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INNOVATIONS FOR POVERTY ACTION | POLICY BRIEF



## Can Information Improve Local Accountability?

Workshops in Peru inform citizens about how they can keep government accountable for the revenues they receive from the mining industry.



Extractive industries around the world generate billions of dollars in taxes and royalties each year, but they also can disrupt rural communities through environmental damage. To help communities cope with the negative side effects of mining, firms and governments often promise a portion of revenues for rural development. However, some communities never receive the promised resources.

In Peru, the law provides democratic channels through which citizens can hold leaders accountable for lost or misspent funds, but rural residents rarely know how to access these mechanisms. Over time, when communities do not experience any benefits from nearby extractive activities, they can resent such industries. Not knowing how to improve the situation through peaceful

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## ¿Puede la información mejorar la rendición de cuentas de los gobiernos locales?

Talleres llevados a cabo en Perú informan a ciudadanos sobre cómo hacer rendir cuentas a sus gobiernos sobre los ingresos que reciben de la industria minera.



Las industrias extractivas alrededor del mundo generan miles de millones de dólares en impuestos y cánones cada año, pero también pueden afectar a comunidades rurales a través de perjuicios al medio ambiente. Para ayudar a las comunidades a sobrellevar los efectos

negativos de la minería, empresas y gobiernos suelen prometer destinar una parte de los beneficios a desarrollo rural. Sin embargo, algunas comunidades nunca reciben los recursos prometidos.

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# IPA Peru Co-Hosts Event on Conflict Resolution Evidence

On February 21, 2017, IPA Peru, alongside New York University and Universidad del Pacífico, co-hosted a policy event to disseminate innovative evidence on conflict resolution in extractive industries. Attendees included the Peruvian Ministry of Economy and Finance, Ministry of Development and Social Inclusion, the World Bank, the International Finance Corporation, major national NGOs such as ProDialogo, SEP, SPDA, Socios Perú and several national and multinational mining firms.

The event consisted of two panels in which researchers Renard Sexton (New York University) and Matthew Bird (Universidad del Pacífico) presented their findings, followed by commentary from representatives of the public and private sector.



In the first panel, Renard Sexton presented his research paper "Accountability and Transparency in the Extractive Industries of Peru." Using a randomized field experiment in mining areas of Peru, the research showed that an information workshop for community leaders greatly increases knowledge about democratic processes, increases support for democratic sanctioning of poor-performing mayors, and reduces support for protest as a means of expressing dissatisfaction. At the same time, the treatment only improves local government performance in places that were relatively high performing pre-treatment, whilst in fact reducing performance in pre-treatment areas that were already low-performing. Taken together, the evidence suggests that transparency interventions can have perverse welfare effects where the political incentives for performing mayors push them further into a "bad equilibrium" even as citizens are better informed about government performance and democratic processes. This was followed by commentary from a representative of the Ministry of Economy and Finance and a brief Q&A with the audience.

In the second panel, Matthew Bird presented a case study on an innovative approach to processes in conflict resolution research through an evaluation partnership with a Peruvian mining firm. This study signifies one of the first successful private sector-academia collaborations and is currently in progress. The presentation was followed by commentary from a representative of the partner mining firm and a brief Q&A with the audience.

The final section of the event consisted of a roundtable with both panelists, IPA Country Director Juan Manuel Hernández-Agramonte, and two representatives from the central



government (Oficina Nacional de Diálogo y Sostenibilidad) and the private sector (Sociedad Nacional de Minería, Petróleo y Energía). The discussion opened with the results of the pre-event survey presented by Juan Manuel Hernández-Agramonte. The survey was designed to map the level of use and evidence gaps at the sectoral level and gather opinions regarding the direction and areas to locate future efforts in evidence production. Thus, prompting an interactive discussion with the audience and above mentioned speakers.



## City

Lima

## Country

Peru