

# **Resource Revenue Expenditure**

## **The Institutional Maps of Chile, Peru and Bolivia (1)**

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**Territory, Conflicts and Development in the Andes**

**University of Manchester/ICMM seminar**

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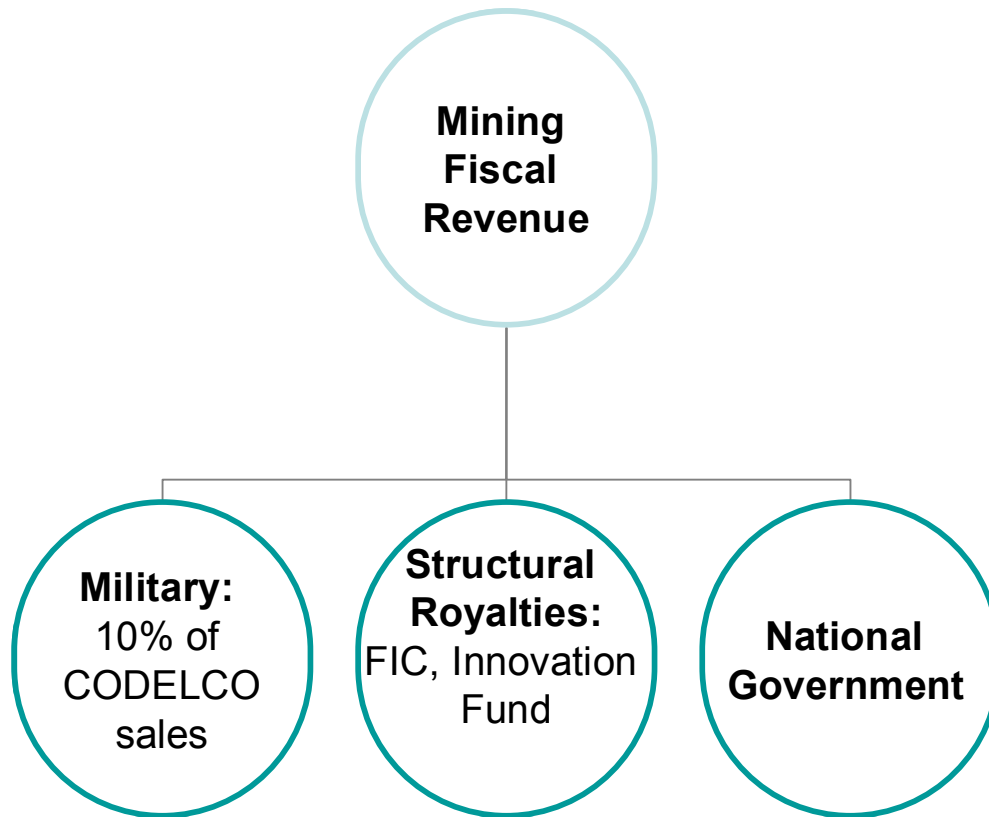
*(1) All information is preliminary, please don't quote.*

# Increase in Hydrocarbon and Mining Revenues

Year	Mining/hydrocarbons Share of Fiscal Revenue		
	Chile (1)	Peru (2)	Bolivia (3)
2001	5%	4%	18%
2002	4%	4%	17%
2003	6%	6%	13%
2004	19%	8%	10%
2005	22%	12%	26%
2006	29%	20%	34%
2007	25%	23%	

(1) Sources: Consejo Minero, Codelco, Dipres. (2) Sunat, Ministry of Finance, BCRP. (3) Interamerican Dev. Bank.

# Spending Institutions: *Chile*



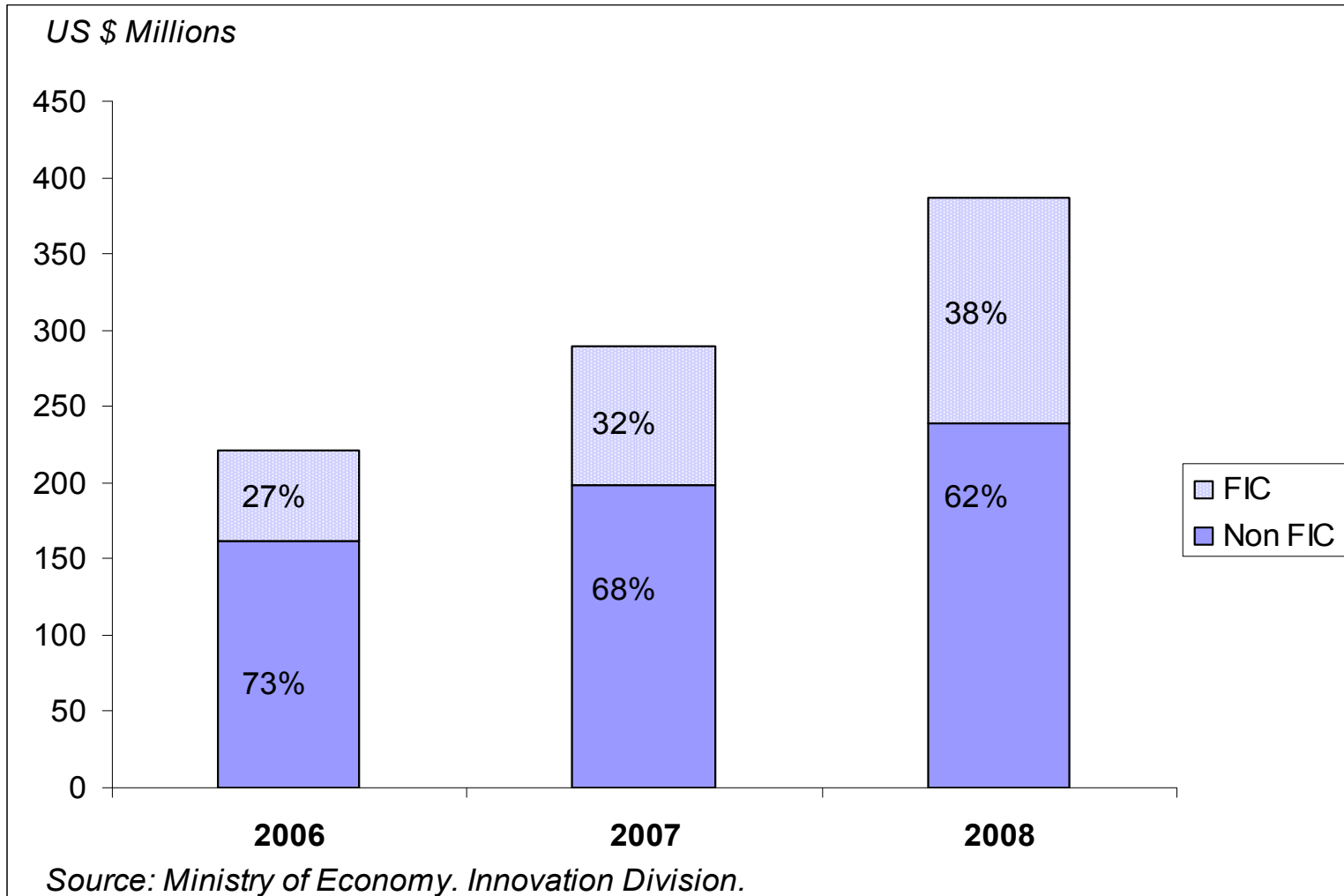
**No rule for regional distribution of copper revenue.**

# Chile 2007: Spending Mining Revenue

	<b>US\$ Millions</b>	<b>As % of Mining Fiscal Revenue</b>
Fiscal Revenue from Mining	11,400	
National Level		
Committed Spending		
Army Forces Share	1,300	11.4%
Contribution from Mining to FIC (Innovation Fund for Competitiveness)	312	2.7%
Non-committed Budget	9,788	85.9%

Sources: DIPRES, CODELCO, Consejo Minero, SUBDERE

# Chile: Innovation Expenditure



# Chile: Effective Regional Public Investment Outside Santiago Region

**As a Percentage of National Public Investment**

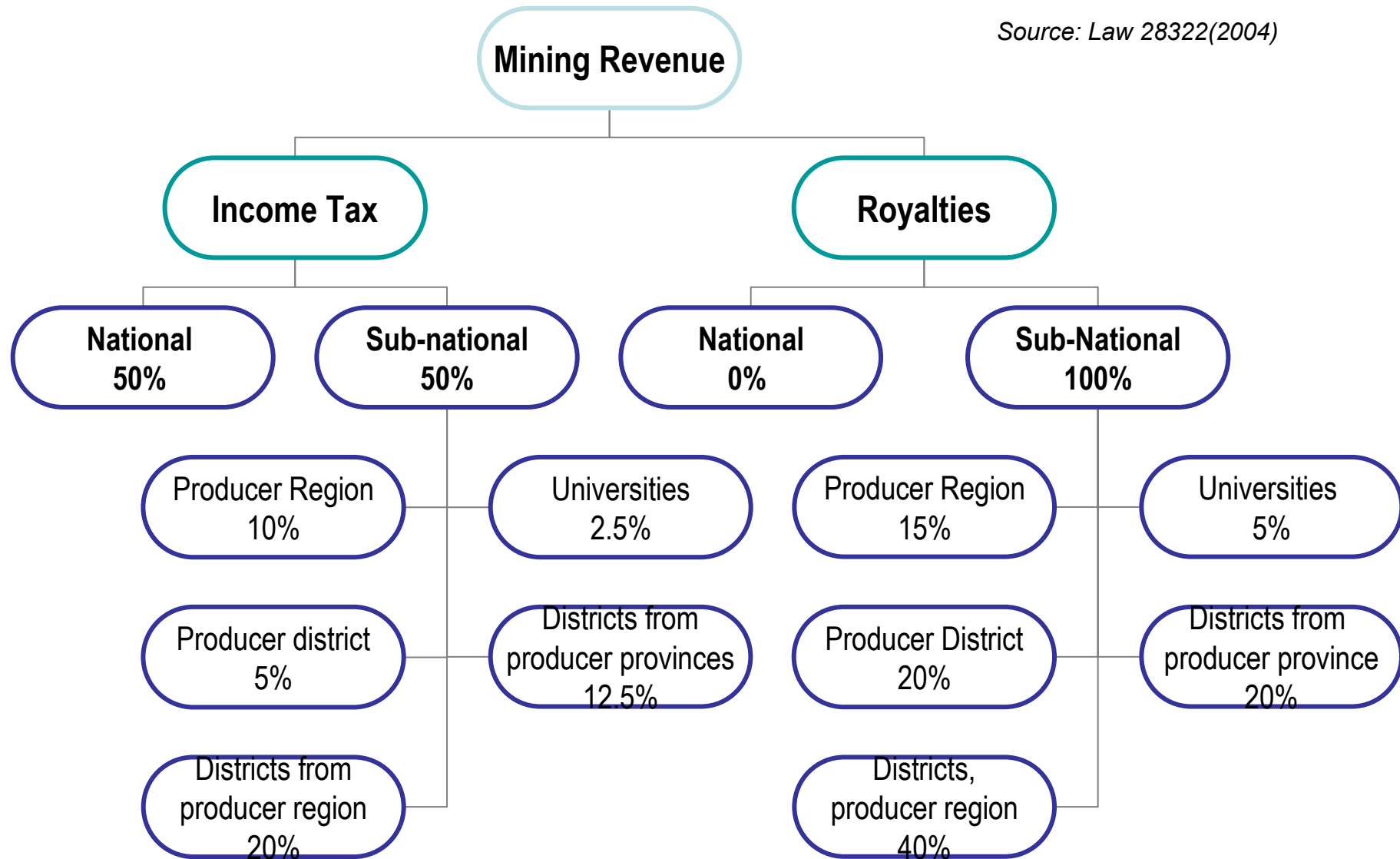
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Fund for Regional Development -FNDR	34.8%	34.4%	37.4%	38.7%
Regional-Level Investment	83.0%	84.3%	82.0%	75.8%
National Public Investment (US\$ Millions)	654	594	573	598

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Fund for Regional Development -FNDR	45.4%	45.6%	45.0%	48.7%
Regional-Level Investment	66.8%	70.1%	68.8%	77.6%
National Public Investment (US\$ Millions)	720	839	1,012	1,135

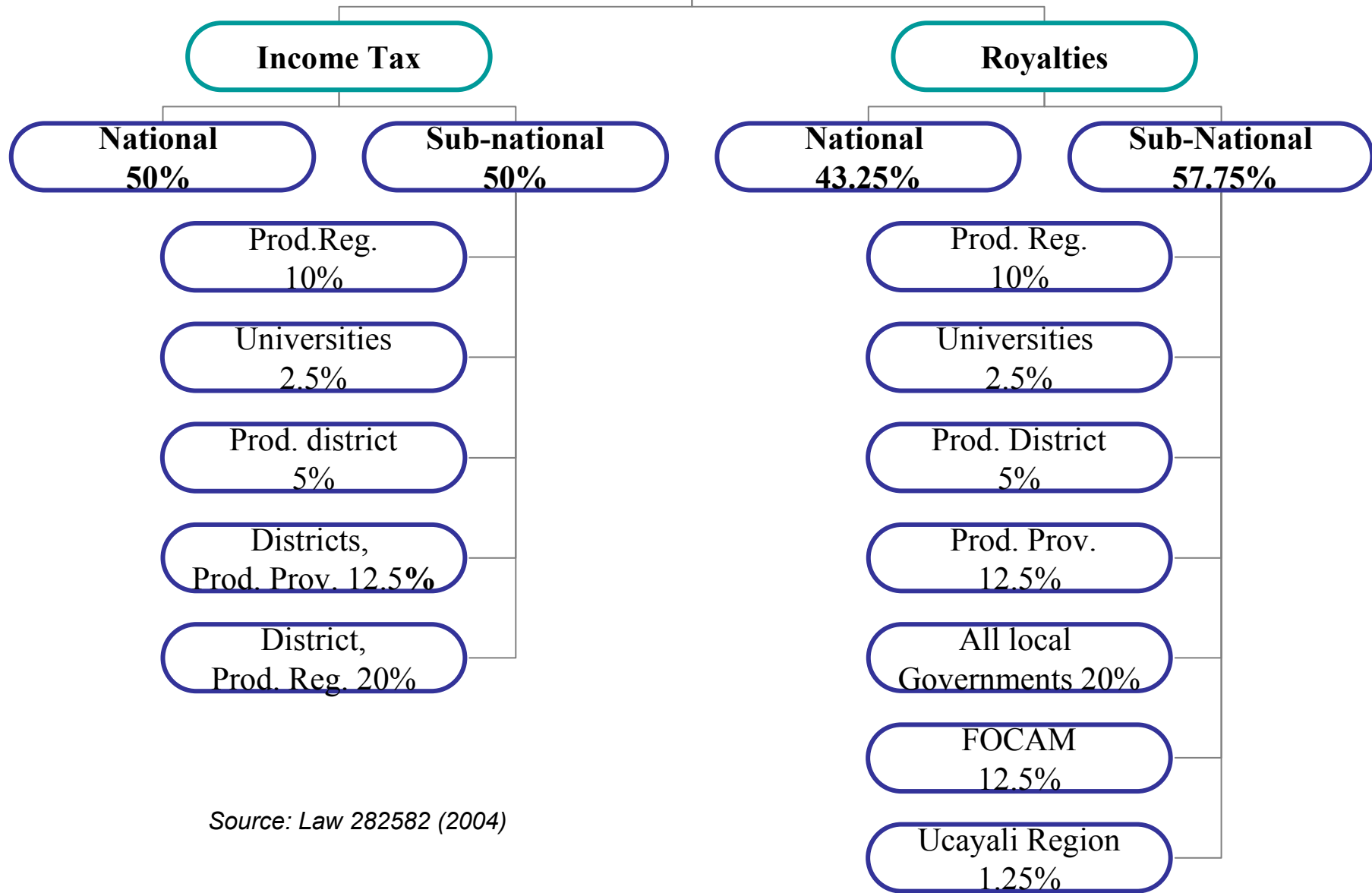
*Sources: SUBDERE and DIPRES*

# Spending Institutions: *Peru's Canon*

Source: Law 28322(2004)



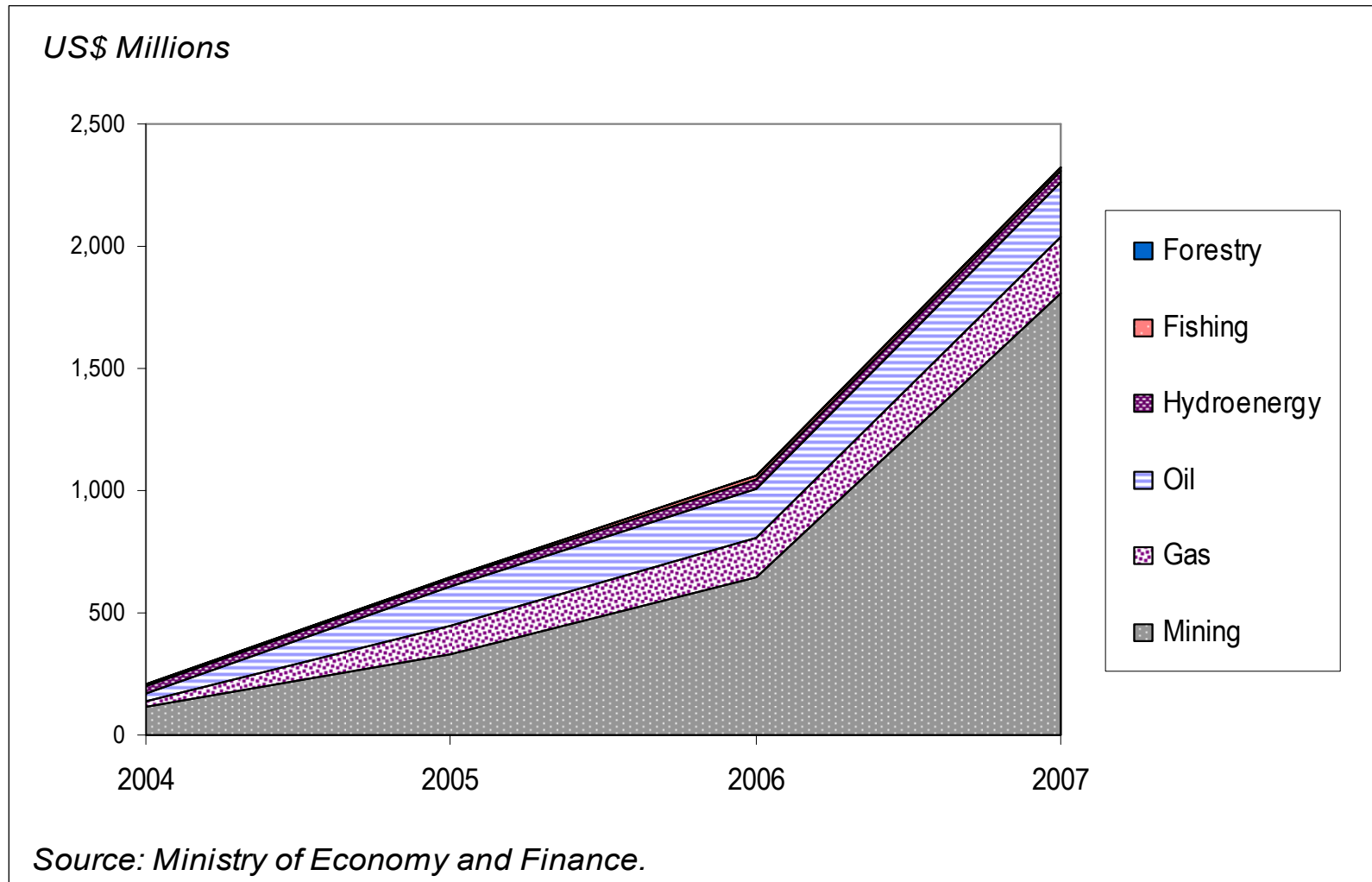
# Gas



Source: Law 282582 (2004)



# Peru: Evolution of Canon

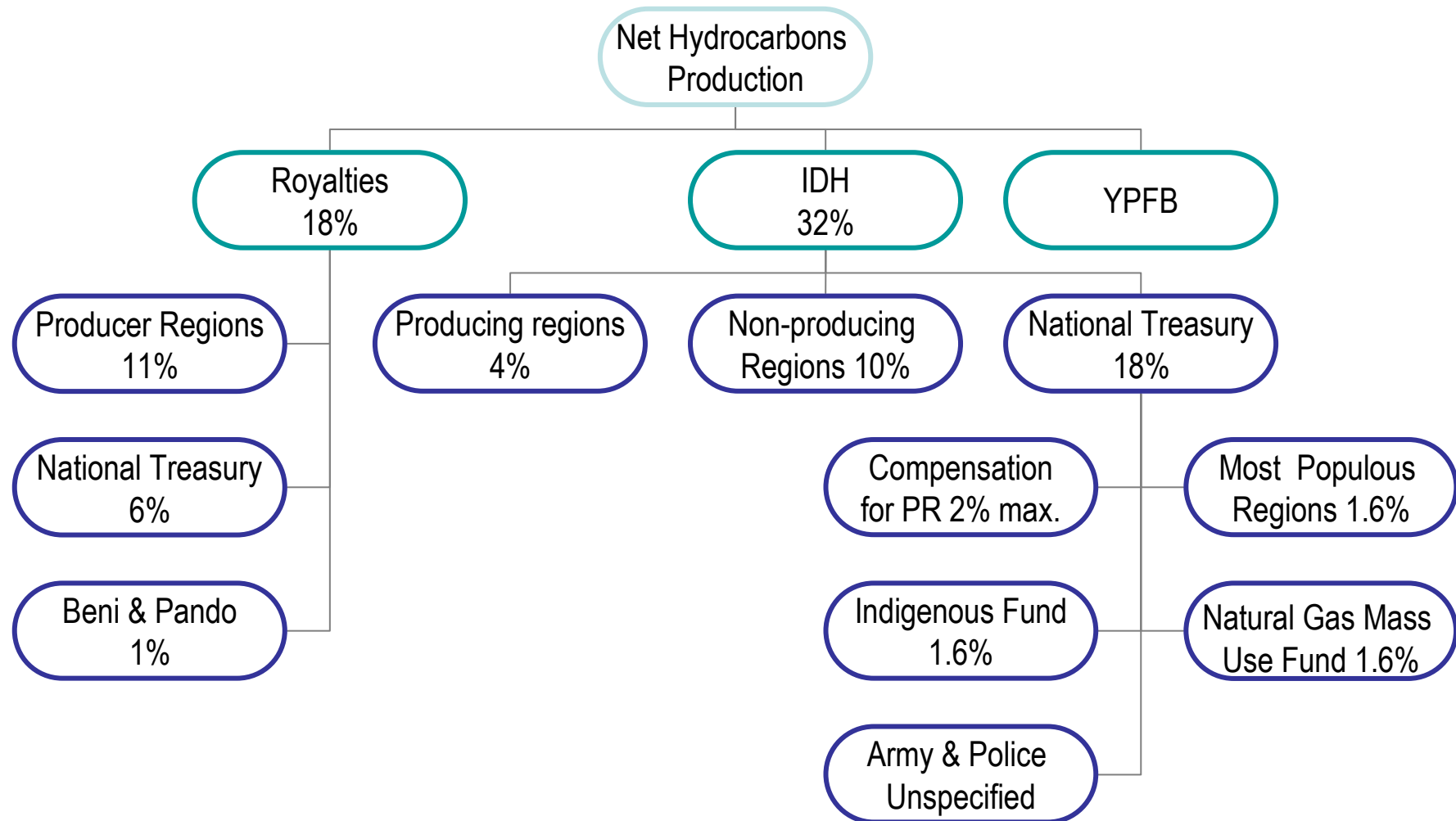


# Canon Expenditure: 2007 (regions only)

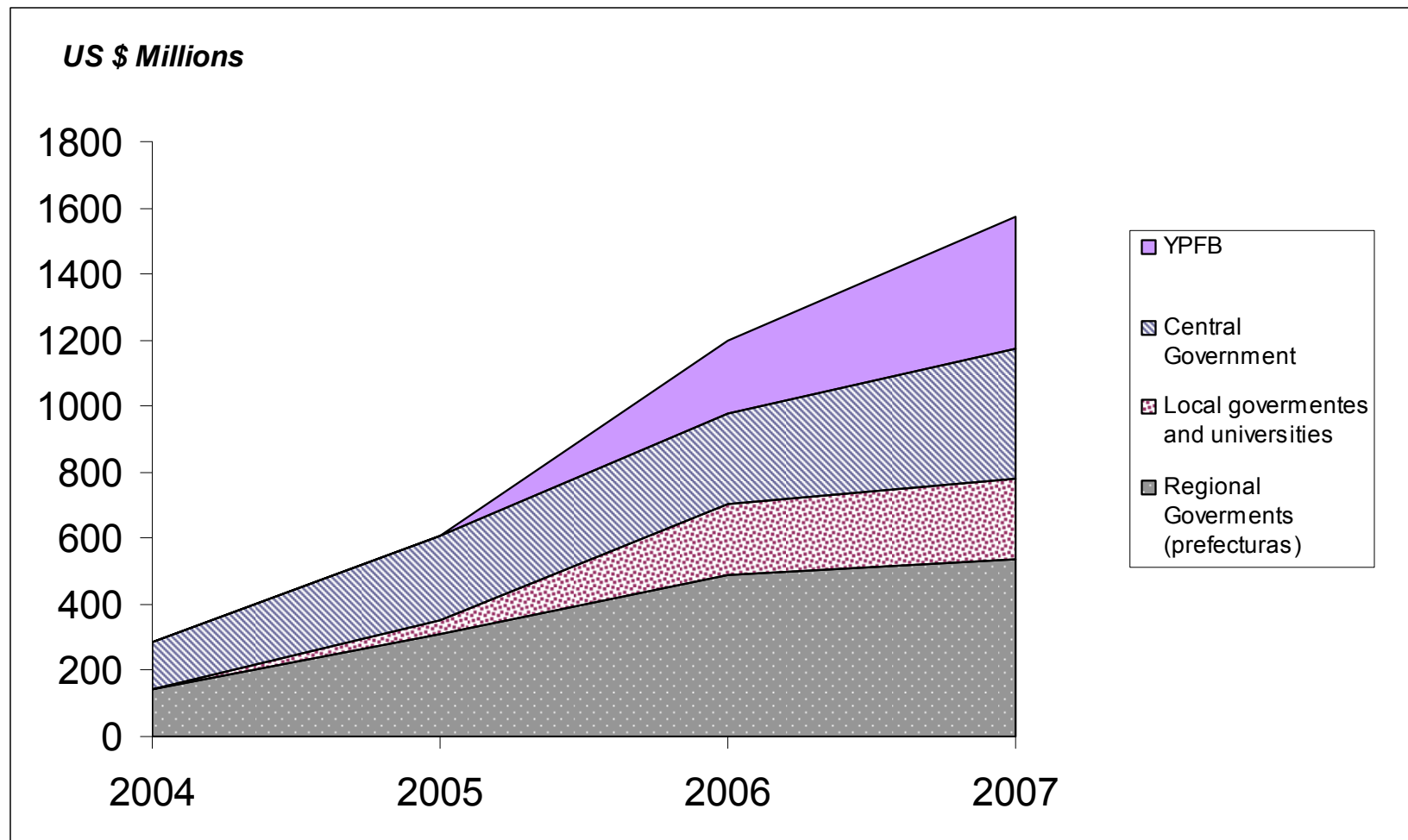
Regional Government	Canon Budget (US\$ Million)	% Executed from Canon	% Executed from total budget
ANCASH	96.028	35%	37%
CUSCO	71.162	38%	39%
CAJAMARCA	58.294	28%	51%
MOQUEGUA	53.269	33%	35%
TACNA	47.285	32%	38%
PASCO	40.182	31%	35%
LORETO	36.762	54%	51%
SAN MARTIN	30.034	26%	40%
PIURA	29.642	74%	65%
LIMA	21.160	26%	50%
CALLAO	18.840	49%	49%
PUNO	17.293	34%	56%
UCAYALI	16.264	51%	30%
LA LIBERTAD	14.178	81%	67%
TUMBES	12.065	38%	47%
HUANCAVELICA	11.006	45%	52%
AREQUIPA	10.389	67%	72%
JUNIN	10.024	25%	29%
AYACUCHO	7.029	97%	86%
ICA	5.195	49%	44%
HUANUCO	1.255	34%	87%
APURIMAC	1.009	100%	97%
MADRE DE DIOS	0.064	0%	61%
AMAZONAS	0.030	10%	82%
LAMBAYEQUE	0.006	43%	53%
<b>Total</b>	<b>608.466</b>	<b>40%</b>	<b>50%</b>

Source: Ministry of Economy and Finance.

# Spending Institutions: *Bolivia* 's *Hydrocarbon Revenue*



# Bolivia: Evolution and Share of Hydrocarbons Revenue



# Discretionality

<b>Chile (Medium)</b>	<b>Peru (Low)</b>	<b>Bolivia (High)</b>										
<p><b>FNDR:</b> Funds all type of projects, from socio-economic infrastructure to studies and/or programs of any sector of public investment; if they follow the principles of the <b>Budget Law</b> of each year and the <b>National Investment System</b>.</p> <p>Since 2001, the following spending structure has been maintained:</p> <ul style="list-style-type: none"> <li>•Education and culture (38%)</li> <li>•Urban-rural Transp. (23%)</li> <li>•Rural electrification (9%)</li> <li>• Health (8%)</li> <li>•Water and Sewage (4.5%)</li> </ul> <p><i>Source: Subdere, 2007.</i></p>	<p><b>L.27504 (2001):</b> Only infrastructure projects.</p> <p><b>L.28322(2004):</b> 30% for fostering of productive activities.</p> <p><b>L.28258(2004):</b> Royalties must be use to create links between mining and the economic development of the region.</p> <p><b>L. 28562(2005):</b> 20% can be use in the maintenance of infrastructure and the preparation and/or selection of investment projects.</p> <p><b>L.28928 (2007):</b> payment for authorized debt.</p> <p><b>D.U. 0132007:</b> payment for temporary teachers.</p> <p><b>L.29077 (2007):</b> earthquake reconstruction.</p>	<p><b>The Decentralization Law:</b> 85% in investment projects.</p> <p><b>The IDH Law:</b> “investment in education, health, roads and economic development”</p> <p><b>‘Operational’ laws:</b> Open the door for a wide range of uses.</p> <p><b>Regions (Prefecturas), expenditure in public investment 2007 :</b></p> <ul style="list-style-type: none"> <li>•<b>IDH:</b> 40%.</li> <li>•<b>Royalties:</b> 39%</li> <li>•<b>By region:</b></li> </ul> <table border="0"> <tr> <td>CHUQUISACA (41%)</td> <td>LA PAZ (40%)</td> </tr> <tr> <td>COCHABAMBA (43%)</td> <td>ORURO (42%)</td> </tr> <tr> <td>POTOSI (35%)</td> <td>TARIJA (41%)</td> </tr> <tr> <td>SANTA CRUZ (20%)</td> <td>BENI (31%)</td> </tr> <tr> <td>PANDO (75%)</td> <td></td> </tr> </table> <p><i>Source: Nation TGN 2007. Jubileo No 6, 2007.</i></p>	CHUQUISACA (41%)	LA PAZ (40%)	COCHABAMBA (43%)	ORURO (42%)	POTOSI (35%)	TARIJA (41%)	SANTA CRUZ (20%)	BENI (31%)	PANDO (75%)	
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