustainable Development (GDMDS) that have recently proposed a debate on Peru's mining vision for 2030. 		

Part II – EITI Disclosures

2. Award of contracts and licenses

2.1 Overview

This section assesses implementation of the EITI requirements related to the legal framework for the extractive sector, licensing activities, contracts, beneficial ownership and state-participation.

2.2 Assessment

Legal framework (#2.1)

Documentation of progress

2014 EITI Report

The 2014 EITI Report provides an overview of the laws and regulations of the extractive sector. The report summarizes key provisions of the applicable laws, including Article 77 of the National Constitution (1993), the Organic Law for the Use of the Natural Resources (1997), the General Mining Law (1992) and the Rules of Fiscal Stability and Fiscal Regulation for the Hydrocarbon Sector (1995)⁸⁹. It explains the provisions in the General Mining Law that grant a number of benefits to extractive investors. These include: stable conditions regarding taxes, exchange rate and administrative burden; income tax applicable only to dividends; deduction of internal taxes directly related with mining activities; deduction of investment in public infrastructure; and guarantees for remittance of profits and dividends with guaranteed access to foreign currency.

The report (section 5) also addresses the roles and responsibilities of the government agencies responsible for collecting each revenue stream covered in the report. This includes infographics explaining the interaction between government agencies responsible for collecting, distributing and spending public revenues from the extractive industries. The section also contains a description of the reconciled revenue streams, the calculation method and the methodology applied for distribution of the revenue⁹⁰. The report does not provide any indication of any reforms undertaken during the period covered.

The website of MINEM⁹¹ contains an extensive account of the applicable legislation to the extractive industries in Peru, covering ministerial resolutions, internal resolutions and laws, including subsequent updates. The framework also lists regulations concerning a wide range of issues such as environment, tax regime, security, etc.

⁸⁹ See 2014 EITI Report, p.12-13

⁹⁰ See 2014 EITI Report, p.60-103

⁹¹ MINEM, legislation. http://www.minem.gob.pe/_legislacionSectorM.php?idSector=1

Stakeholder views

Representatives from civil society organisations expressed interest in gaining a better understanding of the application of regulations related to fiscal credits such as the “infrastructure for taxes”⁹² and value added tax (VAT) reimbursement to exporters. Representatives from the MEF argued that fiscal adjustments and reimbursements (e.g., deductions reflecting tax credits from previous years) are common practice. Stakeholders concurred that future EITI reports could include more thorough explanations of these aspects of the tax regime in order to inform the debate on these, at times contentious, issues.

Initial assessment

It is the initial assessment of the International Secretariat that Peru has made satisfactory progress in meeting this requirement. The 2014 EITI Report contains an overview of the legal framework and fiscal regime governing the extractive sector. The report also describes the role and responsibilities of government agencies. The International Secretariat is not aware of any key laws or relevant information that is missing from the overview. It is noted that the MINEM’s website provides updates on modifications to any regulation affecting the sector. The level of fiscal devolution is addressed in the report. A number of stakeholders expressed an interest in getting a better understanding of the fiscal regime.

The CMPE is encouraged to include information regarding the fiscal regime and to provide a summary of any reforms undertaken during the period covered in the next EITI Report, with links to more detailed sources.

License allocations (#2.2)

Documentation of progress

References to disclosure of license allocations are scattered throughout several of Peru’s EITI Reports.

2014 EITI Report

The 2014 EITI Report does not specify whether any of the licenses related to the companies covered in the report were awarded or transferred in 2014. However, it points towards the Decree No 018-92⁹³, which outlines the rules and procedures for license awards and transfers including the technical criteria, applied. Information on license allocations in the mining sector in the report itself is brief. Details for the hydrocarbon sector are not available. The report introduces the government agency responsible for managing the mining cadastre, the Instituto Geológico Minero y Metalúrgico (INGEMMET). It is also responsible for managing license allocations and revenue collection for license fees.

The report documents that 42 025 valid mining concessions “concesión minera” were active and 6 223 were assessed for approval. The areas with active mining concessions represent 14.6% of the national territory. The report states that mining license holders in Peru are grouped into three main categories: large and medium mining; small-scale mining; and artisanal mining. Until December 2014, the Ministry of

⁹² In Peru, there is a mechanism that allows companies to build public infrastructure and get fiscal credits.

⁹³ Reglamento de procedimientos mineros. Supreme Decree No 018-92.

http://www.Peru.gob.pe/docs/PLANES/94/PLAN_94_DS%20N%C2%BA%20018-92_2008.pdf

Energy registered a total of 11 705 mining license holders, of which 2 452⁹⁴ correspond to small-scale mining; 8 000 to artisanal mining; and 1 253 to large and medium scale mining⁹⁵. Validity rights, an annual fee paid by license holders to maintain the license, are one of the revenue streams reconciled in the report⁹⁶.

2013 EITI Report

The report explains the steps and procedures to obtain a license. First, a license request⁹⁷ should be filed⁹⁸. Subject to compliance with a number of regulations, a license may be granted. These include: authorization from the National Culture Institute; environmental certification awarded by the different environmental authorities; land utilisation permits by land owners; and any other permit and authorizations required by law. The report indicates that 42 147 mining licenses were active in 2013; 8701 license requests were in process of approval; and 3 371 were awarded during 2013⁹⁹.

A section of the report is dedicated to the formalization and promotion of small-scale mining and artisanal mining¹⁰⁰. An overview of the mining classification is presented along with the number of active rights, the extension covered, the productive capacity and the government institution responsible for monitoring each category¹⁰¹. The report contains a short description of the process for awarding a small-scale and/or artisanal mining license and technical documentation that should be submitted to the application. In 2013, the Ministry of Energy offered training to 14 800 informal miners as part of a formalization effort¹⁰².

The EITI Reports do not include information on how hydrocarbon licenses are allocated. The webpage of Perupetro, the government agency responsible for allocating hydrocarbon licenses, provides an overview of all the active licenses. A comprehensive overview of oil blocks awarded with the descriptions, schedules, work plans, contract models, required documentation among other materials is provided. In a separate section (“Inversionista y Contratación”), the website provides descriptions of the licenses awarded since 2011.¹⁰³ From this section, it is possible to determine that three licenses were awarded in 2014¹⁰⁴ (although it is not possible to independently verify that this information is complete). The information disclosed includes: a description of the process for transferring or awarding the license; the technical and financial criteria used; and information about the recipient(s) of the license that was been awarded. The

⁹⁴ Peru 2014 EITI Report, p.28

⁹⁵ Peru 2014 EITI Report, p.28

⁹⁶ Peru 2014 EITI Report, p.98-101 and 120-121

⁹⁷ When a license request in Spanish “*petitorio minero*” is approved, a mining concession is granted. It gives rights to explore and/or exploit the subsoil as soon as a number of permits outlined in the Regulations for Mining Procedures are granted. Once all permissions are granted, a mining title gives the effective permission to explore or exploit an area.

⁹⁸ Peru 2013 EITI Report, p. 21

⁹⁹ Peru 2014 EITI Report, p.21

¹⁰⁰ Peru 2014 EITI Report, p.14-15

¹⁰¹ Peru 2014 EITI Report, p.14

¹⁰² Peru 2014 EITI Report, p.15

¹⁰³ <http://www.perupetro.com.pe/wps/wcm/connect/perupetro/site>

¹⁰⁴ Information available at several pages of Perupetro’s website:

<http://www.perupetro.com.pe/wps/wcm/connect/perupetro/site/inversionista+y+contratacion/procesos+de+seleccion/licitacion+publica+internacional+n+perupetro+003+2014;>

<http://www.perupetro.com.pe/wps/wcm/connect/perupetro/site/inversionista+y+contratacion/procesos+de+seleccion/licitacion+publica+internacional+lote+iv;>

<http://www.perupetro.com.pe/wps/wcm/connect/perupetro/site/inversionista+y+contratacion/procesos+de+seleccion/licitacion+publica+internacional+lote+iii>

website does not mention any deviations from the legal framework. The International Secretariat could not find information about transfers of licenses during 2014 (and any other year). There is no commentary on the efficiency and effectiveness of licensing procedures in the EITI Report or on Perupetro's website.

Stakeholder views

Government representatives explained that Perupetro awards licenses in the hydrocarbon sector through public bidding processes. Winners of the bidding rounds sign contracts allocating rights according to the different phases: exploration, development and exploitation.

Perupetro's representatives confirmed that as the government entity responsible for regulating the hydrocarbon sector they make available on their website maps of the oil blocks that are promoted, operating, and where a public bidding round is taking place¹⁰⁵. Moreover, a publicly available data bank provides information on oil fields and other studies (seismic data, assessments of the commercial viability, etc.). The website is available for public access but users have to create a profile prior to access the data¹⁰⁶.

Government officials¹⁰⁷ confirmed that Peru has an online and publicly available E-Cadastre for mining (see assessment of Requirement 2.3 for further details). It was observed that INGEMMET is solely responsible for administering the large and medium mining activities. Regional governments are in charge of processing small-scale and artisanal mining permits. It was also noted that the E-Cadastre keeps records of decisions taken by other government bodies that affect the mining title.

Members of the CMPE confirmed they are familiar with the work undertaken by INGEMMET. Stakeholders were unanimous in their praise for the licensing and cadastre system, although there were no references to whether these systems have been independently reviewed. The system is considered best practice by organizations such as the World Bank. They highlight the real-time access and user-friendly protocols and the depth of the cadastre information (including several layers of information such as geo-reference coordinates for environmental protected areas, archaeological valuable areas, among others). INGEMMET runs regular capacity building activities open to the public on how to use the E-cadastre.

Javier Aguilar, the World Bank officer for EITI in Peru commented: *"In general, the rules for granting concessions (mining, benefits, general labour, transportation) are considered to be clear and transparent. The procedure is considered modern, efficient and leaves little margin of discretion to public servants. Institutional responsibilities are well defined and there are jurisdictional bodies that provide judicial review (Mining Council). The management of ordinary mining procedures by INGEMMET, supported by the Geological Information System and Mining Cadastre (GEOCATMIN) and the Mining Rights and Lands Registry System (SIDEMCAT), stands out for its simplicity, transparency and accessibility, as well as for the legal security it provides. It is recognized as one of the major bases for the growth and security of investments in the mining sector in Peru"*.

Representatives from CSOs commented that knowledge and capacity among mining permit holders and

¹⁰⁵ <http://www.Perupetro.com.pe/wps/wcm/connect/Perupetro/site/Informacion%20Relevante/Mapa%20de%20Lotes/Mapa%20de%20Lotes>

¹⁰⁶ Perupetro Database <http://www.Perupetro.com.pe/DataBank/Inicio.html>

¹⁰⁷ GEOCATMIN, the E-Cadastre: <http://geocatmin.ingemmet.gob.pe/geocatmin/index.html>

communities with property rights over land surfaces¹⁰⁸ is uneven, often leading to conflict. In the view of regional civil society organizations, enhancing the understanding of license allocation procedures and its implications or property rights could contribute to mitigation of conflicts.

Initial assessment

The 2014 EITI Report indicates that INGEMMET is the authority competent for licensing and cadastre management in the mining sector. Although the specific link is not provided in the report it was included in the 2013 EITI Report. The law establishing the procedures for obtaining a mining licence is outlined. The procedures for allocating mining licenses are established in the General Mining Law¹⁰⁹ and are publically available. Through the E-cadastre system (and the monthly archived reports) it is possible to examine the mining licenses awarded in a particular period.

Stakeholders confirmed that the E-cadastre is a well-known and established tool, and that there were no deviations from the license allocation procedure. There was no evidence to support this claim and it is beyond the scope of this assessment to investigate this further.

It is the International Secretariat's initial assessment that Peru has made meaningful progress with meeting this requirement. The E-cadastre system appears to comprehensively address license allocation and transfers in the mining sector. Similarly, in the oil and gas sector, substantial information on license allocation is publically available. However, the comprehensiveness of this information and the disclosure of license transfers has not been addressed by the CMPE. The CMPE should conduct a thorough review of these systems vis-à-vis the requirements set out in the 2016 EITI Standard. The CMPE may wish to consider a review of the efficiency and effectiveness of these licensing procedures, and commenting on opportunities to strengthen these systems in forthcoming EITI Reports.

License registers (#2.3)

Documentation of progress

The 2014 EITI Report documents that INGEMMET is the competent authority responsible for the mining licensing and cadastre system. The 2013 EITI Report addresses this requirement extensively. It is explained that Peru has a mining cadastre, a public registry that contains information on all licensed mining areas in the country classified by type of concession: exploration, exploitation, service provider and transportation¹¹⁰. The National Mining Cadastre Law No 26615 created the national mining cadastre in 1996. The report provide links to the cadastre system (E-Cadastre)¹¹¹. The International Secretariat notes that the link has been updated to GEOCATMIN¹¹² which is active and functioning. GEOCATMIN contains the geo-references associated with each mining concession awarded in the country. The E-cadastre provides for each mining title (identified by a unique code) the following information: license holder; percentage of participation, license area (district, province, department, UTM coordinates, validity rights paid,

¹⁰⁸ Land surface relates to the topsoil as opposed to subsoil. Mining and hydrocarbon licenses grant the right to explore or exploit the minerals and hydrocarbons that are in the subsoil while they do not grant any rights over the use and ownership on the topsoil.

¹⁰⁹ http://www.peru.gob.pe/docs/PLANES/94/PLAN_94_DS%20N%C2%BA%20014-92-EM_2008.pdf

¹¹⁰ Peru 2014 EITI Report, p.21-22

¹¹¹ Peru 2013 EITI Report, p.22

¹¹² <http://geocatmin.ingemmet.gob.pe/geocatmin/index.html>

administrative decisions and a history of legal documents affecting the title)¹¹³. There is an indication of the category of commodity found in the licensed area (metallic, non-metallic).

The 2013 EITI Report also provides a definition of the mining concession as “an administrative act by which the Peruvian state gives a right to a person for the purposes of exploration and exploitation of mineral resources within the area that has been requested”¹¹⁴. It continues, explaining that prior to the mining concession there are a number of requirements that need to be met in accordance with the Regulations for Mining Procedures.

The 2013 and 2014 EITI Reports list hydrocarbon contracts awarded up to 2013. Each contract corresponds to a hydrocarbon licence. Perupetro’s website provides information on each of the contracts¹¹⁵. The contract provides information about the license holder; coordinates of the area awarded; data of application duration and the commodity (oil and gas) exploited. The section on maps of oil blocks (“Mapas de Lotes” in Perupetro’s webpage) contains an overview of the oil blocks and enables downloading the maps of the blocks and related seismic information¹¹⁶.

Stakeholder views

INGEMMET officials confirmed that the information required in the Standard could be found in their systems (E-cadastre, GEOCATMIN, SIDEMCAT). They also stressed that INGEMMET provides training and consultation services for any citizen interested in learning how to use the cadastre and how to interpret the different layers of information offered by the system.

The CMPE representatives confirmed that GEOCATMIN is a well-known tool. Industry’s representatives were content with system. CSOs confirmed that the cadastre is easily accessible through the internet and indicated they are users of this system, which allows them to have useful information for their different lines of work. For example, CooperAccion, a civil society organisation that had been represented in the CMPE previously, have made extensive use of cadastre information¹¹⁷.

Stakeholders were also content with hydrocarbon licensing information available at Perupetro’s webpage. A number of stakeholders argued that EITI-Peru could play a role in facilitating informed-debate regarding the interpretation and use of publically available information, especially on mining licenses. It was pointed out that some groups have interpreted this data in ways that could create confusion about the legal implications of having different types of mining rights. For example, there is a perception that mining exploration rights are automatically converted to mining exploitation rights. Stakeholders identified the need to provide clearer explanations and guidance on the conditions that have to be met for exploration rights being upgraded to exploitation rights. They added that the debate in Peru is not about the availability of extractive sector information, but rather about addressing the complexity of the licensing system and understanding the constraints faced by social groups to be able to use and exert their legal rights.

¹¹³ SD 13 contains an example of INGEMMET’s summary information for each mining title available from GEOCATMIN. Information available upon request.

¹¹⁴ Peru 2013 EITI Report, p.21

¹¹⁵ For example, for oil block 103: <http://www.perupetro.com.pe/relaciondecontratos/relacion.jsp?token=113>

¹¹⁶ <http://www.perupetro.com.pe/wps/wcm/connect/perupetro/site/Informacion%20Relevante/Mapa%20de%20Lotes/Mapa%20de%20Lotes>

¹¹⁷ <http://cooperaccion.org.pe/main/images/Archivos/Informeconcesionesminerasmayo2016.pdf>

Initial assessment

The information required to be disclosed according to the EITI Standard is publically available mainly through the webpages of INGEMMET and Perupetro. The EITI Reports provided limited information on licensing, but include links to these websites. The publically available information includes: the license holder, coordinates, date of application, award and duration of mining rights and oil and gas concessions. Stakeholders appear to be content with the quality and accessibility of this information. The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement. The CMPE is encouraged to explore opportunities to collaborate with these government agencies to promote effective utilisation of this information.

Contract disclosures (#2.4)

Documentation of progress

The EITI Report do not explicitly document the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. However, the policy is clear from disclosure practices.

Mining operations are regulated by law through the standard conditions of each mining licence. The 2014 EITI Report includes a list of all the so-called contracts of guarantees and promotion of investment which complement the standard conditions stated in the law. It is noted that not all the projects that are in operation in Peru have such contracts. A list with the name of the project, the company, the start date and end date describes which projects are subject to these contracts. The reports also provide the link to the MINEM's website where these contracts are disclosed.

In the hydrocarbon sector, it is noted that Perupetro provides public access to exploration and exploitation's contracts¹¹⁸. The EITI Reports include a list of such contracts with the area where the block is located, the operator, the number of the block, subscription date, size of the area, and the type of contract¹¹⁹. Information disclosed in the EITI Reports on hydrocarbon contracts includes the name of the operators and their share in the block (as a percentage of ownership). Although the report does not provide the direct link to access hydrocarbon contracts, it is noted that they can be accessed through Petroperu's webpage (full text of the contract and subsequent addendums)¹²⁰.

Stakeholder views

Members of the CMPE tasked with supporting the Validation process provided additional information for this assessment¹²¹. They indicated that the Law on Transparency and Access to Public Information No 27806-2003¹²² provides for the disclosure of contracts and licenses that govern exploration and exploitation of oil, gas and minerals in Peru.

¹¹⁸ Peru 2014 EITI Report, p.29

¹¹⁹ Peru 2014 EITI Report, p.30-33; Peru 2013 EITI Report, p.37-39

¹²⁰ Petroperu contracts

<http://www.Perupetro.com.pe/wps/wcm/connect/Perupetro/site/Inversionista%20y%20Contratacion/Contratacion/Contratos%20de%20Exploracion%20y%20Explotacion>

¹²¹ SD 9. EITI-Peru, Validation self-assessment template. Information available upon request.

¹²² Law No 27806, Law of Transparency and Access to Public Information

http://www.mef.gob.pe/index.php?option=com_content&view=article&id=830:ley-nd-27806&catid=298&Itemid=101008

Representatives from several government entities confirmed that contract transparency is a practice in the country. In their view, contract transparency has come to constitute an integral aspect of the way public entities, especially those responsible for managing the extractive sector, operate under constant public scrutiny.

Initial assessment

The EITI Standard requires the documentation of the government's policy on contract disclosure including relevant legal provisions, actual disclosure practice and any reforms underway. Where applicable, a link to the location of an overview of contracts and licenses should be provided. The Standard also encourages countries to publicly disclose any contracts and licenses.

Although the 2014 Peru EITI Report contains no documentation on the government's policy on contract transparency, the CMPE and government representatives have explained that the Law on Transparency and Access to Public Information No 27806-2003 requires that public entities disclose this information. The EITI Reports provide an overview of the mining projects that have signed special contracts for guarantees and promotion of investments. The reports also include a list of hydrocarbon contracts with the links where full text of the contracts are available.

The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement. Indeed, Peru's work on contract transparency can be considered exemplary.

Beneficial ownership disclosure (#2.5)

Documentation of progress

The Secretariat has not seen any evidence of CMPE discussions on disclosure of beneficial ownership information. Peru's EITI reports do address the government's policy on the disclosure of beneficial ownership information, or give any guidance on how to access this information. Members of the CMPE tasked with supporting the Validation process provided the International Secretariat with a link to a publicly available database of the regulator of the stock market, the Superintendencia del Mercado de Valores (SMV) which contains the list of the shareholders of a number of companies¹²³. The International Secretariat checked the link provided and confirmed that a list of minority beneficial owners of extractive industries companies is available. The information provided on the website is disaggregated by company, year, full name of the shareholder, the type of identification, ID number and the kind of transaction (shares or dividends). The International Secretariat could not verify the availability of information about non-minority shareholders. The International Secretariat understands that the national registry of companies, the Superintendencia Nacional de Registros Públicos (SUNARP) maintains a record of shareholder information on all registered companies in the country. The public availability of information in SUNARP's website was not verified in this assessment, including if legal entities registered as shareholders disclose their beneficial ownership.

Stakeholders view.

Stakeholders in Peru voiced no particular concerns regarding the disclosure of beneficial ownership

¹²³http://www.smv.gob.pe/Frm_DividendosXCobrar.aspx?data=3DB68101D344E7974B219B9C8741F1C6BE63DBF78A

information. This mainly because there was an acknowledgement that most of the major and midsize companies covered in the EITI Report are publicly listed. A journalist presents in a meeting with civil society representatives argued that beneficial ownership information is of interest especially for smaller mining companies.

A representative from INGEMMET¹²⁴ mentioned that in order to obtain an exploration or exploitation mining title it is required the registration of the applicant (be a legal entity or a natural person) in national registry of companies (SUNARP). In his view, obtaining the beneficial ownership information on license holders could be possible by cross-referencing data available at SUNARP with INGEMMET.

The Independent Administrator pointed out that a legislation passed in 2014 requires all companies with income above a threshold¹²⁵ are required to report to the SMV. The International Secretariat has not verified the nature of this reporting to the SMV and if it includes legal or beneficial ownership.

Initial assessment

Implementing countries are not yet required to address beneficial ownership and progress with this requirement does not yet have any implications for a country's EITI status. To date the CMPE has not undertaken any work on beneficial ownership. In preparing the roadmap required by 1 January 2017, the CMPE is encouraged to consider opportunities for addressing this issue by building on existing disclosures to SUNARP and the SMV.

State-participation (#2.6)

Documentation of progress

Peru's EITI Reports and CMPE minutes do not address whether state participation in the extractive industries gives rise to material revenue payments. The EITI Reports nevertheless mention two SOEs, Perupetro and Petroperu, and disclose some information about their activities.

(i) *Perupetro*

The 2013 and 2014 EITI Reports¹²⁶ explain that Perupetro is the government agency (legally registered as a state-owned enterprise) responsible on behalf of the Peruvian state for promoting, negotiating, subscribing and monitoring hydrocarbon exploration and exploitation contracts. The report provides details on the prevailing rules and practices regarding the financial relationship between the government and Perupetro. Perupetro does not operate any oil or gas fields. It collects and distributes a number of extractive sector-specific revenue flows. These are: oil and gas royalties and two tax surcharges called "*canon petrolero*" and "*sobre canon petrolero*". Perupetro is required to transfers all revenues to the treasury, immediately after collection. Perupetro is entitled to deduct operating costs from this income at a pre-approved rate (capped at 1.5% of collected revenues).

The EITI Report does not disclose Perupetro's level of ownership in oil and gas projects, and does not address any changes in the level of ownership during the reporting period. Following privatization of almost

¹²⁵ Law No 29720 mandates disclosure of audited financial statements to companies selling more than 30 000 tax units for 2012 and from 2013 the threshold was reduced to 3 000 tax units.

¹²⁶ Peru 2013 EITI Report, p. 61.

all hydrocarbon assets in the 1990s, the International Secretariat understands that Perupetro has stakes in two oil blocks, which are operated by third parties. The EITI Report does not provide details regarding the terms attached to their equity stake, including their level of responsibility to cover expenses at various phases of the project cycle, e.g., full-paid equity, free equity, carried interest. It is not clear from the EITI Reports whether this gives rise to material revenues.

(ii) *Petroperu*

The other SOE is Petroperu. It is dedicated to downstream activities including refining, importing fuels, and fuel and lubricants distribution and transporting, including owning a large network of petrol stations (half of the country's petrol stations)¹²⁷. Although the 2014 EITI Report does not address Petroperu's role, the 2013 Report includes some information¹²⁸.

According to the 2013 Report, Petroperu A.S. is a state-owned enterprise regulated by private law created in 24 July 1969 through the Decree Law 17753¹²⁹. Petroperu's statutes allows it to undertake exploration, exploitation, transport, refining, distribution and commercialization of fuels and other oil derivatives¹³⁰. Since the privatization of the hydrocarbon sector in 1993, Petroperu stopped exploring and exploiting hydrocarbons directly with the exception of one block which is operated by Hess and Talisman. The contract with Hess and Talisman was signed on 7 December 1995 and the terms are publicly available at Perupetro's contracts webpage¹³¹. These two companies do not participate in the EITI reconciliation exercises. From information published in the newspaper La República, it appears that this block is not operational¹³². It is not clear if Petroperu's participation in this block gives rise to material payments.

(iii) *Other information provided by the CMPE*

Petroperu's annual report¹³³ is available online and contains information regarding the rules and practices regarding the financial relationship between the government and the company, such as transfers of funds between Petroperu and the state, retained earnings, reinvestment and third-party financing. The current practice is that the company retains all profits to be reinvested. Petroperu is currently seeking external funding for upgrading its largest refinery, Talara.

Stakeholder views

Petroperu confirmed that they only operate in the downstream sector¹³⁴. Currently, Petroperu's focus is on upgrading and expanding Talara. Petroperu is discussing with Perupetro options for entering into a partnership for the oil block 192 and noted that commencement of operations for the oil block 64 are expected to commence in 2020.

The representative of Petroperu confirmed that there are no material revenues for the state from their

¹²⁷ According to its statutes, Petroperu could also operate oil and gas assets and commercialize crude oil and gas directly. In practice, it does not operate any field.

¹²⁸ Peru 2014 EITI Report, p.24-27

¹²⁹ <http://www.petroperu.com.pe/PortalWeb/Main.asp?Seccion=34>

¹³⁰ Peru 2013 EITI Report, p. 25

¹³¹ Contract oil block 64. <http://www.Perupetro.com.pe/relaciondecontratos/relacion.jsp?token=105>

¹³² <http://larepublica.pe/impresia/economia/758575-acuerdo-por-el-lote-64-de-petroperu-aun-espera>

¹³³ 2014 Petroperu's Annual Report available at

<http://www.petroperu.com.pe/transparencia/archivos/MemoriaPETROPERU2014.pdf>

¹³⁴ <http://www.petroperu.com.pe/transparencia/archivos/MemoriaPETROPERU2014.pdf>

upstream activities as the only block owned by Petroperu (Lote 64) is not operational¹³⁵ and that all profits produced from downstream activities are reinvested. Petroperu corroborated that the state fully owns the SOE and that dividends have not been transferred to the state given that all the earnings are recapitalized.

Petroperu's representative explained that the SOE pays regular applicable taxes, fees and withholds a number of taxes as part of their commercial activities. First, Petroperu pays a number of fees including to the regulator of extractive sector investments, Organismo Superior de la Inversión en Energía y Minería (OSINERGMIN); to the environmental regulator, Organismo de Evaluación y Fiscalización Ambiental (OEFA); and to the fund called Fondo de Inclusión Social Energetico (FISE), a fund that promote and subsidise gas consumption. It was clarified that Petroperu collects withholding taxes such as VAT on sales or transport services; tax on consumption of fuels, the Impuesto Selectivo al Consumo (ISC); and, import rights. The company expressed willingness to participate voluntarily in any EITI reporting exercise if desired.

Representatives from Perupetro explained the contractual arrangements with the operator of the block owned by the company. The arrangement is based on a service contract where the contractor is allowed to sell the oil lifted and deduct from the sales its operational cost and a service fee. The remaining amount is paid to the tax authority and it is considered as a royalty equivalent payment (although paid as income tax). The operator of this block (Lote Z-2B)¹³⁶ is Savia, a company that participated in the EITI Report¹³⁷. The representatives from Perupetro expressed their willingness to be more involved in the production and revisions of draft EITI Reports. They felt it is important that information published in the reports about Perupetro is comprehensive.

Regarding auditing practices, the SOE's representative explained that the company's financial information is audited and publicly available as they are registered in the stock market. Decree 1031 of 2008 allows Petroperu to list 20% of the shares in the stock market¹³⁸. Representatives from Petroperu confirmed that although these 20% of shares are listed, they are owned by the State and there are no immediate plans to trade them in the stock market.

Initial assessment

There are two SOEs, Perupetro and Petroperu, engaged in the extractive sector. Peru's EITI Reports provided limited information about Perupetro and Petroperu, although the links provided to both companies' website lead to find information that allow readers to understand the prevailing rules and practices.

It is not clear from the EITI Reports whether state participation gives rise to material payments. It is uncertain whether the participation of Petroperu in Lote 64 operated by Hess and Talisman gives rise to material payments. Perupetro acts as a regulatory agency and tax collector, with the exception that it owns an oil block that is operated by a third party (Savia). Savia participated in the EITI Reports.

The Secretariat initial assessment is that Peru has made meaningful progress in this requirement. There is

¹³⁵ <http://larepublica.pe/impresaeconomia/758575-acuerdo-por-el-lote-64-de-petroperu-aun-espera>

¹³⁶ <http://www.perupetro.com.pe/wps/wcm/connect/f8f71ddd-1517-4145-ab02-e585c2277321/2015-03+Informe+Mensual+de+Actividades.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACEf8f71ddd-1517-4145-ab02-e585c2277321>

¹³⁷ Peru 2014 EITI Report, p.112-116.

¹³⁸ [http://www2.congreso.gob.pe/sicr/cendocbib/con2_uibd.nsf/59418BCF99DA2855052575C2007F2A09/\\$FILE/D.Leg.1031_Promueve_Eficiencia_Activid.Emp.Estado.pdf](http://www2.congreso.gob.pe/sicr/cendocbib/con2_uibd.nsf/59418BCF99DA2855052575C2007F2A09/$FILE/D.Leg.1031_Promueve_Eficiencia_Activid.Emp.Estado.pdf)

no evidence that the CMPE has thoroughly reviewed these arrangements, and examined whether they give rise to material revenue payments. EITI-Peru should confirm and document the role of Perupetro and Petroperu and, as part of the revised scoping, clarify the arrangements in the blocks owned by Perupetro and Petroperu and include these entities in the reporting process as appropriate.

Table 3 - Summary assessment table: Award of contracts and licenses

EITI provisions	Summary of main findings	International Secretariat's initial assessment on compliance with the EITI provisions (to be completed for 'required' provisions)
Legal framework (#2.1)	Comprehensive disclosure of relevant laws, regulations and fiscal regime in the 2014 Report. Improvement in the disclosure <i>vis-à-vis</i> the 2013 Report.	Satisfactory progress
License allocations (#2.2)	While the E-cadastre system appears to comprehensively address license allocation in the mining sector, the issue of licence transfers in the hydrocarbon sector has not been addressed by the CMPE. Similarly, in the oil and gas sector, substantial information is publically available. However, the comprehensiveness of this information and the disclosure of license transfers has not been addressed by the CMPE.	Meaningful progress
License registers (#2.3)	The information required is publically available through the webpages of INGEMMET and Perupetro.	Satisfactory progress
Contract disclosures (#2.4)	Peru's approach to contract transparency is exemplary. Contracts are publically available via MINEM or Perupetro's websites. The EITI Reports provide an overview of the mining projects that have signed special contracts for guarantees and promotion of investments and links to hydrocarbon contracts.	Satisfactory progress
Beneficial ownership disclosure (#2.5)	There is no evidence that the CMPE has discussed this topic in any detail.	
State-participation (#2.6)	The CMPE does not appear to have thoroughly reviewed the arrangements relating to state participation in the oil and gas sector and whether this gives rise to material revenue payments.	Meaningful progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. EITI-Peru should confirm and document the role of Perupetro and Petroperu and, as part of the revised scoping, clarify the arrangements in the blocks owned by Perupetro and Petroperu and include these entities in the reporting process as appropriate. 		

2. The CMPE should conduct a thorough review of license allocation systems vis-à-vis the requirements set out in the 2016 EITI Standard. In particular, it needs to explain how hydrocarbon licenses are transferred and where this information is available. The CMPE may wish to consider a review of the efficiency and effectiveness of these licensing procedures, and commenting on opportunities to strengthen these systems in forthcoming EITI Reports.
3. In preparation for submitting the required roadmap on 1 January 2017 per Requirement 2.5, the CMPE is encouraged to consider including the disclosure of beneficial owners in the earliest reporting exercise possible.
4. The CMPE is required to ensure that information about which hydrocarbon licenses have been transferred in a reporting period is available.
5. The CMPE is encouraged to consider including in the next EITI Report information regarding the fiscal regime and to provide an indication of any reforms undertaken during the period covered.
6. EITI-Peru is encouraged to consider including commentary on the efficiency and effectiveness of licensing procedures, including a discussion on the implications of the different rights awarded.
7. The CMPE is encourage to consider the inclusion in future EITI Reports a brief discussion of the policy on contract transparency including references to the Law of Transparency.

3. Monitoring and production

3.1 Overview

This section provides details on the implementation of the EITI requirements related to exploration, production and exports.

3.2 Assessment

The overview of the extractive sector, including exploration activities (#3.1)

Documentation of progress

Peru EITI Reports provide an overview of exploration activities. Links to additional reports produced by the Ministry of Energy and Mines are provided. The 2014 EITI Report includes information on investments in the mining sector. Investment in exploration activities was USD 502 million in 2014, accounting for 7% of the total investment of USD 8.6 billion in 2014¹³⁹. A list of exploration projects is provided, including the name of the company and its nationality¹⁴⁰. A flow chart indicates which mining projects are undergoing assessment by the authorities or that have been already authorised to start the development phase.

¹³⁹ Peru 2014 Peru EITI Report, p.18

¹⁴⁰ Peru 2014 Peru EITI Report, p.19

An overview of the estimated reserves and production years per commodity is also provided¹⁴¹. Proven oil reserves and the number of production years is illustrated¹⁴². The estimated gas reserves represented an amount equivalent to 700 mob or to approximately 25 millions of barrels per year of oil over an exploitation period of 27 years.

Stakeholder views

Stakeholders consulted noted that information regarding exploration, reserves and investments is available from MINEM's website.

Initial assessment

The EITI Reports provides an overview of the extractive industries' exploration activities. It also links to further information at MINEM's website. Stakeholders seems to be satisfied with the information available. Based on the information provided in the EITI Reports and at MINEM's website, the International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement.

Production data (#3.2)

Documentation of progress

Drawing on the information available at the MINEM's website, from Perupetro's website¹⁴³ and from the Central Bank, Peru's EITI Reports include a section disclosing mining and hydrocarbon production volumes by commodity in a 10-year time series¹⁴⁴. An estimate of the production value disaggregated by commodity in the period 2005 to 2014 is provided. The value of production is calculated based on the export prices for commodities estimated by the Central Bank and the production volumes registered by MINEM and Perupetro¹⁴⁵. It is noted that the majority of the mining production value is concentrated in four out of eighteen regions where the seven largest metallic mining operations are located¹⁴⁶.

Stakeholder views

No stakeholders consulted raised any concerns regarding the publication of production data in the EITI Reports. Government representatives pointed out that keeping an adequate and update record of production is of importance for the country given that it is a data used for calculating the transfers to be distributed to subnational government entities. Publicly available production data allows local stakeholders and government representatives from producing regions to compare with the calculations and amounts transferred by the central government. CSOs representatives confirmed that production data is robust and accessible. For example, access to this information has allowed think-thanks to produce analytical reports

¹⁴¹ Peru 2014 Peru EITI Report, p.24

¹⁴² Peru 2014 Peru EITI Report, p.24

¹⁴³ <http://www.perupetro.com.pe/wps/wcm/connect/Perupetro/site/Informacion%20Relevante/Estadisticas/Estadistica%20Petrolera>

¹⁴⁴ Peru 2014 Peru EITI Report, p.20-24

¹⁴⁵ Peru 2014 EITI Report, p. 20.

¹⁴⁶ Peru 2014 Peru EITI Report, p.20

as it can be found in the civil society organizations, such as, Propuesta Ciudadana¹⁴⁷.

Initial assessment

The 2014 EITI Report includes information on production volumes and values, disaggregated by commodity, company and region. The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement.

Export data (#3.3)

Documentation of progress

A number of government agencies, including the MINEM¹⁴⁸, the tax office Superintendencia Nacional Tributaria (SUNAT¹⁴⁹) and national institute of internal statistics (Instituto Nacional de Estadísticas Internas (INEI¹⁵⁰)) disclose detailed export data. The EITI Reports do not disclose export volumes. The 2014 EITI Report includes a graph showing total exports by subsector (hydrocarbons and mining) and the share of extractive exports in total exports.

Stakeholder views

Government representatives confirmed that information on extractive sector exports is available at SUNAT, MINEM and INEI. They noted that these export volumes could easily be provided in future EITI Reports. Furthermore, representatives from MINEM said they have started to monitor the metallurgic profile of minerals exported to ensure that calculations of the export values are done adequately. Information resulting from this monitoring exercise is classified for the internal use of MINEM.

Initial assessment

The EITI Report reveals the value of exports by commodity. Although the total export volumes are not disclosed as part of the EITI Report, the International Secretariat confirmed this data is readily available through other official publications. It is the International Secretariat's initial assessment that Peru has made satisfactory progress in meeting this requirement. In future EITI Reports, EITI-Peru is recommended to include exports volumes by commodity and by region, and links to government agencies with more detailed information.

¹⁴⁷ Examples of CSOs analytical documents can be:

<http://www.propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/Reporte%2019%20Vigilancia%20de%20las%20Industrias%20Extractivas.pdf>;

<http://www.propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/Infografia%20Cusco.pdf>

¹⁴⁸ Chapter 3 of the Mining Statistics Annual Book has an overview of mining exports, available at

<http://www.minem.gob.pe/publicacion.php?idSector=1&idPublicacion=524>

¹⁴⁹ Information on exports for 2014 available at SUNAT's website: http://www.sunat.gob.pe/estad-comExt/modelo_web/informes/boletines/2014/cdro_16.xls

¹⁵⁰ Monthly reports on exports from INEI can be downloaded at <https://www.inei.gob.pe/biblioteca-virtual/boletines/exportaciones-e-importaciones/2/>

Table 4 - Summary assessment table: Monitoring and production

EITI provisions	Summary of main findings	International Secretariat's initial assessment on compliance with the EITI provisions (to be completed for 'required' provisions)
Overview of the extractive sector, including exploration activities (#3.1)	The EITI Reports provides an overview of exploration including significant exploration activities. Links to further reading are provided. Stakeholders were satisfied with these disclosures.	Satisfactory progress
Production data (#3.2)	Production data by commodity is included in Peru's EITI reports and on government websites.	Satisfactory progress
Export data (#3.3)	The EITI Report contains the value of exports by main commodities. Although export volumes are not disclosed as part of the EITI Report, the International Secretariat has confirmed this data is readily available through other official publications.	Satisfactory progress
<p>International Secretariat recommendations:</p> <p>1. EITI-Peru is encouraged to consider including in the EITI Report the sources of export data and information on how the disclosed export volumes and values have been calculated, with links to government agencies with more detailed information.</p>		

4. Revenue collection

4.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

4.2 Assessment

The EITI Standard requires that: *"In advance of the reporting process, the multi-stakeholder group ... agree[s] which payments and revenues are material and therefore must be disclosed, including appropriate materiality definitions and thresholds"*. It also notes that: *"In establishing materiality definitions and thresholds, the multi-stakeholder group should consider the size of the revenue streams relative to total revenues"* (Requirement 4.1. emphasis added).

Due to the confidentiality constraints as highlighted above, disaggregated government data is not available to the CMPE and Independent Administrator in advance of the reporting process. The CMPE has therefore adopted a definition of materiality based on value of production to identify the government agencies and companies that are invited to participate in the reporting process. As noted in the 2012 Secretariat

Review¹⁵¹, this approach is not optimal. The 2012 Secretariat Review concluded that:

In the Secretariat's view, the definition of materiality with reference to value of production (total or sector-specific) is not optimal. A definition focussing on the size of the payments and related thresholds is preferable. However, the figures from the 2008-2010 report show a positive correlation between total value of production and the share of payments (re-confirming the assessment in the Secretariat Review which indicated that value of production provides a reasonably reliable proxy for the size of the payments).

While tax payments and value of production are closely related, this approach does not clearly define what constitutes a material payment. As in the previous assessment¹⁵², the Secretariat has assessed this requirement in three ways. First, we consider whether the CMPE has achieved its targeted coverage based on value of production. Second, we assess, ex post, the coverage of all material payments based on the revenue data in the report. Third, we consider the Independent Administrator's commentary on the comprehensiveness of the report. One company deemed material by CMPE on the basis on value of production did not participate in the 2014 EITI Report. This significance of this non-participation is assessed.

Comprehensiveness (#4.1)

Documentation of progress

Peru has produced five EITI reports covering 11 fiscal years from 2004 to 2014. The reports produced since the last Validation in 2012 include: the third report covering 2011-2012, the fourth report covering 2013 and the most recently published report covering 2014¹⁵³. The tax and revenue data is disaggregated by company and revenue stream.

(i) Materiality

The 2014 Report does not include any information on how and when the CMPE agreed the definition of materiality including which options were considered and the rationale for setting thresholds. The Independent Administrator noted that the CMPE informed them of the definition of materiality as part of the ToRs¹⁵⁴ adopted for their work¹⁵⁵, implying that the definition of materiality was agreed when the ToRs for the Independent Administrator were adopted. Minutes of several CMPE meetings document discussions related to the ToRs for the 2014 reconciliation exercise. The CMPE discussed feedback provided by the International Secretariat on the 2013 EITI Report regarding a number of gaps identified for this report (including the role of Petroperu and the oil block operated by Hess and Talisman, the existence of quasi-fiscal expenditure, clearer links to the national budget, and documentation of the definition of

¹⁵¹ EITI 2012 Secretariat Review for Peru. <https://eiti.org/node/7920>

¹⁵² The previous assessment noted that the data from the 2008-2010 EITI Report showed a positive correlation between the total value of production and the share of payments (confirming that value of production provides a reasonably reliable proxy for determining material tax payments). As none of the non-reporting companies accounted for >1% of the total value of production, the Secretariat argued that it was reasonable to conclude that the non-reporting companies likely accounted for only a small percentage of total payments. The EITI Board accepted this approach.

¹⁵³ Report 10 years of EITI in Peru, p. 3 <http://eitiPeru.minem.gob.pe/documentos/1-%2010%20años%20EITI%20PeruPeru.pdf>; <https://eiti.org/Peru/reports>;

¹⁵⁴ Peru 2014 EITI Report, p. 42; ToRs for 2014 EITI Report.

¹⁵⁵ CMPE meeting minutes <http://eitiperu.minem.gob.pe/documentos.html> and on SD 2 available upon request.

materiality)¹⁵⁶.

The CMPE has continued to define materiality based on mining and hydrocarbon value of production. The International Secretariat understands that the reason for this remains the same as discussed in the 2012 Validation process: it is not possible, on confidentiality grounds, to access revenue information from the tax office (SUNAT) in advance of the reporting process¹⁵⁷. The CMPE has instead opted to reference the value of production by multiplying the volume of production by an average price for each commodity. The thresholds agreed by the CMPE are outlined in Table 5.

Table 5 – Materiality thresholds agreed by the CMPE

Sub-sector	Threshold
Mining	>2% of the total value of mining production
Oil	>2% of the total value of oil production
Gas	>1% of the total value of gas production

Source: Peru 2014 EITI Report, p. 38

(ii) Revenue streams

The revenue streams covered in Peru's reports have evolved to reflect changes in the tax regime. For the 2014 EITI Report these are: a) income tax, b) mining and hydrocarbon royalties, c) especial mining tax (IEM), d) especial mining obligation (GEM) and e) validity rights. The IEM and GEM¹⁵⁸ came into force in October 2011 and replaced the "voluntary contributions"¹⁵⁹ suggested to be included in the scope of the EITI reports in the 2012 Validation report¹⁶⁰.

The 2014 EITI Report provided a thorough explanation of each of the six revenue streams identified above. These explanations include: legal basis, frequency, method for calculating the tax/fees, the reporting process, and the procedures for distributing revenues to the treasury and to subnational entities. The 2014 EITI Report does not discuss whether other revenue streams listed in Requirement 4.1.b are applicable to Peru. The Independent Administrator for the 2014 Report was not asked to confirm whether the agreed scope was adequate.

The CMPE agreed from the outset that EITI Reports would only cover taxes and fees that are specifically

¹⁵⁶ CMPE meeting minutes, 26 June 2015; 28 October 2015; 17 November 2015, available at <http://eitiperu.minem.gob.pe/documentos.html>

¹⁵⁷ EITI 2012 Secretariat Review for Peru, p. 13. <https://eiti.org/node/7920>

¹⁵⁸ Peru EITI Report 2011-2012, p. 64.

¹⁵⁹ Peru EITI Report 2013 p. 158-169. Peru EITI Report 2013, p.62.

¹⁶⁰ Peru 2010 Validation report, p.53-55.

applicable to the extractive industries. Based on this decision, the CMPE has remained consistent in excluding a number of taxes from the reporting exercise¹⁶¹. These include: a) general taxes such as VAT; b) fees and contributions applied to all economic activities such as social security; and c) mandatory contributions to the environmental agency OEFA. Additionally, there are small fees collected by municipalities that were also deemed immaterial by the CMPE¹⁶². There are, however, fees paid to an extractive sector-related regulator called Organismo Supervisor de la Inversión en Energía y Minería (OSINERGMIN) and a contribution to the Fondo de Inclusión Social Energético (FISE), a fund working for energy related social inclusion. FISE is responsible for promoting gas consumption at affordable prices. There is no evidence that these two fees have been considered by the CMPE.

During consultations with stakeholders, government officials clarified that the government did not receive any dividends or signature bonuses in 2014. Signature bonuses were collected until 2004 as part of the privatization of large and medium scale mining projects¹⁶³. The International Secretariat understands that only one large mining project is still owned by the State. Depending on the modality adopted for transferring it to the private sector, it could potentially generate some revenue in the future¹⁶⁴. The state participation through Perupetro and Petroperu in two oil blocks (Lote 64 and Lote Z-2B) is discussed in Requirement 2.6.

(iii) Reporting entities

For each report, the CMPE with support from the national secretariat, identifies the material companies based on production value and the thresholds as outlined above. The list is provided to the Independent Administrator. The 2014 EITI Report lists sixty companies that exceeded the agreed production value threshold¹⁶⁵. The 2014 EITI Report lists the government entities¹⁶⁶ participating in the reconciliation exercise: the Geologic, Mining and Metallurgic Institute (INGEMMET), the Ministry of Energy and Mines and Mining (MINEM), Perupetro and the National Superintendence of Customs and Tax Administration (SUNAT). In addition, a fifth entity, the Ministry of Economy and Finances (MEF), participates in the report by disclosing information related to revenue distribution to local governments.

(iv) Reconciliation

The 2014 EITI Report includes a reconciliation of payments and revenues in accordance with the agreed scope¹⁶⁷. The Independent Administrator clarified that blank fields in the reconciliation tables indicate that the revenue or payment was zero, and that grey fields corresponded to information that was not reported¹⁶⁸. The report provides an indication of the companies that fail to report and includes an assessment of the impact of these omissions on the comprehensiveness of the report.

For the hydrocarbon sector, the Independent Administrator confirmed that a comprehensive reconciliation

¹⁶¹ EITI 2012 Secretariat Review for Peru, p. 15. Op Cit.

¹⁶² International Secretariat mission for data collection; meeting with the CMPE Working Group on Validation on 19 July 2016.

¹⁶³ International Secretariat mission for data collection on 22 July 2016.

¹⁶⁴ International Secretariat mission for data collection on 15 July 2016.

¹⁶⁵ Peru 2014 EITI Report, p. 43-44

¹⁶⁶ Peru 2014 EITI Report, p. 39.

¹⁶⁷ Peru 2014 EITI Report, p. 111-121.

¹⁶⁸ International Secretariat's telephone conversation with Renzo Valera from EY (Independent Administrator for the 2014 Peru EITI Report) on 1 August 2016.

of government revenues and company payments in accordance with the agreed scope was undertaken¹⁶⁹. Although this is not spelled out in the 2014 EITI Report, the report includes tables with the coverage of total value of production achieved by adding all reporting companies (mining companies in page 49, hydrocarbon companies in pages 51 and 52). The table shows that all companies with production value above the agreed thresholds participated in the Peru 2014 EITI Report.

For the mining sector, the 2014 EITI Report indicates that a company accounting for 2.49% of the total mining production did not participate in the report. The International Secretariat understands that this company is Chinalco¹⁷⁰. The government did not disclose revenues from this material company¹⁷¹. The report discloses that the government has signed a contract with Minera Chinalco including guarantees for investments¹⁷². The contract, publicly available at the webpage of ProInversion¹⁷³, indicates that the Chinalco-owned Toromocho mine was in the construction phase in 2014. Toromocho began its commercial production in June 2016¹⁷⁴. The 2014 EITI Report provided, however, a value of production of USD 548 million for this company.

In addition, SUNAT did not disclose the income tax, mining royalty and IEM¹⁷⁵ for the company Casapalca S.A as the tax reserve waiver was not processed¹⁷⁶. Casapalca has a total annual mining production below the 2% threshold¹⁷⁷.

(v) *Total revenue disclosure*

As noted above, there are no disclosures of revenues or payments from the companies that did not agree to participate in the 2014 EITI Report¹⁷⁸. However, for both mining and hydrocarbon sector, the government has disclosed, in aggregated, total revenues for all non-reporting companies¹⁷⁹.

Table 6, below, contrasts the coverage of the reconciliation based on the share of value of production government revenues.

¹⁶⁹ Peru 2014 EITI Report, p. 50-52.

¹⁷⁰ <http://www.dar.org.pe/noticias/chinalco-no-participo-del-v-informe-de-conciliacion-nacional/>

¹⁷¹ *ibid*

¹⁷² Peru 2014 EITI Report, p. 29.

¹⁷³ Proinversion, contracts no. 00027, 00027.1 and 00022.2. Available online at

<http://www.investinPeru.pe/modulos/JER/PlantillaStandard.aspx?are=0&prf=0&jer=6989&sec=1>

¹⁷⁴ News, Peruvian journal *Semana Economica*. "Toromocho starts commercial production", available online at:

<http://semanaeconomica.com/article/sectores-y-empresas/mineria/162839-toromocho-inicio-su-produccion-comercial/?pg=2>

¹⁷⁵ Peru 2014 EITI Report, p. 176.

¹⁷⁶ Peru 2014 EITI Report, p. 115.

¹⁷⁷ Peru 2014 EITI Report, p. 49.

¹⁷⁸ Peru 2014 EITI Report, p. 177.

¹⁷⁹ Peru 2014 EITI Report, p. 53-55.

Table 6 - Peru 2014 EITI Report – Materiality coverage (USD million)

	Government revenues			Value of production		
	Total	Reconciled	Coverage (%)	Total	Participating companies	Coverage (%)
Total	4 285	4 101	95,7 %	27 720	24 353	87.9 %
<i>Mining & hydrocarbon</i>						
Mining (subtotal)	2 062	2 013	97.7 %	22 047	18 949	86.0 %
Income Tax	1 550	1 543	99.5 %			
Royalties	180.4	164.6	91.3 %			
IEM	134.9	126.0	93.4 %			
GEM	179.4	176.8	98.6 %			
Validity rights	16.3	3.1	19.2 %			
Hydrocarbon (subtotal)	2 223	2 087	93.9 %	5 673	5 403	95.2 %
Income Tax	617.0	565.7	91,7 %			
Royalties	1 606	1 521	94.7 %			

Source: Peru 2014 EITI Report p. 41, 53-55.

Elaborated by the EITI International Secretariat. Exchange rate applied 1 USD= 2.83 PEN

In the mining sector, the coverage of income tax is 99.5%, royalties 91.3%, IEM 93.4%, GEM 98.6% and validity rights 19.2%¹⁸⁰. Regarding validity rights, the Independent Administrator explained that there were 42 025 active mining licenses in 2014¹⁸¹ and that the report only reconciles validity rights paid by those companies participating in the reconciliation¹⁸². In the hydrocarbon sector, the coverage was 91.7% of the income tax and 94.7% of the royalties. It is noteworthy that the coverage of report in terms of % of government revenues is considerably higher than the CMPE targets based on value of production.

With the exception of Minera Chinalco Peru, the Independent Administrator has confirmed that all mining and hydrocarbon companies' companies above the production value thresholds participated in the process. Based on the figures in Table 5, it appears reasonable to conclude that the report covers all material payments, except for the payments from Minera Chinalco Peru.

Stakeholder views

Representatives from the CMPE commented that although there is no documentation of their discussions about scope of the EITI, a number of revenue flows have been discarded as not material based on common knowledge about their relative importance. They are argued that it was clear that a number of revenues such as dividends, signature, discovery and production bonuses did not apply.

CMPE members confirmed that all constituencies have made efforts to reach out to Minera Chinalco Peru's representatives including through the Peruvian-Chinese Chamber of Commerce¹⁸³. The industry and CSOs

¹⁸⁰ Peru 2014 EITI Report, p. 53-55

¹⁸¹ Peru 2014 EITI Report, p. 175.

¹⁸² Peru 2014 EITI Report, p. 120.

¹⁸³ International Secretariat mission for data collection; meeting with EITI-Peru CMPE on 22 July 2016. CMPE Meeting-22 July 2016.

representatives on the CMPE recognised the effort of the government in this regard¹⁸⁴. Further, it was noted that representatives from Minera Chinalco Peru communicated to the national secretariat that the company was unable to participate in the 2014 EITI Report due to having undergone a re-structuring during the reporting period. Civil society organizations published news items¹⁸⁵ highlighting the implications of Minera Chinalco's missing figures on meeting the EITI Standard¹⁸⁶. The EITI Champion conveyed that the company representatives have agreed to participate in future EITI reporting exercises¹⁸⁷.

Initial assessment

The CMPE has continued to agree a definition of materiality, based on value of production, used in previous reporting exercises. In 2012, the EITI Board concluded that while that definition was not optimal it was accepted as sufficient given the resulting coverage of payments. The documentation of the CMPE's discussions and decisions on the scope of reporting scope is not sufficiently detailed. It is not clear that fees and contribution paid to extractive sector related organisations such as OSINERGMIN and FIDE were considered.

Based on the agreed scope and materiality definition, Peru has provided a comprehensive reconciliation of government revenues and company payments except for one material company (Minera Chinalco Peru). Despite efforts from all constituencies to bring this company to report, the failure to disclose payments of Chinalco is problematic. It prevents Peru from meeting its own definition of materiality. While the coverage of the reconciliation process is high, it is not possible to reliably estimate Chinalco's tax payments based on the information provided. It also appears likely that these payments are material. The Standard does not provide any exemptions where material companies refuse to participate. Therefore, the initial assessment of the International Secretariat is that Peru has made meaningful progress in meeting this requirement. It is recommended that Peru, in line with the standardised ToRs for the Independent Administrator, revises the scope of reporting and thoroughly document the options considered. Ongoing efforts are needed to ensure that all material companies participate.

In-kind revenues (#4.2)

Documentation of progress

The 2014 EITI Report notes that in-kind payments are not included in the report¹⁸⁸. The International Secretariat understands that, due to owning an oil block (Lote Z-2B), Perupetro is entitled to a share of production. However, the contractual arrangement to operate the block is through a service contract where the contractor is mandated to sell the oil and, after deducting its costs, pays income tax which is considered as a "*royalty equivalent*". This is not considered revenues collected in-kind. The oil block owned

¹⁸⁴ International Secretariat mission for data collection; meeting with EITI-Peru CMPE on 22 July 2016. CMPE Meeting-22 July 2016.

¹⁸⁵ News, DAR. "*Chinalco did not participate in the Peru's V EITI Report*", Available online at: <http://www.dar.org.pe/noticias/chinalco-no-participo-del-v-informe-de-conciliacion-nacional/>

¹⁸⁶ News, CSO Muqui. "*Chinalco might affect the international scoring of Peru in EITI*", available online at <http://www.muqui.org/comunicaciones/noticias/item/410-chinalco-podria-afectar-la-alta-calificacion-internacional-del-Peru-ante-el-eiti>

¹⁸⁷ International Secretariat mission for data collection; meeting with EITI-Peru CMPE on 22 July 2016. CMPE Meeting-22 July 2016.

¹⁸⁸ Peru 2014 EITI Report, p. 38.

by Petroperu (Lote 64) appears not to be in production.

Stakeholder views

Government officials argued that there are no applicable in-kind revenues in Peru.

Initial assessment

The International Secretariat's initial assessment is that this requirement is not applicable to Peru.

Barter and infrastructure transactions (#4.3)

Documentation of progress

There is no reference to barter and infrastructure transactions in any of the reports published, including the 2013 and 2014 EITI Reports. The CMPE meeting minutes do not include any reference to having discussed these provisions.

Stakeholder views

The majority of stakeholders consulted argued that the Peruvian legal framework does not allow for these kind of transactions¹⁸⁹. Representatives from civil society organisations expressed interest in gaining a better understanding of the application of regulations related to fiscal credits such as the “infrastructure for taxes”.

Initial assessment

It is the initial assessment of the International Secretariat that Peru has made meaningful process in meeting this requirement. While stakeholders take the view that the Peruvian legal framework does not allow for these kind of transactions, the provision in the Law No 29230 (Law of public infrastructure and private sector participation)¹⁹⁰ that allow deductions for investment in public infrastructure warrants further investigation. Representatives from civil society organisations expressed interest in gaining a better understanding of the application of regulations related to fiscal credits such as the “infrastructure for taxes”, which maybe be relevant to this requirement and/or the coverage of social payments (see Requirement 6). It is recommended that, as part of a revised scoping process, the CMPE confirms and documents the applicability of infrastructure transactions.

Transport revenues (#4.4)

Documentation of progress

The 2014 EITI Report does not include information on any transportation revenues. The minutes of the CMPE meetings indicate that they discussed this issue as part of the revision of the 2013 EITI Standard¹⁹¹.

¹⁸⁹ International Secretariat mission for data collection; meeting with EITI-Peru CMPE including EITI Champion, Guillermo Shinno, on 22 July 2016.

¹⁹⁰

https://www.mef.gob.pe/contenidos/inv_publica/docs/Inver_privada/obras_X_impuestos/marco_legal/Reglamento_obras_por_impuesto.pdf

¹⁹¹ EITI-Peru CMPE meeting minutes for 11 July 2013, 23 August 2013, 17 December 2013, available at <http://eitiperu.minem.gob.pe/documentos.html>

The 2013 EITI Report includes a section dedicated to explaining the structure of the Peruvian hydrocarbon sector including references to transportation facilities¹⁹². Petroperu holds a permanent license to operate the North Peruvian oil pipeline¹⁹³. It transports hydrocarbons from east to west through areas of the Amazonas jungle via the North Peruvian pipeline, the northern branch pipeline and the maritime and fluvial fleet¹⁹⁴.

The 2013 EITI Report also provides details of the gas pipeline that transports the gas extracted from Camisea, one of the largest gas fields in the American continent. The gas pipeline is 700 km in length¹⁹⁵. Contracts between the state and hydrocarbon transport license holders are available online at the webpage of OSINERGMIN, entity responsible for supervising mining and energy investments¹⁹⁶. As for the mining sector, the International Secretariat's understanding is that there are no revenues or payments resulting from transportation of minerals.

Stakeholder views

Stakeholders confirmed that transportation of hydrocarbons did not generate revenues to the Peruvian state. It was noted that Petroperu collects fees for transportation services that make up to 1.5% of Petroperu's net income. Petroperu's annual report provides further details on volumes transported through the pipeline¹⁹⁷, billing status¹⁹⁸ and the company's income from transportation services¹⁹⁹. Moreover, the International Secretariat was informed that the pipeline transporting gas from Camisea operates under a transport license awarded to private operators that, in turn, paid regular taxes for commercial activities. In any case, Petroperu's revenues from transportation services or from use of its pipelines form part of the total revenues. These revenues are netted against operating and financial costs resulting in profit/losses for each accounting period. These revenues are not earmarked or transferred to the State.

Initial assessment

It is confirmed that the government did not collect material revenues from transportation of oil, gas or mineral for the period assessed in this evaluation. The 2013 EITI Report discussed existent transportation arrangements and provided details on the products, the transportation routed, and the relevant companies including the SOE involved in these transactions. Transportation licenses are publically available online at the regulator's webpage. Transportation services are considered normal commercial activities and are not taxed through sector specific taxes. Based on the information available, the International Secretariat's initial assessment is that transportation payments are not material in Peru therefore this requirement is not applicable. It is recommended that as part of the revised scoping, the CMPE, in line with the ToRs for the Independent Administrator, confirms and documents that these payments are not material.

¹⁹² Peru 2013 EITI Report, p.24-25.

¹⁹³ Petroperu's website for more information: <http://www.petroPeru.com.pe/portalweb/Main.asp?Seccion=76>

¹⁹⁴ Peru 2013 EITI Report, p. 25.

¹⁹⁵ Peru 2013 EITI Report, p. 31.

¹⁹⁶ <http://www2.osinerg.gob.pe/Pagina%20Osinergmin/Gas%20Natural/Contenido/conce002.html>

¹⁹⁷ Petroperu 2014 Annual report p. 36, available online at

<http://www.petroperu.com.pe/transparencia/archivos/MemoriaPETROPERU2014.pdf>

¹⁹⁸ Ibid, p. 199-200.

¹⁹⁹ Ibid, Table 20 other operational income, p. 229.

Transactions between SOEs and government (#4.5)

Documentation of progress

The 2013 EITI Report documents the two main revenues for Perupetro²⁰⁰. As a collecting agency, Perupetro collects mining and oil royalties and tax surcharges, oil canon and sobrecanon. These payments are disclosed and reconciled as discussed in Requirement 4.1. Petroperu, as a downstream company, collects a number of taxes pertinent to retail transactions (i.e. distribution and selling of refined products). These taxes and fees are paid by consumers and not by the extractive companies. Based on these explanations, the International Secretariat's understanding is that there are no material payments to SOEs from oil, gas and mining companies. As documented in the assessment of Requirement 2.6, Perupetro is required to transfer all revenues collected on behalf of the State to the treasury, immediately after collection. Perupetro is entitled to deduct operating costs from this income at a pre-approved rate capped at 1.5% of collected revenues. Similarly, as discussed in Requirement 2.6, Petroperu retains any profits in order to be reinvested.

Stakeholder views

The CMPE confirmed that there are no material payments to SOEs from oil, gas and mining companies other than the particular situation derived from Perupetro's participation in one oil block (as discussed in Requirement 2.6 above). As for Petroperu, the CMPE's view is that the EITI in Peru should only cover upstream activities, hence the company operations in the downstream, albeit significant, are not under the remit of the EITI. Representatives from Petroperu ratified that the company collects a number of taxes and fees related to retail operations. Another official from Perupetro indicated that as a reporting entity in EITI reconciliation exercises, they are interested in engaging more closely in the final revisions of each report. This is to ensure completeness and clarity respect the role of the company and the data provided.

Initial assessment

Peru's 2013 and 2014 EITI Reports address the role the state-owned enterprises Perupetro and Petroperu. Material revenues collected by Perupetro on behalf of the State are comprehensively reconciled, as discussed in the assessment of Requirement 4.1. Revenues collected by Petroperu are related to the downstream sector and are not relevant for the EITI in Peru. Petroperu retains all profit generated by these downstream activities to be reinvested. Therefore, dividends are not paid to the State. It is the International Secretariat initial assessment that Peru has made satisfactory progress in implementing this requirement.

Subnational direct payments (#4.6)

Documentation of progress

The Secretariat Review undertaken in 2012 following the last Validation documented a decision of the CMPE as follows: "*Taxes collected at the subnational level by more than 1800 municipalities should be excluded from the scope of the report due to practical reasons*"²⁰¹. MEF's website provides an overview of

²⁰⁰ Peru 2013 EITI Report, p. 27. Also p. 20-21.

²⁰¹ EITI 2012 Secretariat Review for Peru, p. 15. Op Cit.

the fiscal framework applicable to regional²⁰² and municipal²⁰³ governments. The Law of Municipal Taxation Decree No 776, valid for 2014, lists possible taxes that municipalities could levy from companies: property tax, sales tax, vehicle property tax, gambling tax and taxation imposed to public events. The law does not have provisions for special taxes levied to extractive industries²⁰⁴.

The International Secretariat has not identified any evidence pointing at any further CMPE discussions on this issue. Representatives of the regional government in Piura confirmed that the amount collected from those revenue streams is minimal and represent only 2% of the regional government's total revenues.

Stakeholder views

Regional stakeholders explained that local governments depend to a great extent on the central government transfers (both from the national budget and from extractive revenues transfers). Government representatives in the Piura region confirmed that direct taxes and fees levied on extractive companies only represent a very small share of their total revenues. Members of the CMPE responsible for supporting the Validation process said that subnational direct payments were discarded as immaterial although there is not documentation of this discussion and decision.

Initial assessment

Although the CMPE has not clearly established the materiality of subnational direct payments, assessments of the legal frameworks and consultations with stakeholders appear to confirm that these payments are immaterial. On this basis, the initial assessment of the International Secretariat is that this requirement does not apply to Peru. It is recommended that as part of the revised scoping, the CMPE confirms and documents that these payments are not material.

Level of disaggregation (#4.7)

Documentation of progress

Payments and revenue data are disaggregated by company and by revenue stream. Full disaggregation was only achieved in Peru in the 2013 EITI Report, their fourth reporting exercise. The International Secretariat is not aware that the CMPE has discussed project level reporting.

Stakeholder views

Stakeholders noted that Peru's EITI Reports are disaggregated by company since the 2013 EITI Report. They commented that participation is voluntary, securing company participation has required efforts from all constituencies, including securing approval to publish data on disaggregated basis.

Initial assessment

The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement.

²⁰² https://mef.gob.pe/index.php?option=com_content&view=article&id=286&Itemid=100876&lang=es

²⁰³ https://mef.gob.pe/index.php?option=com_content&view=article&id=291&Itemid=100875&lang=es

²⁰⁴ Legislative Decree No 776 on Municipal Taxation, applicable to 2014, available online at https://www.mef.gob.pe/contenidos/tributos/tbl_imp_er/DL_00776.pdf

Data timeliness (#4.8)

Documentation of progress

Since the 2012 Validation, Peru has published a report each year: The 2011-2012 EITI Report was published in February 2014, the 2013 EITI Report was published in June 2015 and the 2014 EITI Report was published in June 2016²⁰⁵.

Minutes of CMPE meetings document discussions on the aspiration to move towards online reporting²⁰⁶. In a meeting held on 29 April 2015, the CMPE agreed to pilot online reporting for the 2014 and 2015 reports. The national secretariat was tasked to develop the ToRs for this online reporting. They were advised to revise the options available for this in the EITI Standard and to review similar experiences in other countries. There does not appear to have been any significant progress with this work.

Stakeholder views

The CMPE members consulted were satisfied with the improvements on report timeliness. Shortening the time devoted to produce a report is regarded as a positive development. For the CMPE, the aim is to publish EITI Report in the last quarter of the year covering data of the last completed fiscal year. Stakeholders consulted suggested that a number of measures could be taken to produce EITI Reports in a more timely fashion, including: 1) ensuring that companies disclose their tax information by the 30 of June of each year (deadline in Peru to submit any substitutive tax declaration to the tax authority SUNAT), 2) signing a multi-annual agreement between companies and the tax authority SUNAT waiving the right to tax confidentiality instead of repeating this process annually.

Several stakeholders commented that disseminating old data is a serious obstacle to making this information more relevant to public debate. Government and company representatives highlighted that EITI Reports provide a wealth of information for regions and municipalities for their planning and monitoring purposes. Company representatives believe timelier EITI Reports could facilitate dialogue with municipalities or communities, especially regarding additional requests for voluntary contributions.

Members of the CMPE commented that while there is a decision to pilot an automated reporting system, the roadmap to implement this is still uncertain.

Initial assessment

According to this requirement, Peru has published timely EITI Reports for the last four fiscal years. The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement and takes note of ambitions of the CMPE to move towards an online reporting system.

Data quality (#4.9)

Documentation of progress

- (i) *Data reliability and assurances*

²⁰⁵ Report 10 years of EITI in Peru, p. 3 available online at <http://eitiPeru.minem.gob.pe/documentos/1-%2010%20años%20EITI%20PeruPeru.pdf>

²⁰⁶ CMPE meeting on 29 April 2015. CMPE minutes of meetings, available at <http://eitiperu.minem.gob.pe/documentos.html>

The Independent Administrator examined the audit and assurance procedures applicable to Peru. This included an examination of the laws and regulations relevant for the reporting companies and government agencies. The 2014 EITI Report includes a summary of the findings and provides an overview of the tax authority's mandate to inspect mining and hydrocarbon companies²⁰⁷. It mentions that the Office of the Comptroller General is responsible for supervising government entities. It does not, however, provide further comments on the Comptroller's auditing and assurances procedures. The 2014 EITI Report pointed out that Peruvian tax regulation does not mandate that all companies have to be audited. Since 2012, though, non-listed companies with turnover above the established threshold²⁰⁸ have to submit audited financial statements to the stock markets regulator, Superintendencia del Mercado de Valores. The tax authority SUNAT considers that the sworn declaration ("Declaración Jurada" in Spanish), is the document that legally binds taxpayers²⁰⁹. This entitles the tax authority to revise those declarations in the following four years after submission. The tax authority can ask companies to amend the tax declaration if errors are found or it disagrees with the calculations leading to the amount of tax due. Taxpayers can appeal these decisions. It can often take between 3 to 5 years to resolve these disputes.

Tax regulations classify companies in two groups: large taxpayers, and medium and small taxpayers. Large taxpayers are subject to permanent and in-depth monitoring (i.e. usually involving a permanent group of auditors present in the companies' headquarters) from SUNAT. The Independent Administrator pointed out that the large majority of the companies reporting in the EITI-Peru are subject to SUNAT scrutiny²¹⁰. Fifty-seven out of sixty companies fall within the large taxpayers' category according to the list available in the 2014 EITI Report²¹¹. SUNAT's scrutiny includes revisions of the income tax, mining royalties, IEM and GEM. Mining royalties and validity rights are subject to revisions by the Ministry of Energy.

The International Secretariat has not identified any evidence documenting CMPE discussions of the assurances for the 2013 and 2014 Reports. The Secretariat understands, though, that the CMPE has continued to adopt the same assurance mechanism established for the first EITI reporting process. The legal representative of the company is asked to sign the company's reporting template. Legal representatives in Peru are designated company's officials that have been authorised publicly (through a public registry or public notary) to act on behalf of the company²¹². The template includes a section attesting that the submitted reporting template is a complete and accurate record of the information provided²¹³. The template does not make any reference to the company's audited financial statements. The Independent Administrator confirmed that all companies participating in the reporting process provided the requested assurances²¹⁴.

²⁰⁷ Peru 2014 EITI Report, p. 59.

²⁰⁸ Law No 29720 mandates disclosure of audited financial statements to companies selling more than 30 000 tax units for 2012 and from 2013 the threshold was reduced to 3 000 tax units.

²⁰⁹ Peru 2014 EITI Report, p. 59.

²¹⁰ Ibid.

²¹¹ Peru 2014 EITI Report, p. 163 and 164.

²¹² This is regulated in Peru in the Companies Law, http://www.alicorp.com.pe/alicorp/content/inversionistas/pdf/ley/Ley_General_Sociedades.pdf

²¹³ The model reporting template available in annexes XVII.1 and XVII.2 of the 2014 EITI Report include a data certification section with the signature of the company's legal representative.

²¹⁴ Peru 2014 EITI Report, p. 59.

Regarding government agencies, the 2014 EITI Report states that “government reporting entities are subject to the supervision of the Comptroller General of the Republic”²¹⁵. The 2014 EITI Report does not elaborate on the auditing procedures followed by the Comptroller General²¹⁶. The International Secretariat is not aware of any revision undertaken by the CMPE on the assurances for data submitted by government entities for the 2014 EITI Report.

During the data gathering and stakeholder consultations, representatives of the Comptroller General Office²¹⁷ indicated to the International Secretariat that all government agencies are subject to its supervision. In the case of government agencies directly related to the extractive sector, the Comptroller General has a dedicated department to supervise them - the Departamento de Control Productivo, Energético y Ambiental. They explained that the Comptroller General follows the international guidelines of the Organización Latinoamericana y del Caribe de Entidades Fiscalizadoras Superiores (OLACEFS), the regional branch of the International Organization of Supreme Audit Institutions (INTOSAI)²¹⁸. In practice, a key focus of the Comptroller General’s work is on preventing mal-practices. The Comptroller General conducts selective audits from this department and has decentralised units in each government agency focused on continuous prevention work. The representatives explained that they could attest of how the Comptroller General performs their mandate if needed.

(ii) *Reconciliation by credible Independent Administrator endorsed by CMPE*

The CMPE has selected Ernst & Young (EY) as the Independent Administrator for all five reconciliation exercises since 2007 including for the 2014 EITI Report. Minutes of the CMPE indicate that at least two meetings were dedicated to discuss the selection of EY²¹⁹. It was not clear in these minutes whether the selection of EY was approved by the CMPE in those sessions. However, the CMPE submitted further evidence to the International Secretariat of their approval of EY as Independent Validator²²⁰.

(iii) *Terms of Reference for the EITI Report*

- a) The CMPE and the Independent Administrator EY agreed ToRs for the EITI Reports. The minutes of the meetings where this was discussed are not clear about the CMPE approval of the final ToRs although it is clear the issue was discussed on 2 July 2015 and on 16 September 2015²²¹.

²¹⁵ Ibid.

²¹⁶ Organic Law No 27785 on the National System of Control and the Office of the Auditor General (*Contraloría General de la República*), available at [http://www.contraloria.gob.pe/wps/wcm/connect/346d1b84-8141-4beb-9fbf-18145759213b/Ley%2BOrg%C3%A1nica%2Bde%2BSistema%2BNacional%2Bde%2BControl%2Bde%2Bla%2BContralor%C3%ADa%2BGeneral%2Bde%2Bla%2BRep%C3%ABlica+\(1\).pdf?MOD=AJPERES](http://www.contraloria.gob.pe/wps/wcm/connect/346d1b84-8141-4beb-9fbf-18145759213b/Ley%2BOrg%C3%A1nica%2Bde%2BSistema%2BNacional%2Bde%2BControl%2Bde%2Bla%2BContralor%C3%ADa%2BGeneral%2Bde%2Bla%2BRep%C3%ABlica+(1).pdf?MOD=AJPERES)

²¹⁷ International Secretariat mission for data collection; meeting with Ana Aguilar and Leoncio Chiri, Comptroller General. For more details, see Annex B available at the end of this document.

²¹⁸ Latin American and the Caribbean Organization of Fiscalisation Entities (OLACEF for its acronym in Spanish) <http://www.olacefs.com/>; OLACEFS’ Manual for governmental audits available at <http://www.olacefs.com/manuales-y-guias/>

²¹⁹ See minutes of the meetings of 28 October and 3 November 2015. CMPE minutes of meetings, available at <http://eitiperu.minem.gob.pe/documentos.html>

²²⁰ SD 10: Complementary Information p. 7, available upon request.

²²¹ Minutes of the meeting on 13 September 2015. CMPE minutes of meetings, available at <http://eitiperu.minem.gob.pe/documentos.html>

Similarly, The CMPE and EY had agreed ToRs for previous reconciliation exercises²²². Since the 2012 Validation, the CMPE has updated the ToRs²²³ for the Independent Administrator to reflect the Peruvian legal valid framework for each reporting period and other aspects, such as for example, full data disaggregation which was only mandated for the 2013 EITI Report, and following recommendations from the validator in 2012 of extending the scope for reconciliation²²⁴.

- b) The general objectives in the ToRs for the 2014 EITI Report are aligned with the EITI-Peru work plan according to objective 2 of the plan which corresponds to producing an EITI Report in accordance to the EITI Standard (2013 Version). This is clearly stated in the ToRs²²⁵. The ToRs, however, lack a number of crucial elements. Notably, as stated in sections 1.2, and 1.3.1 of the Standard ToRs for Independent Administrators, the IA was not tasked to review the scope of EITI reporting. It was not tasked either to review the definition of materiality and the coverage of a number of flows such as in-kind revenues, infrastructure arrangements and barter, mandatory social expenditures, transportation revenues, other flows related to SOEs, subnational direct payments, and SOEs material payments. It is also problematic that the ToRs did not ask the IA to review the reliability of controls and audit frameworks of the companies and governments as expected in section 1.3.3 of the Standard ToRs. The Independent Administrator provided an overview of the assurances presented by reporting entities but did not examine those procedures²²⁶.

Table 7 summarises other aspects of the ToRs for the IA agreed by the CMPE, contrasting Peru's ToRs with the standard ToRs for IA approved by the EITI Board.

Table 7 – Assessment of key elements of the ToRs for the Independent Administrator (Peru 2014 EITI Report)

Aspect as in Standard ToRs approved by the EITI Board	As in ToRs signed between EY and the CMPE	Commentary from the International Secretariat
Agreement on reporting templates	EY was mandated to propose a template in the inception report " <i>Plan y Cronograma de trabajo</i> " ²²⁷ . The CMPE commissioned the design of the reporting templates to	The templates are considered agreed for the scope adopted by CMPE. The

²²² CMPE Meeting minutes' overview documents that the TORs for the 2011-2012 EITI Report were approved on 13 May 2013, and were modified on 23 September 2013 following the approval. TORs for the 2014 Report were discussed on 10 June 2014. TORs for the 2014 EITI Report were discussed on 2 July and 16 September 2015. CMPE minutes of meetings, available at <http://eitiperu.minem.gob.pe/documentos.html>

²²³ TORs for Peru's EITI Reports 2014, 2013 and 2011-2012 available at <http://eitiperu.minem.gob.pe/>

²²⁴ Recommendation 8 from the Peru 2010 Validation report, p. 59. Opt Cit.

²²⁵ ToRs for the Peru 2014 Report, p. 4; available at <http://eitiperu.minem.gob.pe/>

²²⁶ Peru 2014 EITI Report, p.59

²²⁷ ToRs for 2014 EITI Report, p.9

	the Independent Administrator who would present a proposal in the inception phase ²²⁸ . The Independent Administrator confirmed to have submitted the draft reporting templates to the CMPE through the national secretariat as established in the ToRs for the 2014 EITI Report ²²⁹ . CMPE meeting documentation confirmed the approval of the data collection template on December 2015 ²³⁰ .	Independent Administrator was not asked to review and confirm scope for reporting.
Review of audit and assurances procedures	While the ToRs for the 2014 EITI Report did not explicitly mandate the review of the audit and assurances procedures. It is the International Secretariat's understanding that the CMPE has opted for adopting the same data assurances mechanisms agreed for earlier reports (2004-2007 and 2008-2010 EITI Reports). These assurance mechanisms were found satisfactory in Peru's 2010 Validation ²³¹ .	Standard ToRs for the Independent Administrator expect countries to ask the Independent Administrator to examine audit and assurances procedures.
Assurances to be provided by companies to the Independent Administrator	Following these adopted audit and assurances procedures, the reporting templates revised and approved by the Independent Administrator as discussed in the previous section contain a section for the legal representative to attest to the accuracy of the submitted figures. The Independent Administrator explained ²³² that the Peruvian stock market regulator SMV make publically available audited financial statements from companies subject to its supervision ²³³ . Further, the Law No 29720 of 2011 requires, from 2012, that companies not subject to the supervision of the SMV should also have audited financial statements audited in accordance to the International Accounting Standards ²³⁴ .	According to the Independent Administrator, 57 out of 60 companies, have publicly available financial audited statements in accordance to the Law 29720 (for the reporting periods of 2013 and 2013). However, the companies missing the financial audited statements are not listed in the 2014 EITI Report
Provisions for safeguarding	The ToRs for the Independent Administrator clearly indicates that EY will enter into a confidentiality agreement with each company	In accordance to Standard ToRs for

²²⁸ ToRs for the 2014 EITI Report, p.9

²²⁹ International Secretariat's telephone conversation with Renzo Valera from EY on 1 August 2016.

²³⁰ CMPE meeting minutes' overview in SD 2 available upon request.

²³¹ Peru 2010 Validation Report, p.42-44

²³² International Secretariat mission for data collection; meeting with EY on 22 July 2016.

²³³ Financial information publically available at

http://www.smv.gob.pe/Frm_InformacionFinanciera.aspx?data=202D3E90E2C3948EC3D46ADAF23CBD3FC34CEAAE9C retrieved on 2 August 2016

²³⁴ <http://blog.pucp.edu.pe/blog/tributosyempresa/2013/05/31/ley-29720-art-5-obligaci-n-de-presentar-estados-financieros-auditados-a-la-smv/>; https://www.google.no/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0ahUKEwjv- jpnILPAhVoJJoKHZ0oDpcQFggmMAE&url=https%3A%2F%2Fwww.smv.gob.pe%2Fuploads%2FLMV_Anexos_ingles.docx&usg=AFQjCNEJzqVwZ6314jMo-PDpffwu8waLQ&cad=rja

confidential information	ensuring to not reveal any information submitted by the company other than what is required in the reconciliation of figures ²³⁵ . A model confidentiality agreement is attached to the 2014 EITI Report ²³⁶ . It describes the terms of data, collection, use, reuse and levels of public disclosure. It also enables companies to determine the scope of the confidentiality. The agreement enables members of the CMPE and the Independent Administrator to have access to the information provided (Article 4.1). The International Secretariat understands from the 2014 EITI Report that all companies except one submitted templates accompanied by confidentiality agreements ²³⁷ .	Independent Administrators.
Key findings on reliability	<p>The IA was not tasked to provide a comment of the reliability of data, neither the EITI Report has a commentary of the assessment from the Independent Administrator on the comprehensiveness and reliability of the data presented.</p> <p>The Independent Administrator identifies as a limitation to perform their work the concrete ToRs given: "...CMPE established the ToRs for this report... therefore, the CMPE is the only entity responsible for the sufficiency of the procedures, the sufficiency of documentation and the evidences for the [report]. Therefore, it is not possible to provide an assessment of the procedures established..."²³⁸.</p> <p>A summary of the work done is available in page 40 of the 2014 EITI Report.</p>	This is key aspect of the standard ToRs for Independent Administrators approved by the EITI Board
Documentation in EITI Report of financial audited statements	As discussed in the section above on " <i>Assurances to be provided by companies to the IA</i> ", 57 out of 60 companies had publicly available audited financial statements. The companies without audited financial statements are not listed in the 2014 EITI Report.	Documented.
Contextual information not collected by the IA (indicate sources)	Peru has, in the last three EITI Reports, collated the contextual information, directly through the National Secretariat and the CMPE. The sources of information are clearly stated. The ToRs state that the " <i>chapter on Contextual Information will be developed by the National Secretariat</i> " ²³⁹ .	Contextual information is clearly sourced.

Source: ToRs for the Independent Administrator, Peru 2014 EITI Report.

²³⁵ TOR for Independent Administrator for the Peru 2014 EITI Report, p. 11, available at <http://eitiperu.minem.gob.pe/documentos/TDR%20V%20ECN.pdf>

²³⁶ Peru 2014 EITI Report, p. 147-149

²³⁷ Peru 2014 EITI Report, p.117-118

²³⁸ Peru 2014 EITI Report, p. 44.

²³⁹ ToRs for the IA 2014 Report, p. 6.

Stakeholder views

a) *Appointment of the Independent Administrator*

The CMPE confirmed they have not commissioned any scoping study by the Independent Administrator nor to any other third party. Instead, they reviewed the scope in 2012 to include changes in the Peruvian legal framework and instructed the Independent Administrator to perform the reconciliation exercise accordingly. The CMPE members argued that EY has proven to be credible, trustworthy and technically competent. In particular, EY has been instrumental in ensuring companies' participation. Representatives from the industry constituency expressed their contentment with having a renowned firm such as EY, knowledgeable of national and international accounting practices, that they can trust.

b) *Confidentiality*

Industry representatives expressed their confidence in EY and the procedures applied to safeguard the information provided. It was noted that given the high level of trust in EY; they share a copy of all documents submitted to SUNAT in order to facilitate the reconciliation process.

A company representative consulted responsible for managing the EITI reporting process internally in the company indicated that the reporting templates are not cumbersome but coordination efforts are required to ensure all documents are submitted accordingly. The Independent Administrator noted that the waiver additionally requires the certification from a public notary. Consulted civil society members of the CMPE confirmed their satisfaction with the selection of the IA including the procedures for safeguarding confidentiality of information. The CMPE was satisfied with the practices in place during the reconciliation process. This included weekly updates on progress made with data gathering, reaching out to companies slow in returning reporting templates and progress with resolving initial discrepancies.

c) *Data assurances*

The Independent Administrator confirmed the International Secretariat's understanding that the CMPE has opted for adopting the same data assurances mechanisms agreed for earlier reports (2004-2007 and 2008-2010 EITI Reports). The Independent Administrator pointed out that, in each reporting exercise, they submitted an inception report addressing the reconciliation methodology including the assurances that would be requested. Representatives from the CMPE confirmed that they were satisfied with the procedures for data assurances.

The Independent Administrator indicated that in practice some companies attach the complete tax declaration, which facilitated resolving initial discrepancies. They stressed that given the scrutiny companies are subject from the tax authority SUNAT and the stock-market regulator SMV, the submitted data is generally very reliable.

Industry representatives confirmed that SUNAT undertakes detailed revision of the companies' financial statements and accounts as part of reviewing tax declarations. In some instances, some companies mentioned that SUNAT staff are present in their offices for long periods. A number of company representatives expressed their perception that this high level of scrutiny was applied predominately to larger companies with medium and small companies being much less scrutinised. Representatives from industry also noted that large companies publish their audited financial statements as part of their annual reports.

The representatives of the Office of the Comptroller General confirmed that all government agencies reporting in the EITI process are subject to review by the Comptroller General. The current practice is that

this Division works with government agencies on ensuring that the systems and procedures are in line with the law and regulations affecting the public sector, including the Transparency Law, and in accordance with the guidelines on risk mitigation regularly issued by the Comptroller General. This is normally achieved by a combination of selective process audits and financial audits conducted by the Comptroller General and by the regular preventive work conducted by decentralized from the Office of the Comptroller General placed within each of the government agencies, i.e. MINEM, Perupetro, Petroperu, INGEMMET. They confirmed they are part of INTOSAI, through the OLACEFS.

The consensus among consulted stakeholders is that the supervision of the Comptroller General is conducted independently and effectively. Stakeholders from all constituencies confirmed that they were content with the reliability of the figures reported by the different government agencies given the oversight by the Comptroller General²⁴⁰.

d) *Lack of revised scoping*

Stakeholders noted that discussions about scoping have occurred as part of regular CMPE meetings. For example, after participating in the Sydney Global Conference in 2013, the Technical Secretary and National Coordinator led a discussion on the changes to the Standard. However, there are not detailed records of that discussion. CMPE members highlighted a number of new aspects in the 2013 Standard that were immediately discarded as not applicable. They did not consider it necessary to conduct an external scoping study.

Initial assessment

It is the initial assessment of the International Secretariat that Peru has made meaningful process with this requirement. The same Independent Administrator, Ernst & Young (EY), has reconciled all five of Peru's EITI Reports (covering 11 fiscal years). The Independent Administrator is trusted by all parties. Payments and revenue data are subject to international auditing standards. Stakeholders are content with the quality assurances in place. There are, however, some areas where Peru's reporting is not in line with the EITI Standard. The Standard requires that the CMPE and the Independent Administrator agree on ToRs based on the Standard ToRs for the Independent Administrators approved by the EITI Board. One key aspect of these Standard ToRs is for the Independent Administrator to review and confirm a number of scoping and data quality procedures. This has not been done in Peru. As commented in the assessment of other requirements, a number of the requirements in the EITI Standard warrant closer examination to determine whether they are relevant and applicable. These include direct ownership of oil blocks by Perupetro and Petroperu, fees paid to OSINERGMIN, and company contributions to the social fund FISE. Lack of clarity about these items call for the need of a thorough review of the scope in Peru.

In addition, the ToRs require "an assessment from the Independent Administrator on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided". In the ToRs adopted by the CMPE, this requirement was not included and should be addressed in future EITI Reports.

²⁴⁰ SD 10, p. 7. Information available upon request.

Table 8 - Summary assessment table: Revenue collection

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Comprehensiveness (#4.1)	The CMPE has agreed a definition of materiality based on value of production which is not optimal. The documentation of the CMPE's discussions and decisions on the scope of reporting scope is not sufficiently detailed. Based on the agreed scope and materiality definition, Peru has provided a comprehensive reconciliation of government revenues and company payments except for one company (Minera Chinalco Peru). While the coverage of the reconciliation process is high, it is not possible to reliably estimate Chinalco's tax payments based on the information provided. It appears likely that Chinalco's tax payments are material.	Meaningful progress
In-kind revenues (#4.2)	Based on the information that is publically available, it seems clear that this requirement is not applicable.	Not applicable
Barter and infrastructure transactions (#4.3)	While stakeholders take the view that the Peruvian legal framework does not allow for these kind of transactions, the provision in the Law No 29230 that allows deductions for investment in public infrastructure warrants further investigation. Representatives from civil society organisations expressed interest in gaining a better understanding of the application of regulations related to fiscal credits such as the "infrastructure for taxes", which maybe be relevant to this requirement and/or the coverage of social payments (see Requirement 6).	Meaningful progress
Transport revenues (#4.4)	The assessment confirms that the government does not collect material revenues from transportation of oil, gas or	Not applicable

	minerals.	
Transactions between SOEs and government (#4.5)	The 2013 EITI Report addresses the role of the state-owned enterprises. Material revenues collected by Perupetro are well documented in the assessment of Requirement 4.1. Revenues collected by Petroperu are related to the downstream sector and are not relevant for the EITI in Peru.	Satisfactory progress
Subnational direct payments (#4.6)	The International Secretariat could establish that subnational government entities do not levy any specific taxes to the extractives industries. Other taxes collected by subnational governments as registration fees appear to be immaterial.	Not applicable
Level of disaggregation (#4.7)	It has been confirmed that the report is fully disaggregated by company and revenue stream.	Satisfactory progress
Data timeliness (#4.8)	Peru has published timely EITI Reports covering four fiscal years (2011-2014). Minutes of CMPE meetings document the decision regarding the fiscal period covered by the reports, the approval of the reports and a decision to pilot an online disclosure system.	Satisfactory progress
Data quality (#4.9)	The provisions of this requirement are substantially met. However, the standard ToRs for IAs have not been consistently applied. This has resulted in lacking of confirmation of a number of scoping and coverage decisions. Examples of these are the lack of clarity regarding the materiality of direct ownership of oil blocks by Perupetro and Petroperu and fees paid to OSINERGMIN and contributions to the social fund FISE.	Meaningful progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. The CMPE is required to conduct a thorough assessment of whether each revenue flow referred in the Standard is applicable to Peru and document the rationale behind those assessments. This revised scoping work should in particular include a clearer explanation of what revenue streams suggested in Requirement 4.1 were discarded and whether Requirements 4.2, 4.3, 4.4 are applicable to Peru. The revised scope for EITI-Peru should 		

assess the materiality of direct fees paid to extractive regulator OSINERGMIN and contributions to the social fund FISE. It should also include a clearer explanation of the materiality of subnational direct payments as per requirement 4.6.

2. The CMPE is required to ensure that future EITI Reports include a **comprehensive disclosure of all material payments** in accordance with the agreed scope. The CMPE may wish to review the definition of materiality in light of the revised scoping work.
3. The CMPE should ensure the ToRs adopted for future reports are in accordance with the standardised ToRs for the Independent Administrator approved by the EITI Board.

5. Revenue management and distribution

5.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue management and distribution.

5.2 Assessment

Distribution of revenues (#5.1)

Documentation of progress

Peru's EITI Reports indicate how each revenue stream covered in the report is allocated. This includes the allocation to the national budget and to subnational entities. The table below shows how this is explained in the reports:

Table 9 - Distribution of extractive industry revenues in Peru

Revenue stream	% allocated to national budget	% allocated to subnational entities
Income tax	50%	50% to subnational entities as follows: 25% regional governments 75% municipalities
Mining royalty	0%	100% to subnational entities as follows: 80% municipalities 15% regional governments 5% universities
Special tax to mining (GEM)	100%	0%
Special tax to mining (IEM)	100%	0%
Petroleum royalty	0%	100% to subnational entities as follows: 75% municipalities 25% local governments
Gas royalty	0%	100% to subnational entities as follows: 75% goes to municipalities 25% to local governments

Source: 2014 Peru's EITI Report

All of Peru's EITI Reports have included a thorough explanation of the allocation of revenues that are not recorded in the national budget but allocated to subnational governments (i.e. regions and municipalities). This is discussed in detail in requirement 5.2 and 5.3, below. The 2014 EITI Report does not include a reference to the revenue classification system used by the Peruvian government. However, EITI-Peru later submitted the links to where such classification is explained in the Ministry of Economy and Finance's website²⁴¹.

Stakeholder views

Officials from the Ministry of Economy and Finance (MEF) explained that the Ministry records, analyses and evaluates a range of national budget data including the allocations of funds approved by law, distribution of funds, execution and evaluation, etc. MEF also uses systems of classification of sources of income, funding and execution from the IMF and other sources of public financial data²⁴². Similarly, they pointed to an

²⁴¹ SD 10 Complementary information provided by EITI-Peru as part of the data gathering p. 4. Information available upon request.

²⁴² National budget in https://mef.gob.pe/index.php?option=com_content&view=section&id=31&Itemid=100751&lang=es; for 2016 see https://mef.gob.pe/index.php?option=com_content&view=article&id=4129&Itemid=101156&lang=es; https://mef.gob.pe/contenidos/presu_publico/presu_sect/Evaluacion_Global_2014.pdf

online and publicly available system: the Sistema Integrado de Administración Tributaria (SIAF)²⁴³, an integrated public financial administration system, that can be used to monitor the execution of the national budget, including regional and municipal government. The SIAF allows the public to monitor the execution of all public expenditure funded by revenues from the extractive industry.

Initial assessment

The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement. Peru's EITI Reports show how extractive industry revenues are distributed with an emphasis on the revenues that are distributed to subnational governments. Publicly available budget data appears to be exemplary; with disclosures addressing the distribution of extractive industry revenues. In the future, the EITI Reports could be used as a communication tool to promote the use of SIAF.

Subnational transfers (#5.2)

Documentation of progress

(i) Regular disclosure of mandatory subnational transfers

Peru's EITI Reports include a thorough explanation of the different mandatory subnational transfers. These include:

- Mining canon resulting from the mining royalty;
- Hydrocarbon canon resulting from the petroleum royalty;
- Canon from gas resulting from gas royalties; and,
- Transferences resulting from validity rights.

The EITI Reports include a description of each of these transfers. The description includes the calculation method, legal basis, frequency, exchange rate when applicable, distribution to different subnational entities, and the norms for the utilisation of these revenues. The Reports also explain that regional governments have to distribute the amounts among municipalities following a formula that takes into account production, , population, and a "basic needs index".

The reports disclose the amounts for:

- Mining canon disaggregated by regional governments and municipalities;
- Mining royalty accrued to each region disaggregated by regional governments, municipalities and universities; and,
- Gas and petroleum canon transfers which also includes the "sobrecanon".

The report also discloses the amounts due to the distribution of validity rights disaggregated company by company and department (region). It is noted that this does not technically represents a transfers but rather a decentralised collection of this revenue stream.

(i) Subnational pilots: EITI implementation in Moquegua and Piura regions

Decentralisation of EITI in Peru is a priority for the country and the CMPE. For that purpose, in 2011²⁴⁴ the

²⁴³ https://mef.gob.pe/index.php?option=com_content&view=article&id=2028&Itemid=101421&lang=es

²⁴⁴ Peru 2012-2014 work plan, p. 4. <http://eitiperu.minem.gob.pe/documentos/documento-123475667.pdf>; Peru 2015 work plan, p. 7. <http://eitiperu.minem.gob.pe/documentos/Plan%20de%20Acción%20202015%20EITI.pdf>

CMPE planned to conduct three pilots. They set five main objectives for the pilots:

- To establish a tripartite mechanism to foster collaboration between the three constituencies (both the regional and municipal governments, companies operating in the region, local civil society);
- To reconcile the transfers made from the central government to the regional government (the transfers are already disclosed in the EITI Report in aggregated to each region);
- To show how the resources are spent, including compliance with the expenditure limitations and guidelines from the central government;
- To discuss the impact of the spent revenues; and,
- To disseminate and debate the data and findings from the pilot exercise.

EITI-Peru has given priority to ensure that the pilots are conducted in regions where the authorities have been willing to advance EITI implementation. This follows early experiences in decentralizing the EITI that were not successful in 2010 and 2011²⁴⁵. In 2012, the Region of Loreto passed a regional government resolution to mandate an EITI pilot implementation that resulted in a false start as nothing was later implemented²⁴⁶. In 2014, two regions Moquegua and Piura agreed implement the proposed EITI pilot. Moquegua is a mining region with a significant production of cooper and Piura is mainly an oil region with a significant production of crude oil and host of the state-owned largest refinery in the country (Refinery Talara). Only the regional government (i.e. not including the municipalities) agreed to implement the EITI in Moquegua. In Piura, the regional government and three other municipalities agreed to participate in the pilot²⁴⁷.

The two pilots were conducted, with significant delays, in 2015. The main reason for the protracted execution of the pilots was the discontent with the quality of the reports done by an international consultant engaged to that effect²⁴⁸. A local consultant was then hired to finalise the reports, with special focus to develop the component on analysis and impact. The Moquegua and Piura's pilot reports were launched as part of the side events during the 7th EITI Global Conference.

Main findings of the reports, which went back to cover multi years, are: 1. Discrepancies between what was calculated according to the transfers' formula and the amount transferred were insignificant; 2. Discrepancies between what the central government (SUNAT) transferred and the receipts at the local government were insignificant; 3. The share of extractive revenues on the total revenues received by the regions and municipalities has been fallen in the period (2009-2014) from around 40% of total revenues to 16% of the total; 4. Extractive revenues financed almost half of the investment at regional level; 5. Main areas where the extractive revenues have been used are transport, sanitation, agriculture and housing, with important variations across the piloted units. The Moquegua and Piura reports did not offer major insights on the impact of expenditures financed with extractive revenues. The reports included a number of recommendations for improving monitoring of the execution of projects financed with extractive transfers such as linking to other efforts as the Comptroller General's Sistema Nacional de Información de Obras

²⁴⁵ Systematization of 10 years of EITI in Peru, p.101-107.

²⁴⁶ Ordenanza Regional No 023-2012-GRL-CR <http://busquedas.elperuano.com.pe/normaslegales/crean-comision-regional-multisectorial-permanente-para-implementar-ordenanza-n-023-2012-grl-cr-910059-3/>

²⁴⁷ Piura 2012-2013 EITI Report <http://eitipiura.regionpiura.gob.pe/detalle.php?idpag=3&pagina=estudios>; Moquegua 2012-2013 EITI Report <http://propuestaciudadana.org.pe/wp-content/uploads/2016/04/Estudio-Regional-EITI-Moquegua-EITI-Per%C3%BA.pdf>

²⁴⁸ CMPE meeting minutes 28 October 2015, 3 November 2015. Minutes available at EITI-Peru's website at <http://eitiperu.minem.gob.pe/documentos.html>

Públicas (INFOBRAS)²⁴⁹ and the Ministry of Economy and Finance's National Investment System (SNIP)²⁵⁰.

Stakeholder views

(i) Piura region

The data-gathering mission included a one-day visit to the city of Piura. The mission participated in a multi-stakeholder group meeting and separate meetings with each constituency. There was consensus among regional and national stakeholder that the pilot has been a valuable exercise. These for a number of reasons, including:

1. It has created a tripartite dynamic that is totally new to the region. This has led to increased trust among stakeholders in a region with high anti-mining sentiments and distrust of the State;
2. While more would have been ideal, the capacity building activities conducted by the local CMPE and Lima-based civil society partners have been useful;
3. The EITI pilot has been conducted through two different administrations at the regional and municipal levels, signalling that the exercise might be continued in the coming future;
4. It has proven to be a platform for the companies to engage with local actors.

Regional actors agreed that important gaps have emerged. They include: lack of participation of all municipalities; and, limited communication efforts to affected communities in the mining communities mainly due to limited available resources. The reporting exercise aimed at measuring impact of extractive revenue expenditures has proven extremely difficult and not cost effective.

Civil society representatives in the regional MSG expressed that they have been free to speak and no action has been taken by another stakeholder or local governments to curtail their engagement in the EITI pilots. Overall, the pilots were welcome and the expectation is to continue with EITI regional implementation. A number of stakeholders across constituencies expressed their expectation to use local capacity for future reporting exercises to depend less on external consultants.

(ii) General view of the EITI pilot reports.

Stakeholders across constituencies confirmed that the pilots have been a valuable exercise, given the significant volume of resources administered at subnational levels. They have been particularly helpful to improve trust, bring regional government to open their accounts and to follow the money until its uses. However, they recognised that the progress made towards the original expected work on these pilots has been slow. On the other hand, a number of stakeholders highlighted that trust take time to be built especially when starting from a low level. It was also mentioned that engagement with regional governments in Peru must be carefully considered as a large number of these governments have been questioned on administrative probity including a number of criminal cases. The general expectation is that EITI will continue to expand subnational implementation to other regions like in Apurímac, Arequipa, Cusco and Loreto. It is expected that the next World Bank's EGPS grant could be used entirely to deepen the decentralization of the EITI in Peru.

²⁴⁹ <https://apps.contraloria.gob.pe/ciudadano/>

²⁵⁰ https://mef.gob.pe/index.php?option=com_content&view=article&id=875&Itemid=100272&lang=es

Initial assessment

EITI-Peru has clearly innovated in EITI implementation at the subnational level of government. Peru has disclosed abundant information on mandatory subnational transfers since its first EITI Report published in 2009 (covering 2004–2007). They have even furthered the scope of this exercise by piloting EITI implementation more comprehensively in two regions, Moquegua and Piura, and are planning to add three more regions in the short term. Some features, though, have been dropped from the last three national EITI Reports. For example, early reports included a verification of the amount that ought to be paid in accordance with the agreed transfer formula. The International Secretariat understands that this reduction in the scope of the work regarding subnational transfers followed having had less resources for the production of EITI Reports. Progress with completing the regional pilots has been slow. EITI-Peru could surely learn from this initial experience. The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement and that efforts to extend EITI implementation in this way should be recognised as exemplary.

Revenue management and expenditures (#5.3)

Documentation of progress

Peru's use of extractive revenues in specific programmes or geographic regions is regulated through the mandatory subnational transfers discussed in the assessment of Requirement 5.2 (above). Peru's EITI Reports have very limited information on the country's budget, expenditures and audit process, despite the fact that the Ministry of Economy and Finance, represented in the multi-stakeholder group, has abundant information about these processes. Similarly, the EITI Reports do not mention or link to data disclosures implemented by a number of public finances bodies that discuss and make available publically discussion about macro-economic stability in the light of the constitutional mandate²⁵¹.

Stakeholder views

Stakeholders did not express particular comments on this requirement.

Initial assessment

Disclosure of information related to the management of extractive industries' revenues and expenditures is available through a number of government public systems. EITI Reports only provide information on earmarked revenues. It does not provide any information regarding the revenue management process despite the wealth of information online disclosing national budget data and analysis and sustainability and resource dependence²⁵². Although the implementation of the Requirement 5.3 is encouraged, the omission of this information in Peru's EITI Reports misses an opportunity to educate the public the government's oversight and accountability mechanisms. It is recommended that EITI-Peru considers addressing this potential more thoroughly. Disclosure of such information is encouraged and not required, and is thus not taken into account in the overall assessment of compliance with the EITI Standard.

²⁵¹ MEF Macroeconomic projections

https://www.mef.gob.pe/index.php?option=com_content&view=article&id=2268%3Aproyecciones-macroeconomicas&catid=264%3Aproyecciones-macroeconomicas&Itemid=100932&lang=es;

²⁵² https://www.mef.gob.pe/index.php?option=com_content&view=article&id=2916&Itemid=101925&lang=es;

Table 10 - Summary assessment table: Revenue management and distribution

Summary assessment table:		
EITI provisions	Summary of main findings	International Secretariat's initial assessment on compliance with the EITI provisions (to be completed for 'required' provisions)
Distribution of revenues (#5.1)	EITI reports indicate how the income from the extractives revenues are distributed. Peru has a publicly available system disclosing the distribution and use of these revenues.	Satisfactory progress
Subnational transfers (#5.2)	Statutory subnational transfers in Peru are disclosed. Two regions are piloting EITI implementation.)	Satisfactory progress
Information on revenue management and expenditures (#5.3)	EITI Reports disclose earmarked revenues as part of the Requirement 5.2. Peru has publicly available government systems disclosing national budget, audit processes and studies addressing the sustainability and resource dependence. EITI Reports could be an opportunity to educate the public about these systems.	
International Secretariat's recommendations: <ol style="list-style-type: none"> 1. The CMPE is encouraged to consider including in future EITI Reports links to the government systems disclosing national budget information and analysis, audit processes and analyses on sustainability of public revenues and resource dependence. 		

6. Social and economic spending

6.1 Overview

This section assesses implementation of the EITI requirements related to social and economic spending (SOE quasi-fiscal expenditures, social expenditures and contribution of the extractive sector to the economy).

6.2 Assessment

Social expenditures (#6.1)

Documentation of progress

The International Secretariat could not find any documentation regarding CMPE discussions on the disclosure of any mandatory or discretionary social expenditures and transfers. Members of the CMPE tasked to support Validation argued that the national legislation does not mandate social expenditures by extractive industries companies.

Peru's EITI Reports do not include any information regarding the materiality of social expenditures by companies mandated in the contract or other binding mechanism. However, the description of one of the revenue stream GEM sheds some light on the issue. The Gravamen Especial a la Minería (GEM) is a mandatory revenue stream introduced in October 2011. It replaced the Mining Programme for Solidarity with the People (PMSP) paid in the 2006-2010 period. The PMSP represented a voluntary contribution from companies that had signed especial contracts with the government that included tax stability clauses.

Stakeholder views

The EITI Champion confirmed that neither mandatory nor discretionary social expenditures are part of the contractual relationship between the Government of Peru and extractives companies. He explained that the PMSP used to be a voluntary contribution paid by companies which had signed tax stability contracts. GEM replaced these voluntary contributions.

Industry representatives indicated that companies still make some discretionary social contributions as part of their community-relations programmes. These are commonly implemented through *ad-hoc* agreements between communities and the companies. They stressed that these are not mandated by any law or contract. These are usually the result of the dialogue between companies and communities affected by mining activities. A number of stakeholders and commentators highlighted the sensitive nature of these agreements. They usually resulted from complex, protracted and contentious negotiations between companies and communities. Civil society stakeholders expressed interest in learning more about these agreements.

Initial assessment

The International Secretariat understands that the CMPE discussed the disclosure of mandatory and discretionary social contributions in 2013²⁵³. Most stakeholders have argued that there are no mandated social contributions. Discretionary social contributions appear to be a common practice, as an integral part of the social license to operate. The legal nature of agreements signed between companies and mining communities is not clear, and should be examined in more detail by the CMPE. This should be considered alongside the "infrastructure for taxes" issues highlighted in Requirement 4, above. In light of this, the International Secretariat's initial assessment is that Peru has made meaningful progress in implementing this requirement. It is recommended that the CMPE conducts a comprehensive revision of all aspects related to social expenditures and agrees an approach in accordance with the 2016 EITI Standard.

SOE quasi-fiscal expenditures (#6.2)

Documentation of progress

There is no evidence documenting any dedicated CMPE discussion regarding the practice of SOE's quasi-fiscal expenditures in Peru. EITI Reports do not address any material quasi-fiscal expenditures by the SOEs.

Stakeholder views

The representatives of the CMPE tasked with supporting Validation communicated to the International

²⁵³ CMPE meetings minutes on 11 July 2013, 23 August 2013. CMPE minutes of meetings, available at <http://eitiperu.minem.gob.pe/documentos.html>

Secretariat that in the Peruvian case quasi-fiscal expenditures did not apply for the fiscal year 2014²⁵⁴. Representatives from Petroperu confirmed that it operates only in the downstream sector and that there were no quasi-fiscal expenditures. Furthermore, they clarified that the fund for oil price stabilization (Fondo de Estabilizacion de Precios de Combustibles, FEPC) does not represent a subsidy. The fund seeks to stabilise prices of the internal gasoline and fuel market and is replenish/depleted by the retailing companies and the government. The government's contributions are allocated through the national budget and are not paid by or related to Petroperu. Perupetro (whose main role is as regulator of the hydrocarbon sector), confirmed that the company does not pay any subsidies or contributions that could be considered a quasi-fiscal expenditure.

Initial assessment

Based on the information provided by stakeholders, the initial assessment of the International Secretariat is that this requirement is not applicable in Peru. It is recommended that the CMPE includes a clear explanation of the FEPC as part of the revised scoping exercise.

Contribution of the extractive sector to the economy (#6.3)

Documentation of progress

Peru's EITI Reports include information regarding the contribution of the extractives industries to the economy. In the 2014 EITI Report this information includes: GDP data, total government revenues, exports, investments in the sector, planned mining projects and employment. The reports cite the annual statistic report issued by the Ministry of Energy and Mines as the main source of the information. The 2014 EITI Report also includes information from the national statistics office, INEI²⁵⁵.

The 2014 EITI Report touches briefly upon the employment generated by the extractive industries²⁵⁶. In the 2011-2012 EITI Report, employment data was disaggregated by gender²⁵⁷. Production information by region has not been included in Peru's EITI Reports.

Stakeholder views

Stakeholders did not express any concerns regarding the disclosures covered by this requirement.

Initial assessment

The International Secretariat's initial assessment is that Peru has made satisfactory progress in meeting this requirement. It is recommended that the CMPE considers a more structured and consistent way of presenting this information in future reports.

²⁵⁴ Complementary Information sent by representatives of the CMPE tasked with supporting Validation, received by the International Secretariat available upon request in SD 10.

²⁵⁵ Peru 2014 EITI Report, p.13-15.

²⁵⁶ Peru 2014 EITI Report, p. 16-17.

²⁵⁷ Peru 2011-2012 EITI Report, p.19

Table 11 - Summary assessment table: Social and economic spending

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Social expenditures (#6.1)	Mandatory social expenditures appear to not apply to Peru. However, discretionary expenditures appear to be an integral part of companies' social license to operate. It is unclear the legal nature of the different agreements signed between companies and mining communities, therefore is not possible to determine if this requirement is applicable to Peru.	Meaningful progress
SOE quasi fiscal expenditures (#6.2)	Based on the information available, the understanding of the International Secretariat is that SOE's quasi-fiscal expenditures are not applicable in Peru.	Not applicable
Contribution of the extractive sector to the economy (#6.3)	Information regarding the contribution of the extractive sector to the economy is widely available in the webpages of public entities as well as in the EITI Reports.	Satisfactory progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. As highlighted above the CMPE should be required to conduct a thorough assessment of whether each revenue flow referred in the Standard is applicable to Peru and document the rationale behind those assessments. This revised scoping work should in particular include a clearer explanation of legal nature of the social contributions resulting from the agreements between companies and mining communities in order to establish whether there are any binding agreements which should be considered under Requirement 6.1.a. The revised scoping work should also confirm the absence of SOE's quasi-fiscal expenditures. 2. The CMPE is encouraged to consider bringing more transparency to social contributions from extractive companies to affected communities with a view on informing analysis and debate about what it is a very controversial issue and often associated with widespread and violent conflicts. 3. The CMPE is encouraged to consider presenting the contribution of the extractive sector to the economy in a more structured and consistent way. 		

Part III – Outcomes and Impact

7. Outcomes and Impact

This section assesses implementation of the EITI Requirements related to the outcomes and impact of the EITI process.

7.1 Public debate (#7.1)

Documentation of progress

(i) *Dissemination and other activities conducted by EITI-Peru*

Since 2012, Peru has produced three EITI Reports covering 4 fiscal years and two regional EITI Reports for Piura and Moquegua. Each report has been disseminated through a number of activities such as distributing hard and digital copies of the EITI Report, report launch events in the capital and in regions or by making the EITI Report available online in the Peru's EITI website²⁵⁸. Local media usually covers the launching events for EITI Reports and additional news items are published in the EITI-Peru and partners' websites²⁵⁹.

The EITI-Peru has conducted a number of dissemination activities, including:

- Outreach event in Lima as part of the 7th EITI Global Conference: this event was targeted to a wide audience of local stakeholders and participants to the Global Conference. The 2014 EITI Report was partially launched. The so-called "*contextual information*" was discussed together with a presentation on progress of the reconciliation part of the Report and the two regional EITI pilots reports from Piura and Moquegua²⁶⁰. A summary report on the 10 years of EITI reporting in Peru was also presented.
- Event in Lima on 27 June 2016: presentation of Peru EITI Reports (both the 2014 EITI Report and the regional pilots) as part of discussions of the USAID-funded "*Pro Participation project*" aimed at ensuring public awareness of the fiscal contribution of the extractive sector and the quality of expenditure funded by these resources²⁶¹.
- Launching of the EITI Report in Piura: presentation and discussion of the Piura regional EITI pilot report (2012-2013) and the 2014 EITI Report²⁶².
- Launching of the EITI Report in Moquegua: presentation and discussion of the Moquegua regional

²⁵⁸ <http://eitiPeru.minem.gob.pe/index.html>

²⁵⁹ <http://eitiPeru.minem.gob.pe/novedades/noticia06.html>; http://eitiPeru.minem.gob.pe/novedades/novedades_03.html

²⁶⁰ <http://eitiPeru.minem.gob.pe/documentos/7->

<Los%20Estudios%20de%20Conciliaci%C3%B3n%20Nacional%20y%20los%20Estudios%20de%20Transparencia%20Regional.pdf>

²⁶¹ See <http://eitiPeru.minem.gob.pe/novedades/noticia05.html>

²⁶² SD 12 contains an overview of communication efforts in Piura and Moquegua. Information available upon request. Other

examples online at <http://www.propuestaciudadana.org.pe/sites/default/files/NDA%2027.pdf>;

<http://www.propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/NDA%2026.pdf>

EITI pilot report (2012-2013) and the 2014 EITI Report²⁶³.

- Similarly, the 2013 EITI Report was launched in Lima in June 2015 in a public event as part of the EITI Regional Latin American and the Caribbean (LAC) week and several outreach meetings were conducted in the two pilot regions as part of the preparations for the subnational pilot reports²⁶⁴.

(ii) *Making the EITI Report comprehensible*

EITI-Peru has a website where other relevant documents are published beside all EITI Reports. These include a series of information booklets²⁶⁵, posters and cartoons²⁶⁶ and pamphlets²⁶⁷. The communication materials have been used in the outreach events and EITI Reports' launching events.

The website also includes a data visualization platform²⁶⁸ that have compiled the data from all reconciliation reports from 2008 until 2013. The 2014 data has not yet been uploaded but the International Secretariat understands that this is planned for the coming months²⁶⁹. This data platform allows seeing all revenues reported in the EITI Reports by revenue stream, the payments made by all reporting companies and it is possible to download these data in open data formats. It also includes a geo-referenced map showing the distribution of revenues that are transferred to Peru's subnational units (regional governments, municipalities, local universities)²⁷⁰.

²⁶³ News "Comisión EITI present primer estudio de Transparencia Regional" <http://puntoclaveperu.com/comision-eiti-presento-primer-estudio-de-transparencia-regional/>; Local Radio commented on their Facebook page:

<https://www.facebook.com/rct.toquepala/photos/pcb.1104261922929834/1104257806263579/?type=3>

²⁶⁴ Peru's 2015 Annual Progress Report available at <http://eitiperu.minem.gob.pe/informes.html>

²⁶⁵ <http://eitiperu.minem.gob.pe/documentos/2-Qu%C3%A9%20es%20EITI.pdf>; <http://eitiperu.minem.gob.pe/documentos/4-Comisi%C3%B3n%20Multisectorial%20Permanente%20y%20Secretar%C3%ADa%20T%C3%A9cnica.pdf>;

<http://eitiperu.minem.gob.pe/documentos/7->

<Los%20Estudios%20de%20Conciliaci%C3%B3n%20Nacional%20y%20los%20Estudios%20de%20Transparencia%20Regional.pdf>;

<http://eitiperu.minem.gob.pe/documentos/10->

<Los%20Pagos%20de%20la%20Industria%20Extractivas%20en%20los%20Estudios%20EITI.pdf>

²⁶⁶ <http://eitiperu.minem.gob.pe/documentos/Don%20Justo%20y%20Dona%20Clara%20y%20la%20EITI.pdf>;

<http://eitiperu.minem.gob.pe/documentos/P%C3%ADdoraEITI.pdf>

²⁶⁷ <http://eitiperu.minem.gob.pe/documentos/Peru%20país%20cumplidor.pdf>; <http://eitiperu.minem.gob.pe/documentos/1-%2010%20a%C3%B1os%20EITI%20Per%C3%BA.pdf>

²⁶⁸ http://eitiperu.minem.gob.pe/estudios/plataforma_resultados.html

²⁶⁹ International Secretariat mission for data collection; meeting with Caterina Jochmann from GIZ in Peru on 19 July 2016.

²⁷⁰ <http://eitiperu.github.io/data-app/distribucion/index.html>

Figure 3 – EITI-Peru online data visualization tool



Source: Data visualization tool available at the EITI-Peru's website and at <http://eiti-peru.github.io/data-app/index.html>

(iii) *Outreach*, capacity-building efforts and use of information by civil society and other partners:

A number of activities have been conducted by civil society organizations leading on the EITI and part of the multi-stakeholder group and as part of the Alliance for sustainable mining (lead by Canada following the G7 Fast-track partnerships). These include:

- The CSO Grupo Propuesta Ciudadana has organised and participated in events on EITI discussions²⁷¹, published articles addressing EITI matters including disclosure of payments and transfers²⁷², produced videos²⁷³ and linked to news items in other media²⁷⁴. They have also participated in disseminating the regional pilots²⁷⁵.
- The CSO DAR has similarly disseminated EITI Reports and discussed its findings, coordinated campaigning on EITI issues²⁷⁶, including exhorting presidential candidates in recent elections to maintain commitment to the EITI²⁷⁷.

Finally, efforts have been done in reaching out to other similar initiatives and organizations addressing

²⁷¹ <http://propuestaciudadana.org.pe/wp-content/uploads/2016/02/PROGRAMA-eiti-feb-23.pdf>;

<http://propuestaciudadana.org.pe/wp-content/uploads/2016/03/NDA-28-2016-F1.pdf>

²⁷² <http://www.dar.org.pe/boletindartranspa/boletin03/noticia04.htm>

²⁷³ <https://vimeo.com/156623286>; <https://vimeo.com/163463264>

²⁷⁴ <http://propuestaciudadana.org.pe/?s=EITI>; <http://diariouno.pe/columna/el-eiti-nuevos-desafios-para-el-sector-extractivo/>

²⁷⁵ <http://www.propuestaciudadana.org.pe/sites/default/files/NDA%2027.pdf>;

<http://www.propuestaciudadana.org.pe/sites/default/files/publicaciones/archivos/Piura%20Regi%C3%B3n%20-%20Gustavo%20C3%81vila.pdf>

²⁷⁶ http://www.dar.org.pe/noticias/pronunciamento_eiti_espanol/

²⁷⁷ http://www.dar.org.pe/noticias/pron_eiti_jun/; http://www.dar.org.pe/archivos/docs/pronun_escanado_.pdf

good governance and transparency in the Peruvian extractive sector. The so-called Alliance for sustainable mining (lead by Canada following the G7 Fast-track partnerships) has been the main vehicle for these efforts²⁷⁸. Other organizations and programmes in the alliance include the Instituto de Estudios Peruanos (IEP), the Peruvian branch of the United Nations Development Programme (UNDP), the International Finance Corporation (IFC)'s Good Governance Ranking, the Swiss Cooperation (SECO)'s programme on strengthening of subnational finances, the American Agency for International Development (USAID)'s programme Pro-participacion and the German cooperation implemented through GIZ's project with the Comptroller General Office's INFOBRAS²⁷⁹.

Stakeholder views

All three consulted constituencies acknowledge the communication efforts and the value brought by 10 years of disclosure of payment and revenue information, including the transfer of half of these revenues to regional and municipal governments. The industry highlighted that it is very important for them that the EITI in Peru had brought 10 years of revenue data, validated by a trusted Independent Administrator. The findings resulting from the tripartite collaboration in the EITI informs the public debate on the industry contribution to society. The government highlighted that EITI data, especially the one related to the subnational transfers have been useful to satisfy the demand for this information from a number of stakeholders, including parliamentarians and regional authorities. Civil society organizations expressed that the value added from information disclosed through the EITI process i.e. payment information disaggregated by companies, subnational transfers, is relevant to their monitoring and advocacy work. At the same time, all stakeholders across constituencies identified a number of opportunities to improve the communicational work of EITI-Peru. These include to:

- Increase dissemination at local level in all regions beyond the pilot regions where local EITIs are implemented.
- Improve the timeliness of the EITI information. Even if efforts have been made to publish reports with data fresher than two-year old, EITI data tend to be dated and out of synchronization with current funding realities faced by regions and communities.
- Include more analytical material that help to close communicational gaps e.g. interpretation of cadastre information; explaining different legal and contractual modalities related to tax payments.
- Undertake regularly exchanges of information between the CSOs leading on EITI and the wider spectrum of organisations working on extractive sector good governance. This includes dissemination and discussion of EITI-produced information and exploring other areas where public information is lacking e.g., ought to be paid revenues, social and environmental information, compliance with agreements signed with communities.
- Explore linkages to other efforts such as the National Office of Dialogue and Sustainability.
- Find ways to provide information on revenues and expenditure at regional and municipal levels that is timelier and more comprehensive i.e. including regions and municipalities not participating in the pilot reports.

²⁷⁸ <http://eitiPeru.minem.gob.pe/publicaciones/documentos/Informe%20de%20Gestion.pdf>;
http://eitiPeru.minem.gob.pe/novedades/novedades_02.html

²⁷⁹ <https://apps.contraloria.gob.pe/ciudadano/>

Initial assessment

EITI-Peru has ensured that the EITI Reports are published in a timely manner. There have been efforts to publicise this work. As noted above, the CMPE has prioritised decentralized EITI implementation in two regions. However, for a mature process with a decade-long of EITI implementation, it is clear that the full potential of the EITI has not yet been realised. The focus of communication efforts has primarily been on creating awareness about the EITI process and disseminating revenue data. Utilisation of EITI data to improve analysis, promote synergies with other efforts and enrich public debate have been limited. Further efforts are needed to leverage the EITI as an established mechanism and platform to address public concerns. Given that EITI-Peru has covered the mandatory aspects of this requirement, it is the initial assessment of the International Secretariat that Peru has made satisfactory progress in meeting this requirement.

7.2 Data Accessibility (#7.2)

Documentation of progress

EITI-Peru has produced brief summary reports for all EITI Reports except for the 2014 EITI Report. All reports include a clear comparison of the share of each revenue to the total amount of revenue that accrues to each level of government.

Peru's last three EITI Reports are not machine-readable. However, up to the last report, the main payment and revenue data together with detailed revenue distribution data are available in a data visualization platform available in EITI-Peru's website²⁸⁰. The International Secretariat understands that conversations are undergoing on automating data collection and presentation of EITI Reports.

EITI-Peru has submitted summary data templates for the 2013 and 2014 EITI Reports including coding payment and revenue data according to the IMF guidelines. The IMF conducted a field test on revenue classification in Peru where training was provided to EITI stakeholders and government agencies²⁸¹.

Stakeholder views

The CMPE confirmed its willingness to advance the automation project in collaboration with the Swiss cooperation SECO in Lima. They ratified that this is in-line with their aim of publishing data as soon as it is legally and practically feasible in order to improve timeliness of EITI Reports.

Initial assessment

Requirement 7.2 encourages the multi-stakeholder group to make EITI Reports accessible to public in open data formats. EITI-Peru has undertaken some work to this end including a data visualization platform that allows access to open revenue and revenue distribution data. Additional efforts should be undertaken to improve data access and utilisation. These activities are encouraged and not required, and are thus not taken into account in the overall assessment of compliance with the EITI Standard.

²⁸⁰ http://eitiPeru.minem.gob.pe/estudios/plataforma_resultados.html

²⁸¹ <https://drive.google.com/drive/folders/OB9BI74fkjArzX21YX0pQSDdiQUE>

7.3 Lessons Learned and follow-up on recommendations (#7.3)

Documentation of progress

(i) *Strengthening impact of EITI implementation*

The International Secretariat has not identified any evidence that the CMPE has reviewed the outcomes and impact of EITI implementation on natural resource governance (this is assessed in detail in as part of the assessment for requirement 7.4).

(ii) *Recommendations on EITI reporting*

EITI Reports contain a limited number of recommendations. There is not written evidence documenting the discussions of the CMPE on these recommendations, discrepancies or lessons learnt from EITI Reports. In practice, some of these recommendations have been followed despite the lack of documentation. Recommendations on EITI Reports focus on the EITI reporting process, such as, reviewing the materiality thresholds in light of challenges meeting the adopted definition; ensuring commitment of reporting companies in advanced of data collection; and, improving communication at all levels in the reporting entities both companies and government agencies. There was one recommendation related to improving the exchange of information between the cadastre office and the Ministry of Energy and Mines²⁸². There are however, no recommendations that are linked to national issues or priorities for the sector. There is also no assessment of actions that have been taken based on recommendations from previous EITI Reports. The International Secretariat notes that EITI-Peru has not changed the materiality definition thresholds as suggested in the 2013 EITI Report. As per recommendation of the 2011-2012 Report, Peru's EITI Reports are fully disaggregated as required by the EITI Standard since the 2013 Report. The following table summarizes recommendations from EITI reporting and EITI-Peru's responses.

Table 12 - Summary of the recommendations from EITI Reports

Recommendations in 2012 and 2013 EITI Reports	EITI-Peru's response Subsequent EITI reports and Annual activity reports
<p>Materiality The CMPE should confirm that the actual materiality thresholds are considered adequate. The CMPE should ensure the commitment of reporting companies in advance.</p>	<p>The CMPE has ratified the same materiality threshold used in each of the last four reports. Efforts have been made in ensuring that companies commit to report ahead of data collection. However, there have not been a permanent solution for ensuring company participation. Individual commitments have been collected for each of the last three reporting exercise. H</p>
<p>Communicating instructions to all levels in the companies The CMPE should ensure that information (including instructions for reporting) are passed to all parties involved internally in companies' reporting.</p>	<p>Progress has been made in ensuring all necessary internal parties in the companies are promptly aware of EITI reporting in advance to data collection. However, the Independent Administrator indicated that there were still some delays in companies' submission of data. Specially, data collection for the 2014 EITI Report was scheduled during the month of December 2015 resulting in delays in</p>

²⁸² Peru 2013 EITI Report, p.153

	the submission of data, as companies were busy with end of year accounts closure.
Ensuring the Tax Office is prepared for data collection The CMPE should ensure that all parties involved internally in the Tax Office (SUNAT) are prepared for data collection	It seems that the Tax Office (SUNAT) has responded more promptly during the data collection.
Validity rights INGEMMET should exchange information with the Ministry of Energy and Mines	It is not clear whether this information has been exchanged and/or better coordination has been agreed between these two agencies.
Disclosing disaggregated information Companies should disclose fully disaggregated data (in 2012 EITI Report)	Fully disaggregation was achieved in the 2013 EITI Report (as required in the 2013 EITI Standard)

Source: Peru EITI Reports for 2011, 2012, 2013 and 2014. EITI-Peru annual activity reports.

(iii) *Discrepancies from EITI reporting.*

Peru has produced five EITI Reports covering 11 fiscal years. As shown in the table below, discrepancies have consistently been insignificant.

Table 13 - Discrepancies in Peru's EITI Reports (2011-2014)

Revenue stream	2011 (%)	2012 (%)	2013 (%)	2014 (%)
Income Tax	0.00	0.00	0.00	0.23
Mining royalty	0.00	0.00	0.001	1.21
Hydrocarbon royalty	0.00	0.00	0.00	0.01
Special mining tax	0.09	0.00	0.001	0.06
Special mining tax (2)	0.00	0.00	0.00	0.00
Validity rights	22.19	14.70	2.0	4.61

Source: Peru EITI Reports for 2011, 2012, 2013 and 2014.

The discrepancies related to validity rights collected by INGEMMET have been larger than in the case of other revenue streams. This was caused by discrepancies between INGEMMET's records i.e. owner of the licences and transfers of property not recorded in INGEMMET's database. As companies were reporting payments related to all licenses owned by them, there were a distortion with INGEMMET reported data. The Independent Administrator have excluded since the 3rd report, covering 2011 and 2012, company's payments from licenses that have a different owner in INGEMMET records. In other words, they have only included payments from those licenses where the company is recognised as owner in INGEMMET database²⁸³. The last two EITI Reports showed a significant reduction in the level of discrepancies for validity rights as displayed in the table above.

²⁸³ International Secretariat mission for data collection; meeting with EY and with INGEMMET, See Annex B at the end of this document.

Stakeholder views

Representatives from the General Comptroller's office mentioned that they have used conclusions and recommendations from EITI Reports to monitor the work of participating government agencies. Based on a recommendation, they²⁸⁴ said to have alerted INGEMMET about identified discrepancies on the collection of validity rights. The officers argued that subsequent EITI Reports reflect corrective measures were taken to improve disclosure of information regarding the collection of taxes and license holders.

CMPE representatives confirmed that they have discussed in a number of occasions the lessons learnt from EITI reporting. In their view, the value of the EITI report is the confirmation that there are good systems for tax collection in Peru given the minimal discrepancies. It was found that discrepancies in the validity rights revenue streams were caused by a methodological distortion and that it was addressed.

Other stakeholder expressed the importance to produce EITI Reports with more timely information. Stakeholders stressed that old data is an obstacle to meaningful dissemination and debate. Despite efforts to produce timelier reports, there is still much to improve it was said. Industry representatives said that from their corporate position it is mostly technically feasible to provide information for EITI Reports earlier.

Initial assessment

There is no evidence that the CMPE have discussed strengthening the impact of EITI implementation. EITI-Peru has taken steps to act upon minor recommendations arising for EITI Reports. The Independent Administrator EY has made recommendations focused on technical aspects of the EITI reporting procedures not related to improve extractive sector governance. EITI Reports reveal that some of these technical recommendations have been addressed in subsequent reporting cycles. Discrepancies have been found to be immaterial and representatives of the CMPE seemed to be satisfied with this result. The lack of evidence of any discussion regarding strengthening the impact of EITI implementation in natural resource governance is problematic. On this basis, it is the initial assessment of the International Secretariat that EITI-Peru has made meaningful progress in meeting this requirement.

Together with addressing the gaps identified in Requirement 7.4 below, the CMPE should review the lessons learnt from EITI implementation. The CMPE might wish to consult with the wider constituencies including government agencies, companies, CSOs and other relevant actors.

7.4 Outcomes and impact of implementation (#7.4)

Documentation of progress

EITI-Peru has, since 2012, produced three Annual Progress Reports (APR) for 2013, 2014 and 2015²⁸⁵. The documents are available online at the national country page²⁸⁶. These are the main aspects included in the 2015 APR.

(i) Summary of EITI activities

²⁸⁴ International Secretariat mission for data collection; meeting with Ana Aguilar, Office of the Comptroller General.

²⁸⁵ Peru's Annual Progress Reports for 2015, 2014 and 2013 are available at <http://eitiperu.minem.gob.pe/informes.html>

²⁸⁶ Ibid

The 2015 Annual Progress Report highlights the following key activities and achievements in the report:

- Production of the 2013 EITI Report and draft 2014 EITI report.
- Regional EITI processes.
- Dissemination and outreach to regions.

(ii) Assessment of compliance with each EITI Requirement

The 2015 APR does not include a discussion on how EITI-Peru is meeting each EITI Requirements. There is no commentary on actions undertaken to address issues such as revenue management and expenditure (EITI Requirement 5.3), transportation payments (EITI Requirement 4.4), discretionary social expenditures (EITI Requirement 6.1), ad-hoc subnational transfers (EITI Requirement 5.2), beneficial ownership (EITI Requirement 2.5) and contracts (EITI Requirement 2.4).

(iii) Assessment of progress with achieving the objectives of work plan

The 2015 APR does not specify which work plan objectives and targets have been met, nor does it include any reflections of the impact of the work plan objectives or these outcomes. It is worth noting that the 2013 APR contained an assessment of progress vis-à-vis the work plan. Similar to the 2015 APR, the 2014 APR did not include any assessment in this regard.

(iv) Addressing recommendations

The 2015 APR does not include any discussion of how EITI-Peru has addressed the recommendations from the previous EITI Validation and from reconciliation.

(v) Efforts to strengthen the impact of the EITI

Although the report made references to priorities such as the decentralization of the EITI to Peru's regions which has led to an increased engagement with local stakeholders, there is no a discussion of the impact of EITI implementation on natural resource governance or any discussion on extending the scope of EITI.

(vi) Production of the Annual Progress Report

Although the 2015 Annual Progress Report was submitted to the International Secretariat, it is not possible to confirm whether the CMPE has endorsed the document. There is no evidence in the report of the participation of civil society groups and industry in the production of the report.

Stakeholder views

Stakeholders did not voice any comment on how the annual progress reports have been discussed and agreed. It is clear, however, from the consultations that stakeholders have separately discussed the outcomes and impact of the EITI on natural resource governance. Areas of positive impact of EITI implementation identified by stakeholders include, among others, the Independent assessment of the revenue collection and management system, the tripartite dialogue platform and the subnational implementation. Stakeholders have also identified opportunities for improvement in areas such as communication and publishing more timely EITI Reports.

(i) EITI Reports

A number of government' stakeholders expressed the value of having an authoritative source of information to confirm revenue collection and how it is distributed to subnational governments. Representatives from the industry recognised the significance of that a tripartite mechanism has confirmed the industry fiscal contribution and shed light on how revenues are transferred to local governments. Civil

society's stakeholders appreciated the possibility to access to payment and revenue distribution data that otherwise is not available. All stakeholders agreed that the most important benefit of the EITI is in making more transparent how half of the extractive rent is used by subnational governments. They all welcomed the progress made in two regions in setting EITI mechanisms to collect transfer and expenditure data, analyse it and discuss performance and local impact. On opportunities for improvement, stakeholders stressed that EITI Reports containing old data is an obstacle to meaningful dissemination and debate, hence the need for more timely reports.

(ii) *Decentralization of EITI*

National and regional stakeholders highlighted the value of empowering local stakeholders to own the EITI regional processes, using local resources and establishing sustainable accountability mechanisms. Civil society's stakeholders, especially at the regional level, appreciate participating in a tripartite dialogue platform. Actors from all constituencies welcomed more subnational EITI implementation. Stakeholders said that although decentralization of EITI has been given top priority, progress have been slow. Reflecting on this, while recognising that progress have been slower than expected, a number of stakeholders mentioned that ensuring the engagement of regional governments has been challenging. The CMPE noted that they have prioritized to work with those governments where the commitment has been the strongest. Members of the CMPE that have been closely involved with the subnational pilots pointed out that ensuring local ownership requires enough time for building capacity and trust.

(iii) *Communications*

The third aspect raised by stakeholders was a call for strengthening EITI-Peru's communication efforts. In their view, communication activities should be focused more on analysis and on debating findings from EITI reporting rather than on raising awareness on the EITI. Industry representatives highlighted that they expect EITI-Peru to make an additional effort to shed light on industry contribution at local level. They considered this of particular relevance in the regions where the EITI has not been piloted. Similarly, a number of stakeholders also expressed the need to join efforts with other work done on fostering good governance of the sector.

Initial assessment

Although different stakeholders have informally discussed progress and outcomes of EITI implementation on a regular basis, there is no evidence that the CMPE has formally discussed on progress and impact of EITI. EITI-Peru has produced Annual Progress Reports. The International Secretariat has not identified evidence of the discussions leading to the publication of the APRs. These reports only provide an account of the previous year's activities but have failed to document the multi-stakeholder's review of progress against the objectives in the work plan, progress toward compliance with EITI Requirements and addressing recommendations from reconciliation reports.

It is the initial assessment of the International Secretariat that Peru has made inadequate progress in meeting this requirement. EITI-Peru is recommended to review the provisions of the EITI Standard to prepare the discussions and document the next Annual Progress Report. In this process, the CMPE may wish to consider consulting with the wider constituencies.

Table 14 - Summary assessment table: Outcomes and impact

EITI provisions	Summary of main findings	International Secretariat's initial assessment on compliance with the EITI provisions (to be completed for 'required' provisions)
Public debate (#7.1)	Peru EITI Reports have been actively promoted and distributed, are publicly available and contributed to the public debate. The government, parliamentarians, civil society, the media and the industry are familiar with the reports. Dissemination events have been carried out in the capital and in several regions. Civil society and the industry have separately disseminated the EITI Reports.	Satisfactory progress
Data accessibility (#7.2)	EITI-Peru has undertaken some work to make data from EITI Reports accessible like an online visualization tool. Nevertheless, additional efforts should be implemented to fully address this provision.	
Lessons learned and follow up on recommendations (7.3)	EITI-Peru has taken steps to act upon minor technical recommendations arising for EITI Reports. Discrepancies have been found to be immaterial and representatives of the CMPE seemed to be satisfied with this result. The lack of evidence of any discussion regarding strengthening the impact of EITI implementation in natural resource governance is problematic.	Meaningful progress
Outcomes and impact of implementation (#7.4)	<p>EITI-Peru has produced Annual Progress Reports in the last three years. These reports only provide an account of the previous year's activities. They failed to document the multi-stakeholder group's review of progress against the objectives in the work plan, progress toward compliance with EITI Requirements and addressing recommendations from reconciliation reports.</p> <p>Although different stakeholders have informally discussed progress and outcomes of EITI implementation, there is no evidence that the CMPE has formally reviewed the outcomes and impact of</p>	Inadequate progress

	EITI implementation.	
<p>International Secretariat’s recommendations:</p> <ol style="list-style-type: none"> 1. The CMPE is required to review the outcomes and impact of EITI implementation on natural resource governance. The CMPE may wish to consider undertaking, in consultation with all constituencies, an impact assessment with a view to identifying opportunities to increase impact. The CMPE is encouraged to consider whether to take a more active role in developing recommendations from EITI Reports and agree follow-up and implementation. 2. The CMPE is encouraged to consider developing a communication strategy and tools aiming at increasing the EITI-Peru’s contribution to public debate. In light of the identified needs expressed by stakeholders, this might include more analytical work and better linkages with the work advanced by other organisations, including government institutions, working toward better extractive sector governance. The CMPE could explore opportunities to improve the communication value of the EITI including in-depth analysis of the extractive sector issues and to promote synergies with other efforts in strengthening governance of the sector. 3. The CMPE is encouraged to consider in detail the provisions of EITI Requirement 7.4 when preparing the 2016 Annual Progress Report²⁸⁷. In particular, the CMPE may wish to include a more thorough documentation of their discussions and actions taken to address any recommendation resulting from EITI reporting or EITI Validation. 		

7.5 Impact analysis (not to be considered in assessing compliance with the EITI provisions)

Documentation of progress

In 2005, Peru saw EITI implementation as a way to “*strengthening mechanisms for transparency and improve management of revenues from extractive industries*”²⁸⁸. In particular, the EITI was presented as a tool for “*improving the accessibility and acceptance of the figures [extractive sector data] by all*”.²⁸⁹ More than a decade later, Peru has made substantial progress in achieving these objectives. The impact of the EITI can be seen in three areas: building trust, improved management of revenues from extractive industries, and in the institutionalisation of transparency.

Distrust toward the State and the extractive industries continues to be a major challenge. In this environment, Peru’s EITI figures are respected and used by parliamentarians, national and regional government officials, auditing bodies and civil society organizations. Throughout the course of this assessment, industry stakeholders stressed that: “*in a country with high level of distrust toward the mining industry, the fact that third party-verified information is available through the EITI has been of great value*

²⁸⁷ The EITI Guidance note No 5 provides orientation to CMPEs for addressing the requirement 7.4. Available online at <https://eiti.org/GN5>

²⁸⁸ Peru 2005 EITI work plan

²⁸⁹ Ibid

for extractive companies". Peru's EITI is often cited as a source of reliable revenue data²⁹⁰. It is of course recognised that conflict associated with extractive activities is still high, multi-faceted and will not be solved through a single solution. Stakeholders agree, though, that the EITI has improved access to revenue data and has facilitated acceptance of this data as trustworthy.

Peru has a number of well-established government systems that are transparent, provide thorough data and are largely trusted by stakeholders. Contracts are transparent, licensing and cadastre information is reliable and accessible, monitoring the national budget and execution of public projects is possible by user-friendly systems. The EITI in Peru has demonstrated how revenue collection and distribution systems work. EITI-Peru could, however, make better use of the information available across all these systems. The EITI would then be in a position to strengthen its contribution to transparency and accountability.

Transforming extractive industry revenues to benefits for the whole society continues to be a challenge in Peru. In particular, Peru channels half of the revenues received from the extractive industry to regions and municipalities. It is widely acknowledged that governance at subnational levels of government is often weak; corruption is widespread and administrative and project-management capacity are low. EITI-Peru has sought to improve the management of extractive revenues in the regions. Peru's regional EITI implementation has been slow and with limited results. However, it is a step in the right direction. Stakeholders in the pilot regions have welcomed EITI implementation as a platform for discussing local industry impacts and ensuring better utilisation of revenues. Local CSOs appreciate the efforts in lifting their capacity to monitor the industry and the local government's use of extractive revenues. At the same time, they are clear that more resources and capacity is needed.

A third area where the EITI is recognised to have had an impact is in institutionalizing transparency practices. In 2005, Peru had recently enacted a framework for transparency that required public entities to make their work transparent. The EITI was embraced as a way to deliver on those objectives. The EITI has been implemented by four administrations and the national tripartite collaboration has become routine. The participating government agencies and the majority of companies are fully supportive of the process, and provide the requisite information in a timely manner. EITI figures are regularly published and used. A mechanism for addressing the confidentiality of tax information has been developed and implemented. Stakeholders across constituencies acknowledge the value of having this platform for dialogue. At the same time, it is noted that the potential for using this platform is far from being exhausted. As identified throughout this assessment, EITI data, findings and linkages to other available information could be used to leverage a wider and more informed public debate about the outlook for these sectors.

A number of stakeholders, largely from civil society organisations, have argued that the same level of transparency should be extended to social contributions and environmental management (including adherence to environmental regulations). They believe that as these ten years of EITI implementation have made revenue collection more accountable, it is time to have a similar approach to these other aspects, which are also integral part of accountability of the extractive sector.

²⁹⁰ See for example the report «Towards a vision for mining in Peru in 2030», <http://www.perusupportgroup.org.uk/article-1166.html>

(i) *Sustainability*

Two key challenges need to be addressed to ensure the EITI process is sustainable. First, company participation, while strong, is voluntary and needs to be secured each year, particularly with new entrants to the sector. As noted in this assessment, EITI-Peru is vulnerable to a material companies refusing to participate. Moreover, the work and time needed to secure the necessary waivers and approvals increases costs and reduce the timeliness of the data. Other EITI implementing countries have made legislative and regulatory reforms to embed transparency requirements. This ensures a level playing field for industry, reduces the cost of EITI implementation, and would enable more routine and detailed reporting by government agencies. After a decade of EITI implementation, which has made transparency the norm, it would be timely for the government and the CMPE to consider similar measures.

Second, the funding for EITI implementation needs to be secured. To date, funding has not been a major problem. The Peruvian Government, the World Bank (MDTF, EGPS) and bilateral support from development partners such as the Canadian cooperation, GIZ, SECO and USAID have ensured that there is sufficient funding. However, securing the same level of support in the future is uncertain. It would be timely for the government and the CMPE to consider this issue to ensure that the CMPE's work is adequately funded.

Annexes

Annex A - List of CMPE members and contact details

Name	Organization	E-Mail	Member since
Carlos Aranda	Southern Cooper Corporation	caranda@southernperu.com.pe	2007
Eduardo Rubio*	Anglo American Peru	eduardo.rubio@angloamerican.com	2013
Jorge Luis Mercado	Repsol Peru	jmercados@repsol.com	2012
Barbara Bruce*	Hunt Oil Company of Peru	bbruce@huntoil.com	2009
Carmen Mendoza	Sociedad Nacional de Minería, Petróleo y Energía	cmendoza@snmpe.org.pe	2007
Caterina Podestá*	Sociedad Nacional de Minería, Petróleo y Energía	cpodesta@snmpe.org.pe	2007
Pilar Camero	Derecho, Ambiente y Recursos Naturales (DAR)	pcamero@dar.org.pe	2013
Epifanio Baca*	Grupo Propuesta Ciudadana	ebaca@desco.org.pe	2007
Ana Sabogal	Pontificia Universidad Católica del Peru	asabogal@pucp.pe	2013
Julio Poterico*	Universidad Santiago Antúnez de Mayolo	juliopoterico@hotmail.com	2016
Hernan Pacha	CEOP ILO	hernanbamio@yahoo.com	2016
Francisco Cordova	CIPCA Piura	Fcordova.cipca@gmail.com	2016
Hugo Oropeza	Ministerio de Economía y Finanzas	horopeza@mef.gob.pe	2007
Carmen Astor*	Ministerio de Economía y Finanzas	castor@mef.gob.pe	2007
Guillermo Shinno	Ministerio de Energía y Minas	gshinno@minem.gob.pe	2012
Raúl Ricardo Pérez-Reyes Espejo	Ministerio de Energía y Minas	rperezreyes@minem.gob.pe	2015
Fernando Castillo	Ministerio de Energía y Minas	fcastillo@minem.gob.pe	2012
*Alternate			

Annex B - List of stakeholder consulted

No	Name	Position	E-Mail	Relation to EITI
1	Guillermo Shinno	Deputy Minister of Mining, Ministry of Energy and Mines	gshinno@minem.gob.pe	EITI Peru Champion
2	Fernando Castillo	General Director, Dirección General Oficina de Gestión Social, Ministry of Energy and Mines	fcastillo@minem.gob.pe	EITI Peru National Coordinator
3	Ana Sabogal	Pontificia Universidad Católica del Perú	asabogal@pucp.pe	EITI Peru MSG
4	Pilar Camero	Derecho, Ambiente y Recursos Naturales (DAR)	pcamero@dar.org.pe	EITI Peru MSG
5	Epifanio Baca	Grupo Propuesta Ciudadana	ebaca@desco.org.pe	EITI Peru MSG
6	Carmen Mendoza	Sociedad Nacional de Minería, Petróleo y Energía	cmendoza@snmpe.org.pe	EITI Peru MSG
7	Jorge Luis Mercado	Repsol Perú	jmercados@repsol.com	EITI Peru MSG
8	Eduardo Rubio	Anglo American Perú	eduardo.rubio@angloamerican.com	EITI Peru MSG
9	Carlos Aranda	Southern Cooper Corporation	caranda@southernperu.com.pe	EITI Peru MSG- EITI Board Member
10	Henry Luna	Director of the Mining Cadastre, INGEMMET	hluna@ingemmet.gob.pe	Government institution related to the EITI process
11	Braulio Castillo	General Directorate of Mining, MINEM	bcastillo@minem.gob.pe	Government institution related to the EITI process
12	Luis Barranzuela Farfam	Officer, INGEMMET	lbarranzuela@ingemmet.gob.pe	Government institution related to the EITI process
13	Eddie Soto	Officer for Validity Rights,	esoto@ingemmet.gob.pe	Government

		INGEMMET		institution related to the EITI process
14	Gustavo Vasquez Guevara	Treasurer, Perupetro	gvasquez@perupetro.com.pe	Government institution related to the EITI process
15	Jessica Gallo	Official at the Treasury, Perupetro	jgallo@perupetro.com.pe	Government institution related to the EITI process
16	Miguel Guzmán	Manager of the Hydrocarbon Revenue Collection, Perupetro	mguzman@perupetro.com.pe	Government institution related to the EITI process
17	Gustavo Galván	Legal department, Good corporate governance, Petroperu	ggalvan@petroperu.com.pe	Government institution related to the EITI process
18	Alfredo Coronel	Corporate and Planning Manager, Petroperu	Acoronel@perupetro.com.pe	Government institution related to the EITI process
19	Claudio Quiroz	Pricing Unit Lead, Petroperu	cquiroz@petroperu.com.pe	Government institution related to the EITI process
20	Gonzalo Neira	Directorate of Fiscal Decentralization Policy, MEF	gneira@mef.gob.pe	Government institution related to the EITI process
21	María Palomino	Directorate of Programming, Ministry of Economy and Finances	Mpalomino@mef.gob.pe	Government institution related to the EITI process
22	Hugo Oropeza	Ministry of Economy and Finances	horopeza@mef.gob.pe	EITI Peru MSG member - Government institution related to the EITI process

23	Jhony Ramos	Directorate for the Services to the Tax Payer, SUNAT	Jramos1@sunat.gob.pe	Government institution related to the EITI process
24	Rolf Perez	Adviser, OGGs, MINEM	rperez@minem.gob.pe	EITI Peru national secretariat
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27	Alain Alvarado	Deputy manager of regional planning, Piura regional government	aalvarado@regionpiura.gob.pe	EITI Piura, technical secretary
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29	Juan de la Cruz	Cooperativa Agropecuaria, Piura (OSC)		Piura MSG member
30	Jaime Romero	National University in Piura (OSC)	Jairoza1@hotmail.com	Piura MSG member
31	Juan Aguilar	CEPLAR (OSC)	jaguilar@regionpiura.gob.pe	Piura MSG member
32	Luis Albirena	Oficina Enlace Regional PROGOB	lalbirena@progob.org.pe	Piura MSG member
33	Francisco Cordova	CICA (CSO)	Francisocordova.cipca@gmail.com	EITI Peru MSG- Piura MSG member
34	Hernán García	Presidente EITI Piura Director Regional de Energía y Minas	hgarcial@regionpiura.gob.pe	Piura MSG member
35	Oscar Manuel Ibañez Talledo	Adviser, Piura Municipality	Oscar_manuel4@hotmail.com	Piura MSG member
36	Paola Farfán Vignolo	Community Relations Analyst, Miski Mayo	Paola.farfan@vale.com	Piura MSG member
37	José Luis Vega	Miski Mayo	jose.vega@vale.com	Piura MSG

				member
38	José Bolo	Alcalde de Talara	jose.bolo.bancayan@gmail.com	Piura MSG member
39	Luis Francisco Thais	Management of multi-stakeholder partnerships for shared value and strategy positioning, UNDP Peru	luis.francisco.thais@undp.org	International Organization
40	Leonicio Chiri	Control Department, session for Energy and Environment, the Office of the General Comptroller	chiri@contraloria.gob.pe	Government institution related to the EITI process
41	Ana Aguilar	Control Department, session for Energy and Environment, the Office of the General Comptroller	aaguilar@contraloria.gob.pe	Government institution related to the EITI process
42	Lina Vingerhoets	Audit Manager, Southern Peru Copper Corporation	Lvingerhoets@southernperu.com.pe	Company participating in EITI Reports
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44	Arturo Areyano Rubio	Tax Superintendent, Southern Peru Copper Corporation	aarellano@southernperu.com.pe	Company participating in EITI Reports
45	Sobeida Gonzalez	Project Coordinator, USAID Peru	sgonzales@usaid.gov	International cooperation to EITI related programmes
46	Caterina Jochmann	Advisor on Good Governance, GIZ Peru	caterina.jochmann@giz.de	International cooperation to EITI and related programmes
47	Javier Aguilar	Senior Mining Specialist, Energy & Extractives Global Practice, World Bank	jaguilar@worldbank.org	International cooperation to EITI Peru
48	Jenny Valencia	National Programme Officer, Economic Cooperation at the Swiss Embassy in Peru	jenny.valencia@eda.admin.ch	International cooperation to EITI and related

				programmes
49	Pavel Aquino	Analyst, Environmental Management, UNDP Peru	Pavel.aquino@undp.org	International cooperation to EITI and related programmes
50	Felipe Bedoya	Technical Assistant, Social Conflicts Management, UNDP Peru	Felipe.bedoya@undp.org	International cooperation to EITI and related programmes
51	José de Echave C.	CooperAccion	jdeechave@cooperaccion.org.pe	CSO, wider constituency
52	Nilton Quiñones Huanaya	Researcher in Development and Natural Resources Management	Nilton.quinones@gmail.com	Independent Administrator, regional EITI pilot reports
53	Patricia Guillén Nolasco	Responsible for Open Government Partnership at the Presidency of the Ministerial Council	pguillen@pcm.gob.pe	CSO, wider constituency
54	Renzo Valera	Manager, EY	renzo.valera@pe.ey.com	Independent Administrator
55	Numa Arellano	Partner, EY	Numa.arellano@pe.ey.com	Independent Administrator
56	Carlos Wendorff	Pontificia Universidad Católica del Perú (PUCP) INNOVAPUCP	cwendorff@pucp.edu.pe	Former EITI Peru MSG member - CSO, wider constituency
57	Silvana Huanqui	Universidad del Pacífico (UP) Centro de Estudios sobre Minería y Sostenibilidad	huanqui_sr@up.edu.pe	CSO, wider constituency
58	Oscar Castilla	Ojo Público	ocastilla@ojo-publico.com	Independent media, wider constituency
59	Berbabé Impi	Asociación Interétnica de Desarrollo de la Selva Peruana (AIDSEP)	aidesep@aidesep.net.pe kampankis_19@hotmail.com	CSO, wider constituency
60	Isrrail Aqise	Asociación Interétnica de	isarrielaqise@yahoo.es	CSO, wider

		Desarrollo de la Selva Peruana (AIDSESP)		constituency
61	Marcelino Bustamante	Confederación Nacional Agraria (CNA)	cna@cna.org.pe	CSO, wider constituency
62	Marvin Pérez	Coordinadora Nacional de Derechos Humanos (CNDDHH)	marperez@derechoshumanos.pe	CSO, wider constituency
63	César Flores	CooperAcción	cflores@cooperaccion.org.pe cfunzaga@cooperaccion.org.pe	CSO, wider constituency
64	César Gamboa	Derecho, Ambiente y Recursos Naturales (DAR)	cgamboa@dar.org.pe	EITI Board Member
65	Aída Gamboa	Derecho, Ambiente y Recursos Naturales (DAR)	agamboa@dar.org.pe	CSO, wider constituency
66	Vanessa Cueto	Derecho, Ambiente y Recursos Naturales (DAR)	vcueto@dar.org.pe	CSO, wider constituency
67	Miguel Lévano	OXFAM en Perú	mlevano@oxfamamerica.org	CSO, wider constituency
68	Magali Avila	Proética	mavila@proetica.org.pe	CSO, wider constituency
69	Javier Jahncke	Red Muqui	jjahncke@muqui.org	CSO, wider constituency
70	Javier Torres	Servicios Educativos Rurales (SER)	javierto@ser.org.pe	CSO, wider constituency

Annex C – List of reference documents

Documents not available online were shared by EITI Peru national secretariat as per request of the International Secretariat during the data collection phase. The documents reviewed by the International Secretariat as part of this assessment are included as annexes to this document as stated below.

Work plans and Annual Progress Reports

EITI Peru 2016-2018 work plan is not available online, please refer to the supplementary information below.

EITI Peru 2015 work plan

<http://eitiperu.minem.gob.pe/documentos/Plan%20de%20Acción%20%202015%20EITI.pdf>

EITI Peru 2012-2014 work plan

<http://eitiperu.minem.gob.pe/documentos/documento-123475667.pdf>

EITI Peru 2015 Annual Progress Report

<http://eitiperu.minem.gob.pe/documentos/INFORME%20DE%20ACTIVIDADES%202015%20EITI%20PERU.pdf>

EITI Peru 2014 Annual Progress Report

<http://eitiperu.minem.gob.pe/documentos/INFORME%20DE%20ACTIVIDADES%202014%20EITI%20PERU.pdf>

EITI Peru 2013 Annual Progress Report

<http://eitiperu.minem.gob.pe/documentos/INFORME%20DE%20ACTIVIDADES%202013%20EITI%20PERU.pdf>

EITI Peru 2011-2012 Annual Progress Report

<http://eitiperu.minem.gob.pe/documentos/INFORME%20DE%20ACTIVIDADES%202011%202012%20EITI%20PERU.pdf>

EITI Reports and Terms of Reference for the Independent Administrator

Peru 2014 EITI Report

<http://eitiperu.minem.gob.pe/documentos/5to%20ECN%20EITI.pdf>

ToRs for Peru 2014 EITI Report

<http://eitiperu.minem.gob.pe/documentos/TDR%20V%20ECN.pdf>

Peru 2013 EITI Report

http://eitiperu.minem.gob.pe/estudios/documentos/ecn/4_EC_N_EITIPERU.pdf

Summary Peru 2013 EITI Report

http://eitiperu.minem.gob.pe/estudios/documentos/ecn/4_EC_N_version_amigable.pdf

ToRs for Peru 2013 EITI Report

<http://eitiperu.minem.gob.pe/documentos/TDR%20IV%20ECN.pdf>

Peru 2011-2012 EITI Report

http://eitiperu.minem.gob.pe/estudios/documentos/ecn/3_EC_N_EITIPERU.pdf

Summary Peru 2011-2012 EITI Report <http://eitiperu.minem.gob.pe/documentos/Version%20amigable.pdf>

ToRs for Peru 2011-2012 EITI Report

<http://eitiperu.minem.gob.pe/documentos/TDR%20III%20ECN.pdf>

Peru Data visualization tool <http://eiti-peru.github.io/data-app/index.html>

Validation Report

2010 Peru Validation Report <https://eiti.org/node/7917>

2012 Peru Secretariat Review <https://eiti.org/node/7920>

Legal documents and ToRs related to EITI implementation

Supreme Decree No 027-2006-EM

<http://eitiperu.minem.gob.pe/documentos/documento-33523971.pdf>

Supreme Decree No 030-2007-EM

<http://eitiperu.minem.gob.pe/documentos/documento-268155045.pdf>

Ministerial Resolution No 002-2016-MEM/OGGS

<http://eitiperu.minem.gob.pe/documentos/Resolucion%20de%20reconocimiento%20de%20los%20representantes%20de%20las%20Empresas.pdf>

Ministerial Resolution No 003-2016-MEM/OGGS

<http://eitiperu.minem.gob.pe/documentos/Resolucion%20de%20reconocimiento%20de%20representantes%20de%20la%20Sociedad%20Civil.pdf>

Ministerial Resolution No 466-2011-EF/10

<http://eitiperu.minem.gob.pe/documentos/Designacion%20Representantes%20MEF%20ante%20Comision%20Multisectorial%20Permanente.pdf>

Ministerial Resolution No 281-2011-MEM/DM

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Systematization of 10 years of EITI in Peru

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Annex D - Details of Peru EITI Reports

Period Covered	Publication Date	Sectors Covered	Government Revenues (USD millions)	Company Payments (USD millions)	Number of Companies Reporting	Reconciler
2004	October 2009	Oil, Gas, Mining	884	883	33	Ernst & Young
2005	October 2009	Oil, Gas, Mining	1 757	1 755	33	Ernst & Young
2006	October 2009	Oil, Gas, Mining	2 926	2 926	33	Ernst & Young
2007	October 2009	Oil, Gas, Mining	3 125	3 126	33	Ernst & Young
2008	December 2011	Oil, Gas, Mining	4 153	3 573	51	Ernst & Young
2009	December 2011	Oil, Gas, Mining	3 402	2 956	51	Ernst & Young
2010	January 2012	Oil, Gas, Mining	5 154	4 358	51	Ernst & Young
2011	February 2014	Oil, Gas, Mining	5 884	5 881	59	Ernst & Young
2012	February 2014	Oil, Gas, Mining	5 481	5 479	59	Ernst & Young
2013	June 2015	Oil, Gas, Mining	5 511	5 511	63	Ernst & Young
2014	June 2016	Oil, Gas, Mining	3 919	3 924	60	Ernst & Young

Supplementary documentation

The International Secretariat has reviewed as part of this assessment supplementary documentation (SD) received by the EITI-Peru national secretariat that is online. The information is available upon request.

- SD 1 EITI Peru Budget 2011- 2016
- SD 2 Overview of key decisions and discussions of EITI-Peru MSG
- SD 3 Overview of EITI-Peru Communication efforts 2012-2016 by constituency
- SD 4 Report from the election of CSOs representatives to the MSG
- SD 5 Resolution appointing CSOs representatives to the MSG
- SD 6 Resolution appointing industry representatives to the MSG
- SD 7 Communication of elected industry representatives to MINEM
- SD 8 Appointment of government representatives from MEF to the MSG
- SD 9 EITI-Peru self-assessment for Validation
- SD 10 Complementary information provided to the International Secretariat
- SD 11 EIT-Peru draft work plan for 2016-2018
- SD 12 Disseminations efforts in Piura and Moquegua