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## 1. CPS Data

**Country:** Peru

**CPS Year:** FY06

**CPS Period:** FY07 – FY11

**CPSCR Review Period:** FY07 – FY11

**Date of this review:** March 6, 2012

## 2. Executive Summary

i. This review examines implementation of the FY07-11 Peru Country Partnership Strategy (CPS) and the FY09 CPS Progress Report (CPSPR), and evaluates the CPS Completion Report (CPSCR). The review covers the joint program of IBRD, IFC and MIGA. The review complements the Country Program Evaluation (CPE) on Peru discussed by CODE in July of 2010 (Peru: Country Program Evaluation for the World Bank Group, 2003-09). The two reviews, however, cover different periods (2007-11 in the CPSCR Review vs. 2003-09 in the CPE) as well as a somewhat different set of objectives. These two aspects explain the differences in the evaluations, such as the upgrading in rating of a pillar and the downgrading of another.

ii. The WBG strategy was organized around three pillars: (i) accelerating economic growth; (ii) enhancing social development; and (iii) modernizing institutions. Pillar 1, on growth, focused on maintaining macro stability and reducing macro vulnerabilities, accelerating growth and broadening its sources, as well as making growth environmentally sustainable. Pillar 2, on social development, aimed at meeting basic needs, and promoting and developing a new social contract on education, health and nutrition. Pillar 3 supported furthering decentralization and access to public services, strengthening public sector management, and improving the justice system and reducing corruption.

iii. IEG rates the overall outcome of the WBG strategy in Peru as *moderately satisfactory*. IEG notes that Peru's own accomplishments in many areas, particularly on growth, macroeconomic stability, de-dollarizing the monetary system, and addressing some basic needs are remarkable—these achievements are mostly attributable to Peru's own efforts. IEG also highlights the timeliness of the WBG's support to Peru at the time of the global financial crisis, which was instrumental in helping the country access world bond markets, as well as the additionality of IFC's intervention in supporting municipalities use their royalties to benefit poor communities. With WBG support, Peru has improved public expenditure efficiency, some rural infrastructure as noted in the Peru CPE, and environmental frameworks and regulations, as well as increased access to water, sanitation and electricity, also highlighted in the Peru CPE. Peru made progress in strengthening public sector management and, with support from the WBG, established a unified treasury account, and is making headway in results-based budgeting at the national level, participatory investment budgeting at the local level, and mainstreaming an integrated financial administration system also at the sub-national level. Spending of royalties by some local governments is also benefiting local communities. With mixed results, Peru worked on improving the quality of education, the coverage of health services, and nutrition, and continues to work on improving its justice system and abating corruption, albeit slowly and with uneven outcomes. There is no information about progress on housing and property rights, and on how health services have been adapted to the evolving epidemiological profile. The WBG made little progress in helping Peru reduce informality or promote non-traditional labor intensive sectors of the Peruvian economy, and came late in the CPS period with assistance on disaster preparedness and mitigation. The country's decentralization process came to a halt for political reasons early in the CPS period, making immaterial the WBG's objective of supporting it.

CPSCR Reviewed by:	Peer Reviewed by:	CASCR Review Coordinator
Juan José Fernández-Ansola Consultant, IEGCC	Jorge García-García Consultant, IEGCC	Jaime Jaramillo-Vallejo, Lead Economist, IEGCR
Surajit Goswami, Consultant, IEGCC	Steve F. Pirozzi Senior Evaluator, IEGCC	

iv. IEG underscores four lessons stemming from this review. First, the WBG has greater development effectiveness when it aligns its strategy with the government's own program, as evidenced by the highly effective intervention supporting Peru's actions to deal with the effects of the global financial crisis. By contrast, the WBG had less effective interventions in areas with little country buy in, such as the decentralization in social sectors and rural education. Second, the development effectiveness of the WBG can only be demonstrated where there are interventions that can help the country deliver the expected results. By contrast, strategy objectives that are beyond the purview of the WBG, although achieved by the country, are not a demonstration of the WBG's development effectiveness. Third, WBG strategies gain efficacy when they have a monitoring and evaluation framework that is based on available and verified data, and that can actually be used by the WBG to actively play out its strategy. Within this review, those objectives that were better monitored were the ones that showed the best development results. Fourth, the WBG could find ways of improving coordination within the Group itself to take advantage of good initiatives that can be scaled up for the benefit of the country, as could have been the case with IFC's work with the municipalities that were receiving the royalties of its investees.

### 3. CPS Summary

#### **Overview of CAS Relevance:**

##### Country Context

1. A sound policy framework, prudent macroeconomic policies and strong commodity prices helped Peru achieve cumulative GDP real growth of over 31 percent between 2007 and 2010, which led to a fall in poverty from 46 percent in 2006 to 31 percent in 2010, the latest measure. The strong cumulative growth includes a decline in the rate of growth to about 1 percent in 2009 due to the global financial crisis, as well as a rebound of 9 percent in 2010. Notwithstanding the crisis and in its midst, the international rating agencies granted Peru investment grade-- Fitch (2008), Standard and Poor's (2008), and Moody's (2009), which the country still maintains. Peru also had to face two major earthquakes, one in 2007 (magnitude 8.0, Richter scale) and another one in 2011 (magnitude 6.9), as well as the impact of "El Niño" (and the subsequent "La Niña") in 2010. Despite its strong macroeconomic and poverty reduction performance, Peru still faces challenges, including in reducing poverty further with a more equal distribution of income, developing infrastructure, and improving the quality of social services.

2. Peru's priorities—expressed in the Prime Minister's presentation of the government plan to the Peruvian Congress in August of 2006—were to sustain and accelerate economic growth to ensure a rapid reduction of poverty. Emphasis would be put on promoting economic and human development, bolstering social inclusion, and improving living standards. The transition from President Toledo (2001-06) to President Garcia (2006-11) brought changes in the overall country strategy. While in some areas, such as macroeconomic policy, the country's own priorities remained unchanged (as is discussed in the Peru CPE), in others, notably decentralization, there were significant changes.

##### Objectives of WBG Strategy

3. The WBG strategy was organized around three pillars: (i) accelerating economic growth; (ii) enhancing social development; and (iii) modernizing institutions. Pillar 1, on growth, focused on maintaining macro stability and reducing macro vulnerabilities, accelerating growth and broadening its sources, as well as making growth environmentally sustainable. Pillar 2, on social development, aimed at meeting basic needs, and promoting and developing a new social contract on education, health and nutrition. Pillar 3 supported furthering decentralization and access to public services, strengthening public sector management, and improving the justice system and reducing corruption.

##### Relevance of the WBG Strategy

4. The WBG strategy addressed some of the key challenges facing Peru, particularly on growth,

inclusion, and social services, and responded flexibly to the evolving global financial crisis. The strategy was aligned with Peru's government plan, and the WBG's response was flexible on size and timing of key operations. At the same time, feedback from former Ministry of Finance officials suggests that the initial reform platform developed under the CPS was short on detail, lacked agreement on specific reform interventions expected from the WBG, and could have given the wrong impression that Peru was going to use WBG services extensively in its implementation of policies. In the event, Peru went its own way on reform, and the dialogue with the authorities was not as fluid as needed for the WBG to bring into its own projects and programs the country's changing policy intentions. As a result, projects such as the decentralization in social sectors and rural education performed poorly. Nevertheless, the WBG responded flexibly and diligently to the requests for assistance from the Peruvian authorities at the time of the global financial crisis.

5. The WBG strategy was weakly relevant in its design. Some outcomes were not supported by appropriate WBG interventions, while there were loose links between WBG strategy objectives and its interventions for other outcomes. Under Pillar 1 in particular, the WBG targeted high-order macro outcomes with interventions of a fairly circumscribed scope. For example, the outcomes on informality and tourism development under this pillar were not plausibly linked to the interventions. Some of the macro outcomes in Pillar I (for example on inflation and de-dollarization) were outside the WBG's purview and capacity to influence, and there were no WBG interventions in the strategy that could have had an impact on them. Moreover, on program design, the monitoring of the results framework was made difficult by some indicators that were not measurable or did not have proper baselines, limiting their use for the WBG's monitoring and evaluation, as well as subsequent decision-making.

6. Both IFC and MIGA interventions were congruent with market demand. IFC invested in natural resources, electricity generation and transmission, toll roads, and improving Lima's airport, while supporting SMEs through its investee financial institutions—the bulk of these investments were in Peru's traditional sectors. MIGA participated by extending guarantees for the transportation, mining, and financial sectors. IFC's additionality at the country program level was particularly high in its investment in a private natural resource company whose royalties helped strengthen the administration of recipient poor municipalities with support from IFC. These activities were conducted in one of Peru's poorest regions with IFC support. The municipalities—after being strengthened—utilized the royalties obtained to invest in local schools, roads, and other infrastructure, lifting the quality of services for the poor.

#### Risk Identification and Mitigation

7. The CPS indicated that the main risks to the program were possible social conflict, vulnerability to external shocks, particularly a global economic downturn or natural disasters, and delays in the US approval of the Free Trade Agreement (FTA). The social conflict and the FTA risks had mitigating measures, but did not materialize. The strategy did not identify mitigating measures to address the impact of the external shocks, which indeed happened—major earthquakes, “El Niño” and the global financial crisis. Outside of the original strategy framework, the WBG moved swiftly to provide support to Peru to help it cope with the first earthquake and the global financial crisis.

#### ***Overview of CAS Implementation:***

##### Lending and Investments

8. IBRD lending amounted to US\$2.7 billion over the CPS period—lower than the US\$3.5 billion indicated in the CPS. The reduced lending responded to an explicit government decision to minimize

borrowing from international financial institutions in view of the rapid growth of international reserves and fiscal revenues. Moreover, about US\$1.4 billion of the funds borrowed were in the form of deferred drawdown options (DDOs), which were largely not exercised by Peru (only US\$350 million were used by the country). The eleven policy loans made during the CPS period—which include the DDOs—amounted to US\$2.2 billion, and fourteen projects—of which six were not programmed—amounted to about US\$500 million. Nine programmed projects were dropped or postponed. The main development policy loan operations were on fiscal management and competitiveness (a programmatic series of four), the environment (a programmatic series of two), dealing with catastrophes, and results and accountability in social sectors. Investment projects focused on agriculture, water and sanitation, rural development, rural electrification, transport infrastructure, health reform, property rights, and water resources management.

9. Thirty-two IFC investment projects, with 24 partners, were in operation at inception of the review period, for US\$309 million of net commitment. IFC had developed a sizeable investment portfolio in the pre-CPS period in a variety of activities and most of the projects related to agriculture were closed in the review period. During the review period, IFC committed another US\$952 million for 47 projects, with 29 partners in a variety of sectors. The largest IFC interventions were for developing Peru's natural resource exports: a US\$ 36 million investment and US\$340 million in loans for gas liquefaction and gas and oil field development. MIGA guarantees totaling \$65 million helped investments in the transportation (US\$7 million), mining (US\$40 million), and financial (US\$18 million) sectors.

10. Performance of IBRD projects was adequate and the portfolio remained healthy. The proportion of commitments at risk represented about 1 percent of the portfolio in FY11, better than the average for the Latin America and Caribbean Region (9.9 percent). Implementation of most projects was rated moderately satisfactory or satisfactory, with exception of the Sierra Rural Development Project and the Vilcanota Valley Rehabilitation and Management Project which were rated moderately unsatisfactory. Slow implementation of the latter two projects reflects delays in approving sub-components of the projects by the central government, and inexperience of the Cusco local government in implementing IBRD-financed projects.

11. Except for one project with a negative evaluation, IEG has rated IFC's investment projects positively for development effectiveness. However, IFC's portfolio approved during the CPS period is relatively new, and there are no IEG evaluations for the new projects. The average riskiness of the IFC portfolio appears to have gone up as IFC invested in equity in many projects in Peru, and ventured into areas that are more risky financially but have significant social returns.

#### Advisory and Analytical Activities and Services

12. IBRD delivered 45 analytical and advisory activities (AAA), 15 of which were not planned. The areas covered by AAA included a Country Economic Memorandum (CEM), a Public Expenditure Review (PER), an FSAP update, as well as topics such as informality, anti-poverty strategy in Lima, effectiveness of anti-poverty intervention, skills and labor policies for the poor, rural electrification, capital markets development, national gas development strategy, governance and governability, national procurement system and strategy, decentralization in social sectors, municipal services assessment, social and distributional impact analysis of participatory budgeting, natural resources, land use, and the environment. In addition, there was non-lending technical assistance on poverty, education, nutrition, health, and governance.

13. During the CPS period, IFC continued to implement six advisory services in the pipeline. Through one of these, National Plan Peru, IFC provided investment climate support to eight municipalities and participated (along with USAID, CIDA, DIFID, USAID and more than 20 other entities) in Peru's *Tramifacil* program, a program to reduce red tape and increase formalization. In addition, IFC began another 23 advisory services. Two of these were approved in FY11 but are in the pre-implementation stage. The major themes have been linking SMEs with large entities where IFC has invested, and strengthening municipalities in their use of natural resource based royalties to address the needs of the communities. The four finalized IEG advisory service project evaluations found the projects successful.

14. The Peru CPE discussed in detail the effectiveness of the advisory and analytical activities of the WBG until FY09, finding that their impact was generally good but varied across sectors.

Partnerships and Development Partner Cooperation

15. Within the WBG, cooperation at the strategy stage was positive between IBRD, IFC, and MIGA, but less so at the operational level, as noted in the Peru CPE. In some cases, such as IFC's engagement in capacity development in the municipalities receiving royalties, closer IBRD-IFC engagement might have helped enhance the program and its scaling up. Beyond the WBG itself, cooperation with the IMF, the Inter American Development Bank (IADB), the *Corporacion Andina de Fomento* (CAF), the *Fondo Latino Americano de Reservas* (FLAR), and other external development partners was good, and framed within a strong leadership by the government. As noted above, IFC collaborated with CIDA, DFID, USAID and 20 other entities in one of its advisory services.

Safeguards and Fiduciary Issues

16. There were no significant safeguards issues or fiduciary complaints that IEG is aware of.

**Overview of Achievement by Objective:**

**Pillar 1: Promoting Economic Growth**

17. Under this pillar the WBG's support was to focus on (i) maintaining macroeconomic stability and reducing vulnerabilities; (ii) accelerating growth and widening the base of growth; and (ii) making growth environmentally sustainable.

18. **Maintaining macro stability and reducing vulnerabilities.** The WBG's strategy's understanding of Peru's policy challenges to face its vulnerabilities included increasing tax collections while curtailing expenditures, reducing dollarization in the economy, especially dollar-denominated outstanding bank loans, and adopting hazard and risk management practices that mitigate the impact of natural disasters. The government's own strategy in this area focused on continuing to implement a strong macro-framework that would deliver a sound fiscal policy, low inflation, and de-dollarize the economy. Indeed Peru had adopted a fiscal responsibility law in 1999, setting a limit of 1.0 percent of GDP on the structural fiscal deficit, which has been observed since. Peru's tax revenues increased from 15.3 percent of GDP in 2006 to 16 percent in 2008, the CPS's benchmark, but then declined to 15.2 percent in 2010, the latest year for which data is available. The government increased spending temporarily to counter the economic slowdown of 2009, using part of the resources saved under the fiscal rule, while maintaining the structural deficit below the statutory limit. The de-dollarization of the monetary system continued the trend of recent decades, with dollar-denominated bank loans declining from 50.8 percent of total loans in 2006 to 38.5 percent in 2011. The de-dollarization reflects many years of monetary prudence that have brought Peru's inflation rate from hyperinflation levels in the late 1980s to one of the lowest in Latin America. On natural disaster preparedness and mitigation, the Ministry of Finance has created a risk management directorate and is adjusting investment standards and regulations. However, most of these accomplishments were in areas outside the purview, or capacity to influence of the WBG.

19. IBRD supported fiscal performance through a programmatic series of Fiscal Management and Competitiveness DPLs (FY07-FY10). On the tax revenue side the lead agency was the IMF, while IBRD and IADB played supporting roles. On the expenditure side IBRD's support focused on institutional issues (reviewed under Pillar 3) and on expenditure priorities at the time of the global financial crisis. These interventions were well inside the framework of the fiscal responsibility law. As for de-dollarization, the WBG had no bearing on the Central Bank's policy of maintaining a stable and convertible currency, which is the driver behind the gradual shift from dollars into soles in the Peruvian monetary system observed in recent decades. On natural disaster preparedness and mitigation, IBRD provided support through a Catastrophe DPL Deferred Drawdown Option approved in late 2010 (US\$100 million), in the wake of "El Niño" and "La Niña". This intervention supplements the US\$ 300



million support provided by the *Corporacion Andina de Fomento* (CAF) in 2009, after Peru recovered from the 2007 earthquake. As for analytical work, IBRD delivered a Public Expenditure Review, a series of policy notes, and a brief comparative note on the cost of tax compliance for taxpayers based on surveys carried out in several countries.

20. IBRD also contributed to this general objective by providing contingent financing to help manage financial risk and mitigate the impact of the global financial crisis. Peru drew on its own reserves in 2008 and, for 2009, put together an external financial package that included US\$ 2 billion in bond placements in international financial markets, US\$ 1.4 million in DPL DDOs from IBRD, US\$400 million from CAF, and additional financing from IADB. Even though Peru did not draw the bulk of the resources from IBRD's DPL DDOs, these operations provided financing assurances, easing Peru's return to the international bond market. Some of these operations are highlighted in the Peru CPE.

21. **Accelerating growth and widening the base of growth.** The WBG strategy had a broad focus in this objective. Its scope covered international market access and trade, the business environment, physical infrastructure, technological capacity, extractive industries, rural infrastructure, access to microfinance, informality, and expanding labor intensive sectors. Growth in Peru continues to be resource based, with some diversification as evidenced by the gradual decline in the share of the mining sector's contribution to Peru's GDP. Moreover, indicators such as the World Economic Forum (WEF) global competitive index show an improving trend from 3.9 over 7.0 in 2006-07 to 4.2 in 2011-12. There is little or incomplete information on the other sub-objectives, such as a decrease of informality. Yet the share of non-traditional exports in total exports declined from 25 to 22 percent from 2006 to 2011.

22. IBRD supported infrastructure investment through the Regional Transport Infrastructure Decentralization (FY06, still active), Peru Decentralized Rural Transport (FY07), and Second Rural Electrification (FY11) projects. The DPL series on Fiscal Management and Competitiveness (FY07-FY10) contributed to improved expenditure management, stressing the importance of the public investment program at the time of fiscal restraint. A more detailed discussion of the WBG activities in infrastructure can be found in the Peru CPE. Most of the lending designed to achieve the other sub-objectives were either dropped or postponed. Analytical work supporting this objective comprised Recent Economic Developments in Infrastructure (FY10), the National Gas Strategy (FY10), and the Small Hydropower non-lending technical assistance (FY08), as well as economic sector work on informality, labor, capital markets, and an FSAP update.

23. IFC's contribution to this objective was mainly through investments and advisory services in mining, energy, and transportation. The pre-FY07 equity investments in gold and copper mining continued, and new equity investments were made in copper mining—these are the “traditional” sectors of the Peruvian economy. Investments in the energy sector were extensive, with the largest investment in a natural gas liquefaction plant and transmission of the liquefied gas—mainly for exports—and distribution of gas (in Lima and Callao). In addition, in FY11, a hydroelectric project was approved and is under construction. On a different front, IFC interventions in the financial sector helped upgrade its investees—often with support from IFC advisory projects, supporting services such as life-insurance for the poor, residential mortgages, and penetration into geographically remote areas. In addition, IFC helped establish a secondary mortgage market company. IFC also provided loan guarantees for improvement of transportation services in Lima and Arequipa municipalities.

24. Early in the CPS period, IFC made a large investment (both loan and equity) to develop a gas and oil field, which seems to have fallen short of financial expectations. This investment, however, left an important footprint in terms of social and institutional development. IFC provided advisory support to the municipalities benefiting from the royalties paid by this particular investment, which are located in one of the poorest regions of the country. With IFC's support, the municipalities used those resources to invest in local schools, roads, and other infrastructure.

25. MIGA's largest guarantee was for a mining project. On transportation, MIGA provided a guarantee to facilitate the upgrading of Lima's airport. MIGA also guaranteed an investment of an Ecuadorian bank in Peru.

26. **Making growth environmentally sustainable.** The strategy focused on improving regulations, institutional frameworks, and developing awareness in the public and the government as a whole about the importance of environment conservation. To the extent that frameworks and regulations are pre-conditions for environmental sustainability, indeed Peru appears to be moving towards a more environmentally-conscious approach to development. But there is yet no concrete evidence of environmental improvement in Peru. Between 2006 and 2009, CO2 emissions appear unchanged, the marine protected areas have only increased slightly from 2.8 percent of total territorial waters to 3.0 percent, while the forest area has declined from 53.7 percent of Peru's territory to 53.1 percent. Moreover, the Ministry of Health reports and remains concerned about the high levels of air pollution in the Lima-Callao area, which it monitors regularly. Nevertheless, the Ministry of the Environment is now monitoring the implementation of commitments of licensed businesses, has contingency plans on air quality for the most polluted cities, and is following up on mining legacies that pose a health and environmental threat to neighboring communities.

27. The most significant WBG intervention was a programmatic series of two Environmental DPLs (FY09, FY10), and the main piece of analytical work was a Country Environmental Assessment (FY06). The interventions also included support through five Global Environment Facility (GEF) trust fund AAAs.

28. IEG rates the outcome of the WBG strategy in Pillar 1 as *moderately satisfactory*. IEG notes that Peru's own accomplishments in these areas, particularly on growth and macroeconomic stability are noteworthy. IEG also highlights the timeliness of the WBG's support to Peru at the time of the global financial crisis, which was instrumental in helping the country access world bond markets, as well as the additionality of IFC's intervention in supporting municipalities use their royalties benefiting their poor communities. With WBG support, Peru has improved public expenditure efficiency, some rural infrastructure, as noted in the Peru CPE, and environmental frameworks and regulations. The WBG made little progress in helping Peru reduce informality or promote non-traditional labor intensive sectors of the Peruvian economy, and came late in the CPS period with assistance on disaster preparedness and mitigation. IEG does not consider as satisfactory outcomes of the WBG strategy those that are fully achieved by the country without a clear contribution from the WBG, as was the case with de-dollarization or the fiscal responsibility rule.

## **Pillar 2: Enhancing Social Development**

29. Under this pillar the WBG's support was to focus on (i) meeting basic needs; and (ii) promoting and developing a new social contract in education, health, and nutrition.

30. **Meeting Basic Needs.** The WBG's strategy covered as basic needs water and sanitation, electricity, and housing and property rights. Between 2006 and 2010, strong economic growth and a pro-active government strategy led to a decrease in Peru's index of unmet basic needs from 34 to 26 percent for the whole population and from 62 to 47 percent for the rural population. The share of Peruvian's with access to treated water sources increased from 71.6 percent in 2006 to 74.1 percent in 2009, while that with access to sanitation increased from 72.4 percent to 74.8 percent in the same period. A significant improvement took place in the share of rural households with access to electricity, which increased from 28.9 percent in 2006 to 55.0 percent in 2010. There is no information, however, on progress on housing and property rights.

31. Main IBRD interventions to support this objective were the National Rural Water Supply and Sanitation Project (FY05), and the Rural Electrification Project (FY06). In addition, the WBG delivered two pieces of AAA: Poverty Monitoring and Information Systems (FY08), and Extreme Poverty—Effectiveness of Antipoverty Intervention I (FY10). An update of the latter was delivered in FY11, late in the CPS period. The impact of the WBG interventions on the infrastructure aspects of meeting basic needs are discussed in detail in the Peru CPE.

32. **Promoting and developing a new social contract in education, health, and nutrition.** The focus of the WBG strategy was on quality of education, on improving health indicators and organizing health care more in line with the evolving epidemiological profile, and on reducing malnutrition, especially of children. Outcomes were mixed. On education, for the period 2007 to 2010, the

standardized test used by Peru to measure progress in reading and mathematics of second grade students show that, at the national level, the proportion of students in the highest of three achievement levels increased from 15.9 to 28.7 percent and from 7.2 to 13.8 percent, respectively. The general improvement, however, hides troublesome developments, such as an increase of the proportion of rural students in the lowest achievement group in mathematics from 66.1 to 72.9 percent in 2007-10, and decline in performance, especially in mathematics, between 2009 and 2010. As noted in the Peru CPE, the WBG's "contribution in education was undermined by limited progress in institutional reform as well as its difficult relationship with the Ministry of Education." On health, a reform of the health insurance system resulted in higher affiliation rates all over the country, as well as in an increase of over 40 percent in the health insurance budget. Births under institutional coverage increased from 63 percent (2007) to over 73 percent (2010) in the ten poorest regions, below the 75 percent target in the CPS. There is no information on how the health care has evolved to adapt to the changing epidemiological profile. Peru also made progress in reducing national chronic malnutrition, but seemingly short of the CPS target.

33. The WBG's main lending was through the Results and Accountability in Social Sectors (REACT) DPL series (FY07-11), and the Health Reform APL II (FY09). In addition, the WBG provided the following technical assistance and economic sector work to support this objective: Juntos for Nutrition non-lending technical assistance (FY10), Results in Nutrition for Juntos SWAp (FY11), Health Reform Program (FY09), technical assistance in the Education Sector (FY10) and Universal Insurance Health Reform (FY11), as well as several pieces of economic sector work on the effectiveness of anti-poverty intervention in extreme poverty cases. The bulk of the WBG interventions focused on defining standards that families could expect from social services, developing monitoring systems, and providing individualized data for parents on the learning, health and nutrition status of their children.

34. In line with IFC's approach in the health sector, IFC—with Peru Fund, an IFC investee—has recently approved investment in a hospital providing cutting edge oncology and cardiology services that will benefit mostly the middle-income groups.

35. IEG rates the outcome of the WBG strategy in Pillar 2 as *moderately satisfactory*. Peru made some progress in bringing down the index of unmet needs, and, with WBG support, in increasing access to water, sanitation and electricity. Peru also made progress, with mixed results in some cases, in improving the quality of education, the coverage of health services, and nutrition. There is no information on progress on housing and property rights, and on how health services have been adapted to the evolving epidemiological profile .

### **Pillar 3: Modernizing Institutions**

36. Under this pillar the WBG's strategy aimed at supporting continuing progress on decentralization and public service access, strengthening public sector management, and improving the justice system and reducing corruption.

37. **Furthering decentralization and access to public services.** The movement toward decentralization, which had gained force under President Toledo, slowed down under President Garcia and is still, under President Humala, in the process of defining its objectives and modalities, particularly regarding the transfer of resources and responsibilities. Peru, nonetheless, has worked on strengthening local governments, as reviewed below. These efforts, however, have yet to bear fruit in terms of a stronger role for local governments and communities, as well as improved public service delivery at that level. Indeed, public service delivery outcomes show mixed progress, with a gradual improvement in some cases. Over the period of 2007-2009, net pre-primary school enrollment increased from 65 to 76 percent, while net primary school enrollment declined from 97 to 95 percent, and net secondary enrollment improved from 75 to 78 percent. In the health sector, between 2007 and 2010, the immunization for measles and DPT of children ages 12-23 months decreased from 95 and 97 percent, respectively, to 94 and 93 percent. Meanwhile, the share births attended by skilled health staff increased from 71 in 2006 to 83 in 2009.



38. The WBG supported efforts in this area through the early DPLs of the programmatic series.

39. **Strengthening public sector management.** During the CPS period Peru made some progress in strengthening its public sector management. The World Bank Institute (WBI) indicator for Governance Effectiveness, which reflects perceptions of the quality of public services, the quality of the civil service, the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies, albeit still in the negatives, improved from -0.53 in 2006 to -0.21 in 2010, within a range that goes from -2.50 (weak) to 2.50 (strong). Similarly, the Wastefulness of Government Spending sub-index of the Global Competitive Index of the World Economic Forum improved from 2.9 over 7.0 in 2006-2007 to 3.8 in 2011-2012. In terms of specific policy actions, the Ministry of Finance adopted a unified treasury account, and introduced results-based budgeting for five strategic pilot programs in 2008, expanding the scope of the program to twenty four programs in 2011. In addition, as a result of the implementation of the Participatory Budget Law, many sub-national governments follow participatory budget norms in the preparation of the investment budget, but the system still needs mainstreaming and refining, as only 36 percent of the budgets rely on a participatory process. Also, most local governments are using an integrated financial administration system introduced during the CPS period. Moreover, many municipalities are now better equipped to gain access and use their royalties from the extractive sector. Many of these efforts took place after the Peru CPE period, and explain the higher rating in this review.

40. IBRD provided support in strengthening public sector management as part of the DPL programmatic series, especially the Results and Accountability in Social Sectors DPL series (FY07, FY09, and FY11). The main analytical work in support of better fiscal management was a Public Financial Management Performance Report (jointly with the EU and IADB). Additional AAA included Municipal Debt (FY07), Government and Governability Enhancement (FY09), Social and Distributional Impact Analysis of the Participatory Budget in Peru (FY10), and, late in the CPS period, Decentralization and Quality of Education (FY11) and Public Expenditure Sub-national Pilots (FY11).

41. IFC, aside from the support provided to the municipalities that benefited from the royalties from its investment, joined efforts with CIDA, DFID and USAID to implement the *Canon* (royalty) Management and the Improving Municipal Investment projects in five regions.

42. **Improving the justice system and reducing corruption.** Overall, there was a slight improvement in the justice system indicators and no significant change in the corruption indicators. The WBI indicator for Rule of Law, which reflects perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence, albeit still in the negatives, improved from -0.75 in 2006 to -0.61 in 2010, within a range that goes from -2.50 (weak) to 2.50 (strong). Also, Latinobarómetro's surveys shows that the approval rating of the judicial system increased from 13 percent in 2006 to 20 percent in 2012, while the disapproval rating declined from 76 percent to 69 percent in the same period. Moreover, a 2009 Social Assessment of a judicial project found that only 35 percent of surveyed case attorneys expressed satisfaction with the courts and their operation in Peru. In regard to corruption indicators, the WBI indicator for Control of Corruption, reflecting perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption as well as "capture" of the state by elites and private interests, remained in the negatives and barely moved from -0.22 in 2006 to -0.23 in 2010, within a range that goes from -2.50 (weak) to 2.50 (strong). In terms of specific policy actions, the government introduced a program to provide legal assistance and alternative dispute resolution mechanisms to the poor and marginalized groups (*Centros de Asistencia Legal Gratuita, ALEGRA*).

43. The main interventions by the WBG were the Justice Services Improvement Project I and II (FY04, FY11). The latter is just beginning its implementation, while the former propped justice services in selected districts, worked on human resource management and supported some of the legal aid clinics that ALEGRA has.

44. IEG rates the outcome of the WBG strategy in Pillar 3 as *moderately satisfactory*. Peru made progress in strengthening public sector management and, with support from the WBG, established a

unified treasury account, and is making headway in results-based budgeting at the national level, participatory investment budgeting at the local level, and mainstreaming an integrated financial administration system at the sub-national level. Spending of royalties by some local governments is also benefiting local communities. Peru continues to work on improving its justice system and abating corruption, but progress has been slow and not entirely successful, despite having established an effective mechanism to aid the poor and marginalized in their dealings with the justice system. The decentralization process came to a halt for political reasons early in the CPS period, making the WBG's objective of supporting it immaterial.

Pillars	IEG Rating
<b>Pillar 1:</b> Promoting Economic Growth and Reducing Vulnerabilities	<i>Moderately Satisfactory</i>
<b>Pillar 2:</b> Enhancing Social Development	<i>Moderately Satisfactory</i>
<b>Pillar 3:</b> Modernizing Institutions	<i>Moderately Satisfactory</i>

#### 4. Overall IEG Assessment

<b>Outcome:</b>	<i>Moderately Satisfactory</i>
<b>IBRD Performance:</b>	<i>Moderately Satisfactory</i>
<b>IFC Performance:</b>	<i>Satisfactory</i>
<b>MIGA Performance:</b>	<i>Moderately Satisfactory</i>

##### Overall outcome:

45. IEG rates the overall outcome of the WBG strategy in Peru as *moderately satisfactory*. IEG notes that Peru's own accomplishments in many areas, particularly on growth, macroeconomic stability, de-dollarizing the monetary system, and addressing some basic needs are remarkable—these achievements are mostly attributable to Peru's own efforts. IEG also highlights the timeliness of the WBG's support to Peru at the time of the global financial crisis, which was instrumental in helping the country access world bond markets, as well as the additionality of IFC's intervention in supporting municipalities use their royalties to benefit poor communities. With WBG support, Peru has improved public expenditure efficiency, some rural infrastructure as noted in the Peru CPE, and environmental frameworks and regulations, as well as increased access to water, sanitation and electricity, also highlighted in the Peru CPE. Peru made progress in strengthening public sector management and, with support from the WBG, established a unified treasury account, and is making headway in results-based budgeting at the national level, participatory investment budgeting at the local level, and mainstreaming an integrated financial administration system also at the sub-national level. Spending of royalties by some local governments is also benefiting local communities. With mixed results, Peru worked on improving the quality of education, the coverage of health services, and nutrition, and continues to work on improving its justice system and abating corruption, albeit slowly and with uneven outcomes. There is no information about progress on housing and property rights, and on how health services have been adapted to the evolving epidemiological profile. The WBG made little progress in helping Peru reduce informality or promote non-traditional labor intensive sectors of the Peruvian economy, and came late in the CPS period with assistance on disaster preparedness and mitigation. The country's decentralization process came to a halt for political reasons early in the CPS period, making immaterial the WBG's objective of supporting it.

##### IBRD Performance:

46. IBRD performance is rated *moderately satisfactory*. IBRD reacted quickly and promptly to support Peru when it requested assistance to face the global financial crisis, and demonstrated flexibility in its AAA program. The WBG's strategy and program were generally aligned with Peru's development strategy. However, authorities' feedback suggests that the initial policy platform developed under the CPS was short on detail, lacked agreement on specific interventions expected from the WBG, and could have given the wrong impression that Peru was going to use WBG services extensively in its

implementation of policies. In the event, Peru went its own way on developing its policies, and the dialogue with the authorities was not as fluid as needed for IBRD to adapt its own projects and programs to the government's changing policy intentions. As a result, projects such as the decentralization in social sectors and rural education performed poorly. Moreover, the strategy lacked relevance of design, by including objectives that were not supported by appropriate IBRD interventions, or by having loose links between the objectives and the interventions. This was the case particularly under Pillar 1, where IBRD interventions, which were micro in scope, could not be expected to deliver the anticipated higher-order macro-objectives. The tourism and informality objectives were not supported by adequate interventions. In addition, some of the macro objectives in Pillar I (on inflation and de-dollarization for example) were outside the WBG's purview, and capacity to influence. On a different dimension, the monitoring and evaluation framework of the strategy was weak, sometimes based on inexistent indicators or wrong baselines. The strategy was well-coordinated between IBRD, IFC and MIGA, but operations were poorly coordinated, especially between IBRD and IFC.

**IFC Performance:**

47. IEG rates performance of IFC as *satisfactory*. IFC had an extensive program providing risk capital to private sector activities and services to the poor. IFC's role to improve services to the poor came mostly through an opportune intervention with demonstrated additionality, by helping the neighboring municipalities of one of its investees use the royalties of the investment in new schools, health services, and road infrastructure. This intervention could have been scaled up had IFC and IBRD coordinated better their activities in Peru.

**MIGA Performance:**

48. IEG rates performance of MIGA as *moderately satisfactory*. MIGA has developed a diversified portfolio with demand coming from developed and emerging market countries. However, using IFC investments and the growth enjoyed by the country as proxies for the opportunity for new MIGA business, the volume of MIGA guarantees appears to be modest.

## 5. Assessment of CPS Completion Report

49. This is a well-written CPSCR. It is detailed and comprehensive on the activities undertaken by the WBG. However, the CPSCR could have covered some of the country outcomes that correspond to the strategy objectives. It could also have been more forthcoming and dealt more in-depth with those areas of the program where things did not go well, to find out the reasons and draw lessons. The CPSCR could have also offered more information on the role of the government and other development partners in the achievement of the objectives of the WBG strategy.

## 6. Findings and Lessons

50. IEG underscores four lessons stemming from this review. First, the WBG has greater development effectiveness when it aligns its strategy with the government's own program, as evidenced by the highly effective intervention supporting Peru's actions to deal with the effects of the global financial crisis. By contrast, the WBG had less effective interventions in areas with little country buy in, such as the decentralization in social sectors and rural education. Second, the development effectiveness of the WBG can only be demonstrated where there are interventions that can help the country deliver the expected results. By contrast, strategy objectives that are beyond the purview of the WBG, although achieved by the country, are not a demonstration of the WBG's development effectiveness. Third, WBG strategies gain efficacy when they have a monitoring and evaluation framework that is based on available and verified data, and that can actually be used by the WBG to actively play out its strategy. Within this review, those objectives that were better monitored were the ones that showed the best development results. Fourth, the WBG could find ways of improving coordination within the Group itself to take advantage of good initiatives that can be scaled up for the benefit of the country, as could have been the case with IFC's work with the municipalities that were receiving the royalties of its investees.



**Annex Table 1a: Actual vs. Planned Lending, FY07-11**

**Annex Table 1b: Trust Funds, FY07-11**

**Annex Table 2: Analytical and Advisory Work, FY07-11**

**Annex Table 3a: IEG Project Ratings for Peru, FY07-FY11**

**Annex Table 3a: IEG Project Ratings for Peru and Comparators, FY07-FY11**

**Annex Table 4: Portfolio Status for Peru and Comparators, FY07-11**

**Annex Table 5: IBRD / IDA Net Disbursements and Charges Summary Report for Peru**

**Annex Table 6: Total Net Disbursements of Official Development Assistance and Official Aid, 2007-2010**

**Annex Table 7: Economic and Social Indicators for Peru and Comparators, 2007-2010**

**Annex Table 8: Millennium Development Goals**

**Annex Table 9: List of IFC's investments in Peru that were active during FY07-11 (US\$'000)**

**Annex Table 10: List of IFC's Advisory Services in Peru, FY07-11**

**Annex Table 11: List of MIGA's Operations in Peru, FY07-11 (US\$ '000)**

**Annex Table 12: Summary of Achievements of the CPS Objectives**





**Annex Table 1.a: Planned and Actual Lending, FY07-11**

Project ID	Project	Proposed FY	Approval FY	Proposed Amount	Approved Amount
<b>Programmed projects (CPS FY07-11)</b>					
P101335	Fiscal Management and Competitiveness DPL	2007	2007	-	200.0
P101590	Second Programmatic Fiscal Management and Competitiveness DPL (including Supplemental Financing)	2008	2009	-	700.0
P106720	Third Programmatic Fiscal Management & Comp. DPL	2009	2010	-	150.0
P116214	Fourth Programmatic Fiscal Management DPL	2010	2011	-	100.0
P101471	Peru First Programmatic Environmental DPL/DDO	2008	2009	-	330.0
P116152	Second Programmatic Environmental DPL	2010	2010	-	50.0
P120860	Catastrophe Development Policy Loan DDO (CAT DDO)		2011	-	100.0
P078813	Regional Transport Infrastructure Decentralization	2007	2006	-	50.0
P079165	PE Sierra Rural Development Project	2007	2007	-	20.0
P117310	Results in Nutrition for <i>Juntos</i> SWAp	2007	2011	-	25.0
P095563	PE- (APL2) Health Reform Program	2007	2009	-	15.0
P101086	Results and Accountability in Social Sectors (REACT) DPL	2007	2007	-	150.0
P101177	Second Results and Accountability in Social Sectors (REACT) DPL-Deferred Drawdown Option	2009	2009	-	330.0
P116264	Third Results & Accountability in Social Sectors (REACT) Programmatic DPL	2011	2011	-	50.0
P107666	Water Resources Management Modernization (PRONASAR II)	2008	2010	-	10.0
	Governance Enhancement Program		Dropped	-	
	Fifth Programmatic Fiscal Management Development Policy Loan	-	Dropped	-	
	Infrastructure for Sustainable Tourism	-	Dropped	-	
	PE Sierra Rural Development Project II	-	Slipped to FY14	-	
	PE- (APL3) Health Reform Program (III)	-	Slipped to FY14	-	
	Low Income Housing	-	Dropped	-	
	Doing Business Enhancement Program	-	Dropped	-	
	Quality Assurance in Tertiary Education (previous Higher Education)	-	Slipped to FY13	-	
	Supplemental Fiscal Management and Competitiveness DPL II	-	Dropped	-	
	<b>Total Programmed projects CPS FY07-11</b>				<b>2280.0</b>
<b>Non-programmed projects</b>					
P095570	Peru Decentralized Rural Transport Project	-	2007	-	50.0
P117864	Second Rural Electrification	-	2011	-	50.0
P118713	Peru Third Programmatic Environmental DPL	-	2011	-	75.0
P117293	Optimization of Lima Water and Sewerage Systems (previous Water Resources Management)	-	2011	-	54.5
P110752	Justice Services Improvement Project II	-	2011	-	20.0
P104760	Sierra Irrigation Subsector	-	2011	-	20.0
P116929	Peru Safe and Sustainable Transport Project (previous Additional Financing Lima Transport Project)	-	2010	-	150.0
P117336	Agriculture, research and extension project III (Incagro III)	-	Slipped to FY14	-	
	<b>Total non programmed projects CAS FY07-11</b>				<b>419.5</b>

Project ID	Project	Proposed FY	Approval FY	Proposed Amount	Approved Amount
Total projects CAS FY07-11				3500.0 <sup>1</sup>	2700.0

Project ID	Project		Approval FY	Closed FY	Approved Amount
<b>Ongoing projects</b>					
P065256	National Rural Water Supply and Sanitation Project	-	2003	Ongoing	80.0
P008051	Lima Water Rehabilitation and Management Project	-	1995	2008	149.7
P055232	Rural Education Project	-	2003	2008	28.9
P073438	Justice Services Improvement	-	2004	2010	11.8
P008037	Irrigation Subsector Project	-	1997	2009	94.7
P088809	Institutional Capacity for Sustainable Fiscal Decentralization TAL	-	2005	2011	6.5
P077788	Trade Facilitation and Productivity Improvement Technical Assistance Project	-	2003	2009	17.9
P044601	Second Rural Roads Project	-	2001	2007	48.1
P082588	Agricultural Research and Extension APL Phase 2	-	2005	2011	23.2
P035740	Lima Urban Transport Project	-	2004	2011	45.0
P082625	Vilcanota Valley Rehabilitation and Management Project	-	2005	2011	4.1
P078894	Real Property Rights Consolidation Project	-	2006	Ongoing	25.0
P090116	PE Rural Electrification	-	2006	Ongoing	50.0
P078953	Accountability for Decentralization in the Social Sectors (previous Programmatic Social Reform TAL)	-	2005	2009	6.6
P081834	Additional Financing - Lima Water Rehabilitation and Management Project		2003	2009	20.0
P074021	Lima Transport Project	-	2004	2010	45.0
P078813	Regional Transport Decentralization	-	2006	Ongoing	50.0

Source: Peru FY07-11 CPS/CASPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 01/18/2012.

<sup>1</sup> The CPS planned an IBRD lending envelope of up to US\$3.5 billion or up to US\$700 million per annum during FY07-FY11. But it was not explicit about a breakdown of lending by operation, except to say that fast disbursing policy loans were expected to average US\$400 million per year, reaching a maximum of US\$2 billion over the CPS period.

**Annex Table 1.b: Trust Funds, FY07-11**

Project ID	Project	TF ID	Approved Amount	Approval	Closing
P095424	GEF Strengthening Biodiversity Conservation through the National Protected Areas	TF91166	0.2	2008	2009
P095424	GEF Strengthening Biodiversity Conservation through the National Protected Areas	TF97155	8.9	2011	Active
P120888	Peru Participatory intervention model to improve child nutrition	TF96419	1.58	2011	Active
P121012	GEF Saving Glaciers: Artisanal Industry Aims to Stop the Melt and Save Water	TF97026	0.20	2011	Active
P115008	Peru National Results Based Monitoring, Evaluation and Information	TF96843	0.30	2011	Active
P120124	Peru capacity building for sub-national public investment	TF96018	0.40	2011	Active
P117834	Peru-Strengthening the National System for Evaluation and Quality Assurance of Education	TF96586	0.40	2011	Active
P090110	PE Rural Electrification	TF56023	10.00	2007	Active
P065256	National Rural Water Supply and Sanitation Project	TF54288	0.85	2005	2009
P068250	GEF Participatory Management of Protected Areas	TF51285	14.80	2003	2011
P074021	Lima Transport	TF52856	7.93	2005	2010
P073438	Justice Services Improvement	TF54758	0.71	2006	2009
P073817	PE-Programmatic Social Reform Loan II	TF51333	0.80	2004	2008
P079165	PE Sierra Rural Development Project	TF51888	1.10	2004	2008
P081954	Poechoos Hydropower Project	TF54342	1.29	2004	Active
P082291	Lima City Poverty Strategy IDF Grant	TF52499	0.46	2004	2007
P082709	(CIDA) Small Towns Water and Sanitation Project	TF51968	1.67	2006	2008
P090116	PE Rural Electrification	TF54624	0.33	2005	2007
P092834	PE Santa Rosa Hydro Carbon Finance	TF54010	0.44	2005	Active
P094739	PE Huaycoloro Landfill Gas Recovery	TF55184	3.84	2006	Active
P095570	Peru Decentralized Rural Transport Project	TF56582	0.76	2007	2007
P098846	Peru-Extractive Industries Transparency Initiative	TF57870	0.30	2008	2011
P101177	Second Results and Accountability (REACT) Development Policy Loan-Deferred Drawdown Option	TF90644	1.00	2008	2010
P104407	Strengthening Congressional Budget Oversight Capacity	TF91818	0.49	2008	2011
P109786	Peru CONAM Institutional Capacity Strengthening	TF92745	0.22	2009	Active
P110920	Peru CDM Project Portfolio Consolidation Project - CF Assist	TF91358	0.17	2008	2010
P115993	Improving the Quality and Efficiency of Public Expenditure Management	TF95180	0.15	2010	Active
P121006	GEF Indigenous Wisdom and Biomathematics: Amazonians Tackle Climate Change	TF96715	0.20	2010	Active
P121136	Adapting Native Andean Crops for Food Security in the Face of Climate Change	TF96863	0.17	2011	Active
P118713	Peru Third Programmatic Environmental DPL	na	0.03	2011	Active
P074021	Lima transport	TF52856	7.4	2005	2010
P065256	National rural water supply and sanitation project	TF54228	0.9	2005	2009
P104760	Sierra Irrigation Subsector	na	0.3	2011	Active
P125551	Round 23 - Peru - Enhancing Integrated Legal Strategies for the Poor	TF099277	1.1	2010	Active
P117310	Results in Nutrition for Juntos SWAp	na	0.03	2011	Active
P079165	PE Sierra Rural Development Project.	na	0.3	2007	Active
P008037	Irrigation Subsector Project	na	0.02	1997	2009
P107666	Water Resources Management Modernization	na	0.06	2010	Active
P117318	Peru Vilcanota II Project Preparation	TF096160	0.6	2012	Active
P082588	Agricultural Research and Extension APL Phase 2	na	0.04	2005	2011
P116264	Third Results & Accountability (REACT) Programmatic DPL	na	0.08	2011	Active
P121854	Integration of Disaster Risk Information in Peru's Planning System	TF099051	0.31	2010	Active
P082625	Vilcanota Valley Rehabilitation and Management Project	na	0.2	2005	2011

Source: Peru FY07-11 CPS/CASPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 01/24/2012.

**Annex Table 2: Planned and Actual Analytical and Advisory Work, FY07-11**

	AAA ID	Proposed FY	Delivered to Client FY	Output Type
<b>Economic and Sector Work</b>				
<b>Planned (CPS FY07-11)</b>				
PE Informality Study	P101334	na	2007	Report
PE Informality Study II	P106731	na	2008	Report
PE- <i>Recurso</i> II	P104262	na	2007	Report
PE- <i>Recurso</i> III	P106943	2009	2008	Report
Review of Progress with FTAs		na	<i>Dropped</i>	
Justice Sector Access and Standards		na	<i>Dropped</i>	
PE- <i>Recurso</i> I			2006	
PEFA I		na	2009	
PEFA II		na	<i>Dropped</i>	
Review of PPP	na	na	2009	
Income, Poverty and Inequality Review		na	<i>Dropped</i>	
Financial Sector Assessment Program (FSAP) Update Peru	P122390	2007	2011	Report
Skills and Access to Urban Labor Markets in Peru	P106406	2010	2011	Report
PE <i>Recurso</i> IV	P103644	2010	2010	Report
PE <i>Recurso</i> V	P117375	2011	2012	Report
PE Policy Notes - Labor Market Review	P113248	2010	2010	Policy Note
PE Extreme Poverty-Effectiveness of Antipoverty Intervention	P113917	2010	2011	Client Document Review
PE Extreme Poverty-Effectiveness of Antipoverty Intervention II	P122834	2010	2011	Client Document Review
Social and Distributional Impact Analysis of the Participatory Budget in Peru	P112072	2010	2010	Policy Note
Peru - Recent Economic Development in Infrastructure (REDI)	P106687	2009	2011	Report
PERU Government and Governability Enhancement	P106739	2009	2009	Report
Peru Rural Electrification	P093486		2007	Model/Survey
Peru Natural Gas Study (National Gas Development Strategy)	P111012	2010	2010	Report
Overcoming Barriers to Hydropower Investment in Peru	P109969	2009	2009	Report
PE Public Expenditure Review (PER)	P113889	2009	2011	Report
Tax Compliance Cost Surveys		2009	2010	
<b>Non-planned</b>				
Peru Small Hydropower	P103422		2008	Client Document Review
Peru Corporate Governance SOE Assessment	P100333		2007	Report
Peru - Insolvency & Creditor Rights ROSC	P122177		2012	Report
PE Policy Notes - AAA Decentralization (Decentralization in Social Sectors)	P103161		2010	Policy Note
Peru Capital Markets for Growth	P106743		2008	Report
Peru II Corporate Governance ROSC Assessment	P126022		2012	Report
Peru Policy Notes	P121721		2012	Policy Note
PE Municipal Debt	P094276		2007	Report
<b>Technical Assistance</b>				
<b>Planned (CPS FY07-11)</b>				
PE Education Sector	P111529	2011	2010	"How-To" Guidance
CEM (Country Economic Memorandum)	P106728	2007	Forwarded to 2012	
PE Universal Insurance Health Reform	P101500	2011	2011	Client Document Review
Natural Resources Land Use Change and Environment	P117337	2011	2011	"How-To" Guidance
Peru: Financial Crisis Simulation Program FIRST # 8086	P117351	na	2011	"How-To" Guidance
PE Sub-national Pilots	P110925	2010	2011	Client Document Review
PE <i>Juntos</i> for Nutrition-NLTA	P111717	2011	2011	"How-To" Guidance
Decentralization and Quality of Education (previous Decentralization and Public Expenditure Efficiency)	P117589	2010	2011	"How-To" Guidance
FIRST: Peru Improving SME access to capital markets	P105450	2009	2009	"How-To" Guidance
Poverty monitoring and information systems	P103116	2009	2009	Client Document Review
<b>Non-planned</b>				
Peru - Technical Assistance on Ministry of Finance Public Private Partnerships (PPP) Law Drafting	P110749		2009	"How-To" Guidance
FIRST Peru: TA for strengthening private sector accounting and auditing	P110336		2011	"How-To" Guidance
Assessment of climate Impact on Peru's hydrology. Development of a methodology	P110305		2011	Knowledge-Sharing Forum
CA: Lima (Peru) City Poverty Strategy	P081481		2008	Institutional Development Plan



	AAA ID	Proposed FY	Delivered to Client FY	Output Type
Peru Strategic Plan for the Telecommunications Investment Fund	P116789		2010	Client Document Review
Opportunities for the Information Technology and Information Technology Enabled Services (IT/ITES) Off shoring Industry in Peru	P117650		2010	Client Document Review
PE Poverty monitoring and information systems II	P113841		2009	Client Document Review

Source: Peru FY07-11 CPS/CASPR and WB Business Warehouse Table ESW/TA 8.1.4 as of 01/18/2012.

**Annex Table 3a: IEG Project Ratings for Peru, FY07-FY11**

Exit FY	Project ID	Project Name	Total Evaluated (US\$M)	IEG Outcome	IEG Risk to Development Outcome *
2007	P044601	PE Second Rural Roads Project	48.1	Satisfactory	Moderate
2007	P065200	PE GEF Indigenous Management Protection Areas	0.0	Satisfactory	Moderate
2008	P008051	PE LIMA Water Rehabilitation and Management Project	149.7	Satisfactory	Negligible to low
2008	P055232	PE- Rural Education	29.0	Moderately unsatisfactory	Significant
2009	P008037	PE Irrigation Subsector Project	92.7	Satisfactory	NA
2009	P077788	PE Trade Facil. and Prod. Improv. T. A.	16.0	Satisfactory	Moderate
2009	P081834	PE Lima Water Rehab Additional Financing	14.5	Satisfactory	Negligible to low
2010	P073438	PE Justice Services Improvement	7.1	Satisfactory	Moderate
2010	P078953	PE-(CRL1) Accountability for Decentralization in the Social Sectors	4.1	Moderately unsatisfactory	Moderate
2011	P088809	PE Inst. Capacity for Decent. TAL	1.8	Moderately satisfactory	Moderate

Source: WB Business Warehouse Table 4a.6 as of as of 01/23/2012.

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 3b: IEG Project Ratings for Peru and Comparators, FY07-11**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower (\$) *	RDO % Moderate or Lower (No) *
Peru	362.9	10	90.9	80.0	89.3	88.9
Uruguay	244.1	6	62.5	83.3	100.0	100.0
Colombia	1,189.8	15	94.1	78.6	92.7	84.6
LAC	9,312.3	194	81.6	77.8	80.2	74.2
World Bank	48,888.9	897	82.3	74.7	68.2	59.3

Source: WB Business Warehouse Table 4a.5 as of as of 01/23/2012.

\* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

**Annex Table 4: Portfolio Status for Peru and Comparators, FY07-11**

Fiscal year	2007	2008	2009	2010	2011
<b>Peru</b>					
# Proj	19	16	17	18	18
# Proj At Risk	6	4	4	1	1
% At Risk	31.6	25.0	23.5	5.6	5.6
Net Comm Amt	908.6	505.2	1743.3	1895.3	1948.4
Comm At Risk	299.1	83.8	56.6	10.0	20.0
% Commit at Risk	32.9	16.6	3.2	0.5	1.0
<b>Uruguay</b>					
# Proj	10	10	9	8	8
# Proj At Risk	0	0	0	0	1
% At Risk	0.0	0.0	0.0	0.0	12.5
Net Comm Amt	375.0	375.5	294.3	299.2	299.2
Comm At Risk	0.0	0.0	0.0	0.0	25.3
% Commit at Risk	0.0	0.0	0.0	0.0	8.5
<b>Colombia</b>					
# Proj	20	22	17	21	21
# Proj At Risk	0	2	2	2	3
% At Risk	0.0	9.1	11.8	9.5	14.3
Net Comm Amt	1,935.1	2,886.5	1,877.9	2,516.7	1,967.3
Comm At Risk	0.0	170.0	130.0	120.0	147.7
% Commit at Risk	0.0	5.9	6.9	4.8	7.5
<b>LCR</b>					
# Proj	280	291	294	302	291
# Proj At Risk	61	63	69	64	59
% At Risk	21.8	21.6	23.5	21.2	20.3
Net Comm Amt	16,874.7	18,277.4	26,127.9	32,044.9	32,353.1
Comm At Risk	3,606.6	3,722.7	3,296.1	5,314.7	3,194.8
% Commit at Risk	21.4	20.4	12.6	16.6	9.9
<b>World</b>					
# Proj	1,485	1,525	1,552	1,590	1,595
# Proj At Risk	243	276	344	366	337
% At Risk	16.4	18.1	22.2	23.0	21.1
Net Comm Amt	100,357.1	106,761.7	131,076.4	158,287.4	168,248.7
Comm At Risk	15,354.3	18,428.2	19,929.9	28,186.1	22,978.5
% Commit at Risk	15.3	17.3	15.2	17.8	13.7

Source: WB Business Warehouse Table 3a.4 as of 01/23/2012.

**Annex Table 5: IBRD/IDA Net Disbursements and Charges Summary Report for Peru (in US\$ million)**

FY	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2007	38.1	243.4	-205.3	144.5	1.2	-350.9
2008	267.2	222.2	44.9	151.0	1.0	-107.1
2009	298.4	236.9	61.5	118.9	2.9	-60.3
2010	473.3	252.0	221.3	73.3	2.7	145.3
2011	262.9	266.2	-3.2	60.7	1.5	-65.0
Total (07-11)	1,339.9	1,220.7	119,259.9	548.5	9.3	-438.5

Source: WB Loan Kiosk, Net Disbursement and Charges Report as of 01/23/2012

**Annex Table 6: Total Net Disbursements of Official Development Assistance and Official Aid, 2007- 2010 (in US\$ million)**

Development Partner	2007	2008	2009	2010	2007-2010
<b>Bilaterals</b>					
Australia	0.24	0.03	0.07	1.9	2.24
Austria	1.01	0.89	0.81	0.93	3.64
Belgium	15.44	29.81	21.79	15.63	82.67
Canada	20.09	15.58	17.91	22.15	75.73
Denmark	-0.44	0.3	0.54	1.4	1.8
Finland	2.34	2.93	2.63	3.26	11.16
France	6.21	9.27	9.03	10.1	34.61
Germany	7.58	93.55	79.8	51.85	232.78
Greece	0.22	0.13	0.13	0.1	0.58
Ireland	2.13	1.22	1	0.45	4.8
Italy	4.19	10.62	9.27	5.27	29.35
Japan	39.81	-17.91	-36.77	-711.61	-726.48
Korea	10.22	8.73	6.99	6.4	32.34
Luxembourg	4.1	2.1	1.69	1.49	9.38
Netherlands	-0.09	-1.37	0.28	0.32	-0.86
New Zealand	1.16	0.01	0.05	0.24	1.46
Norway	143.03	0.29	-7.27	3.78	139.83
Portugal	0.06	..	0.04	0.02	0.12
Spain	109.35	131.48	100.17	118.05	459.05
Sweden	5.77	3	2.85	1.02	12.64
Switzerland	14.57	17.8	22.23	21.35	75.95
United Kingdom	-250.97	-11.61	1.07	1.27	-260.24
United States	94.08	94	104.39	130.64	423.11
<b>DAC Countries, Total</b>	<b>230.1</b>	<b>390.85</b>	<b>338.7</b>	<b>-313.99</b>	<b>645.66</b>
Czech Republic	0.92	0.72	0.59	0.35	2.58
Hungary	0.01	..	..	..	0.01
Israel	0.67	1.07	0.88	0.87	3.49
Poland	0.13	0.09	0.11	..	0.33
Slovak Republic	0.3	..	0.04	..	0.34
Thailand	0.01	0.03	0.02	0.04	0.1
Turkey	0.12	..	0.16	0.03	0.31
United Arab Emirates	..	..	..	0.02	0.02
Other development partners	1.55	..	..	0.01	1.56
<b>Non-DAC Countries, Total</b>	<b>3.71</b>	<b>1.91</b>	<b>1.8</b>	<b>1.32</b>	<b>8.74</b>
<b>Multilaterals</b>					
EU Institutions	65.2	52.43	73.8	25.76	217.19
GEF	..	0.67	8.78	3.48	12.93
Global Fund	12.23	17.73	22.06	22.95	74.97
IAEA	0.46	0.42	0.28	0.34	1.5
IDB Sp. Fund	-6.77	-5.98	-5.2	2.58	-15.37
IFAD	-2.01	-1.72	-3.66	-1.98	-9.37
UNAIDS	0.31	0.44	0.52	0.55	1.82
UNDP	0.81	1.1	1.83	0.83	4.57
UNFPA	1.49	1.98	2.15	3.8	9.42
UNICEF	1.37	0.93	0.87	1.15	4.32
UNTA	2.09	0.75	..	..	2.84
WFP	0.71	2.68	0.41	-0.06	3.74
<b>Multilateral, Total</b>	<b>74.72</b>	<b>70.26</b>	<b>100.67</b>	<b>58.33</b>	<b>303.98</b>
<b>All Development Partners, Total</b>	<b>308.53</b>	<b>463.02</b>	<b>441.17</b>	<b>-254.34</b>	<b>958.38</b>

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid - Disbursements, as of 01/24/2012



**Annex Table 7: Economic and Social Indicators for Peru and Comparators, 2007- 2010**

Series Name	Peru				Peru	Uruguay	Colombia	LCR	World
	2007	2008	2009	2010	Average 2007-2010				
<b>Growth and Inflation</b>									
GDP growth (annual %)	8.9	9.8	0.8	8.8	6.5	6.7	4.1	3.6	1.8
GDP per capita growth (annual %)	7.7	8.7	-0.2	7.6	5.4	6.4	2.6	2.5	0.7
GNI per capita, PPP (current international \$)	7170.0	8080.0	8270.0	8930.0	8426.7	12625.0	8665.0	10584.8	10683.6
GNI, Atlas method (billions current US\$)	95.0	114.2	120.5	136.7	123.8	28.5	218.8	4062.7	58439.5
Inflation, consumer prices (annual %)	1.8	5.8	2.9	1.5	3.4	7.4	4.8	..	..
<b>Composition of GDP (%)</b>									
Agriculture, value added (% of GDP)	7.0	7.4	7.5	8.3	7.7	10.3	7.5	6.1	2.9
Industry, value added (% of GDP)	37.1	36.9	35.1	34.3	35.4	26.5	34.7	31.8	26.7
Services, etc., value added (% of GDP)	55.9	55.7	57.4	57.5	56.8	63.2	57.8	62.1	70.4
Gross fixed capital formation (% of GDP)	21.5	25.9	22.9	24.5	24.4	19.2	21.6	20.3	20.5
Gross domestic savings (% of GDP)	29.5	27.1	24.3	27.3	26.2	18.6	20.4	22.2	20.7
<b>External Accounts</b>									
Exports of goods and services (% of GDP)	29.1	27.3	24.0	25.1	25.5	27.5	16.6	22.9	27.9
Imports of goods and services (% of GDP)	22.4	27.1	20.4	22.2	23.2	28.5	19.1	22.6	28.0
Current account balance (% of GDP)	1.4	-4.2	0.2	-1.5	-1.8	-1.4	-2.7	..	..
External debt, total (% of GNI)	32.4	28.8	29.7	24.6	27.7	34.8	21.9	..	..
Total debt service (% of GNI)	9.2	4.4	3.7	4.6	4.2	4.1	3.8	3.6	..
Total reserves in months of imports	9.8	8.4	11.5	11.5	10.5	7.8	5.5	8.1	12.9
<b>Fiscal Accounts</b> <sup>1/2</sup>									
Revenue and Grants (% of GDP)	20.7	20.9	18.5	19.2	19.5	27.5	26.1	..	..
Total Expenditure (and net lending, % of GDP)	16.0	17.3	19.5	18.9	18.6	25.8	27.8	..	..
Overall Balance (% of GDP)	3.3	2.2	-2.0	-1.5	-0.4	-1.1	-1.7	..	..
Public Sector Gross Debt (% of GDP)	30.9	25.7	27.4	26.7	26.6	59.9	34.1	..	..
<b>Social Indicators</b>									
<b>Health</b>									
Life expectancy at birth, total (years)	73.1	73.3	73.5	..	73.4	76.0	73.0	73.6	69.1
Immunization, DPT (% of children ages 12-23 months)	97.0	99.0	93.0	93.0	95.0	94.5	91.3	92.6	83.8
Improved sanitation facilities (% of population with access)	..	68.0	..	..	68.0	100.0	74.0	79.4	60.6
Improved water source (% of population with access)	..	82.0	..	..	82.0	100.0	92.0	93.4	86.8
Mortality rate, infant (per 1,000 live births)	18.7	17.4	16.1	14.9	16.1	10.0	17.4	19.2	42.5
<b>Population</b>									
Population, total (in millions)	28.2	28.5	28.8	29.1	28.8	3.3	45.3	579.2	6725.2
Population growth (annual %)	1.1	1.0	1.1	1.1	1.1	0.3	1.4	1.1	1.2
Urban population (% of total)	71.3	71.4	71.5	71.6	71.5	92.4	74.7	78.7	50.2
<b>Education</b>									
School enrollment, preprimary (% gross)	68.6	72.9	77.5	..	75.2	85.2	47.4	71.4	47.3
School enrollment, primary (% gross)	113.8	110.2	108.5	..	109.3	114.0	119.0	116.0	106.6
School enrollment, secondary (% gross)	89.7	89.8	91.6	..	90.7	88.3	92.6	88.6	67.4

Source: WB World Development Indicators (01/23/2012) for all indicators excluding those noted.

1/ IMF 2010. Republic of Peru: Article IV.

2/ 2010 data are IMF's projections.

**Annex Table 8: Peru - Millennium Development Goals**

	1990	1995	2000	2009
<b>Goal 1: Eradicate extreme poverty and hunger</b>				
Employment to population ratio, 15+, total (%)	53	61	64	69
Employment to population ratio, ages 15-24, total (%)	34	48	50	53
Income share held by lowest 20%	5.6	4.4	3.2	3.6
Malnutrition prevalence, weight for age (% of children under 5)	8.8	5.7	5.2	
Poverty gap at \$1.25 a day (PPP) (%)	1	3	5	2
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	2	9	15	8
Prevalence of undernourishment (% of population)	27	21	18	15
Vulnerable employment, total (% of total employment)	36	36	44	40
<b>Goal 2: Achieve universal primary education</b>				
Literacy rate, youth female (% of females ages 15-24)	..	..	..	97
Literacy rate, youth male (% of males ages 15-24)	..	..	..	98
Persistence to last grade of primary, total (% of cohort)	..	..	81	83
Primary completion rate, total (% of relevant age group)	..	89	102	101
Total enrollment, primary (% net)	..	90	100	97
<b>Goal 3: Promote gender equality and empower women</b>				
Proportion of seats held by women in national parliaments (%)	6	11	11	28
Ratio of female to male primary enrollment (%)	97	97	99	100
Ratio of female to male secondary enrollment (%)	94	94	93	99
Ratio of female to male tertiary enrollment (%)	..	..	98	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	37.2	38.9	41.3	42.9
<b>Goal 4: Reduce child mortality</b>				
Immunization, measles (% of children ages 12-23 months)	64	98	97	91
Mortality rate, infant (per 1,000 live births)	62	51	35	19
Mortality rate, under-5 (per 1,000)	78	62	40	21
<b>Goal 5: Improve maternal health</b>				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	..	66	54
Births attended by skilled health staff (% of total)	80	56	59	83
Contraceptive prevalence (% of women ages 15-49)	59	64	69	73
Maternal mortality ratio (modeled estimate, per 100,000 live births)	250	220	160	98
Pregnant women receiving prenatal care (%)	64	67	84	94
Unmet need for contraception (% of married women ages 15-49)	16	12	10	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>				
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	9	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	320	240	180	120
Prevalence of HIV, female (% ages 15-24)	..	..	..	0.3
Prevalence of HIV, male (% ages 15-24)	..	..	..	1
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.2	0.4	0.5
Tuberculosis case detection rate (all forms)	55	78	81	94
<b>Goal 7: Ensure environmental sustainability</b>				
CO2 emissions (kg per PPP \$ of GDP)	0.3	0.2	0.2	0.2
CO2 emissions (metric tons per capita)	1.0	1.0	1.2	1.5
Forest area (% of land area)	55	54	54	54
Improved sanitation facilities (% of population with access)	54	59	62	68
Improved water source (% of population with access)	75	77	79	82
Marine protected areas (% of total surface area)	..	..	..	3
Terrestrial protected areas (% of total surface area)	..	..	..	13.8
<b>Goal 8: Develop a global partnership for development</b>				
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	7	13	24	10
Internet users (per 100 people)	0.0	0.0	3.1	24.7
Mobile cellular subscriptions (per 100 people)	0	0	5	73
Net ODA received per capita (current US\$)	18	15	15	16
Telephone lines (per 100 people)	3	5	7	10
<b>Other</b>				
Fertility rate, total (births per woman)	3.8	3.3	2.9	2.6
GNI per capita, Atlas method (current US\$)	720	1,990	2,050	4,200
GNI, Atlas method (current US\$) (billions)	15.7	47.8	53.3	122.4
Gross capital formation (% of GDP)	16.5	24.8	20.2	22.5
Life expectancy at birth, total (years)	66	68	71	73
Literacy rate, adult total (% of people ages 15 and above)	..	87	..	90
Population, total (millions)	21.8	23.9	26.0	29.2
Trade (% of GDP)	29.6	30.8	34.2	43.3

Source: World Development Indicators database as of 01/24/2012.

**Annex Table 9: List of IFC's investments in Peru that were active during FY07-11 (US\$'000)**

Project ID	Cmt. FY	Closure FY	Project Status	IFC Sector Primary	IFC Sector Explntry	Project Size	Net Loans	Net Equity	Total Net Commitment
<b>Investments approved pre-FY07, but active during FY07-11</b>									
2983 (equity active)	1993		Active	IINR	Gold mining	24,674	12,343	332	12,675
3823, 7447, 10170, 10837	1993, 96, 2000, 01		Active	IINR	Copper mining	159,792		12,870	12,870
4498, 4618	1995, 96	2008	Closed	Financial Markets	Fund	20,010		13,890	13,890
8279	1998	2008	Closed	MAS	Sugar	83,300	14,178		14,178
8484	1998	2008	Closed	Financial Markets	Leasing	13,000	10,000	2,500	12,500
8267	2000		Inactive after 11/08	MAS	Dairy	15,000	7,000		7,000
9180	2000	2010	Closed	MAS	Flour mill	158,588	40,000		40,000
9248, 22033	2000, 05	2010	Closed	MAS	Agri. Storage	40,260	20,000		20,000
9615, 22477	2000, 05		Active	MAS	Sugar	59,426	15,000	300	15,300
9874	2001	(2012)	Active	MAS	Hotel	22,400	6,000		6,000
10651	2001	2008	Closed	MAS	Tour Op.	8,000	5,000		5,000
10024	2002	(2012)	Active	IINR	Railways	41,900	9,000		9,000
10730, 20480	2002, 03	2009	Closed	Financial Markets	Life Insurance	4,593		4,593	4,593
10894	2002	2010	Closed	MAS	Industrial Products	20,200	5,400	2,000	7,400
11026, 20535	2002, 03		Active	IINR	Electricity Dstrbtn.	30,200	18,000	200	18,200
11108	2002	2007	Closed	Financial Markets	Microfin.	5,000	3,000		3,000
20050	2003	Active		IINR	Toll Road Oprtn.	90,878	18,000		18,000
11007	2004	2009	Closed	MAS	Dairy	25,000	19,000		19,000
22412	2004	(2012)	Closed	Financial Markets	Microfin.	4,000	4,000		4,000
23010	2005	2009	Closed	MAS	Ag. & Ind. Cnglmrate	59,000	7,500		7,500
23545	2005		Active	MAS	University	20,000	4,500		4,500
23878	2005		Active	MAS	Hotel	10,000	10,000		10,000
24759	2006		Active	Financial Markets	Microfin.	69,000	29,000		29,000
24873	2006		Active	MAS	Fruits and Veg.	36,341	15,000		15,000
<b>Subtotal</b>						<b>1,020,502</b>	<b>271,921</b>	<b>36,685</b>	<b>308,606</b>

Source: IFC, June 2011- The list does not cover the regional projects.

MAS: Manufacturing, Agriculture, and Services; IINR: Industry, Infrastructure, and Natural Resources

**Annex Table 9 (Continued): List of IFC's investments in Peru that were active during FY07-11 (US\$'000)**

Project ID	Cmt. FY	Closure FY	Project Status	IFC Sector Primary	IFC Sector Explntry	Project Size	Net Loans	Net Equity	Total Net Commitment
<b>Investments approved in FY07-11</b>									
24051 26953	2007, 08		Active	MAS	Sugar	43,704	18,300		18,300
24346 26963 28093 28615 29526	2007, 08, 09, 09		Active	IINR	Oil & Gas	216,599	40,438	36,099	76,537
24366 28007 29669 30567	2007, 09,10,11		Active	Financial Markets	Secondry Mrtg. Fin.	51,420	329	961	1,290
24489	2007		Active	IINR	Airport	20,000		20,000	20,000
24892	2007		Closed	Financial Markets	Microfin.	2,480	2,480		2,480
25360	2007		Active	Financial Markets	Housing Energy	130,000	88,000		88,000
25374	2007		Active	Financial Markets	Microfin.	14,000	7,000	7,000	14,000
25717 29540	2007, 11		Active	Financial Markets	SME	48,000	33,000		33,000
25931	2007		Active	MAS	Hotel	29,000	13,000		13,000
25390	2008		Active	IINR	Liquifctn. Plant + Pipeline	3,971,709	300,000		300,000
27762	2008		Active	Financial Markets	Microfin.	12,762	6,616		6,616
26076	2008		Active	MAS	Agri.	32,800	12,000		12,000
26100	2008		Active	Financial Markets	Leasing	10,000	10,000		10,000
26110	2008		Active	IINR	Diversfd. Energy	66,000		10,000	10,000
26456	2008		Active	Financial Markets	B-Loan & 25360disb	190,000			0
25964	2009		Active	Financial Markets	Trade		21,133		21,133
26130 30734	2009		Active	MAS	Copper mining	17,000		17,000	17,000
26150 29183 29686 30356 30776 30959	2009, 10,10,11, 11,11		Active	Financial Markets	Life Insurance	31,315		1,994	1,994
27292 29693 31178	2009, 11,11		Active	Financial Markets	Microfin.	13,627		11,706	11,706
28215 29660	2009, 11	2011	Closed	IINR	Copper mining	27,799		17,799	17,799
28302	2009		Active	MAS	Paper	400		400	400

Project ID	Cmt. FY	Closure FY	Project Status	IFC Sector Primary	IFC Sector Explntry	Project Size	Net Loans	Net Equity	Total Net Commitment
26918	2010		Active	Financial Markets	Mid-cap Fund	15,000		15,000	15,000
27715	2010		Active	Financial Markets	Muni Fin	32,000	31,685		31,685
28031	2010		Active	IINR	Nat. Gas Dstbnt.	235,800	50,000		50,000
28741	2010	2010	Closed	IINR	Water	424,500	44,180		44,180
27727	2011		Active	Financial Markets	Muni Fin	5,500	5,345		5,345
28971	2011		Active	Financial Markets	Trade		36,000		36,000
29405	2011		Active	IINR	Electricity Generatn	290,000	70,000		70,000
29595	2011		Active	MAS	Hospital	70,000	25,000		25,000
<b>Subtotal</b>						<b>6,001,415</b>	<b>814,506</b>	<b>137,959</b>	<b>952,465</b>
<b>Grand total</b>						<b>7,021,977</b>	<b>1,086,427</b>	<b>174,644</b>	<b>1,261,071</b>

Source: IFC, June 2011- The list does not cover the regional projects.

MAS: Manufacturing, Agriculture, and Services; IINR: Industry, Infrastructure, and Natural Resources



**Annex Table 10: List of IFC's Advisory Services in Peru, FY07-11:**

Project ID	Project Name	Start FY	End FY	Project Status	Primary Business Line	Total Funds, US\$
<b>Advisory Services operations approved pre-FY07, but active during FY07-11</b>						
533764	LK:Edyficar TA	Dec-06	Jul-07	Closed	Access to Finance	73,000
539023	Yanacocha Cjamarca	Oct-05	Aug-07	Closed	SBA	550,000
542364	LK: Yanacocha III	May-06	Feb-09	Closed	SBA	371,204
542665	Government Best Practice	Apr-06	Jul-07	Closed	Inv. Climate	150,000
543944	National Plan Peru	Feb-06	May-10	Closed	Inv. Climate	1,152,150
544284	Nesst Peru	Sep-06	Jun-09	Closed	SBA	127,150
<b>Subtotal:</b>						<b>2,423,504</b>
<b>Advisory Services operations approved in FY07-11</b>						
506050	BDGEF Inka Terra (Biodiversity)	Mar-04	Dec-08	Closed	SBA	480,000
506393	GEF BD Poison Dart Frog	Nov-04	May-07	Closed	SBA	687,308
523361	GEF SE Biofuels Transportation	Jul-04	Dec-08	Closed	SBA	1,054,800
542324	VCA/CSR Apparel	Aug-06	Jun-07	Closed	Inv. Climate	176,550
549485	Canon Monitoring (social accountability) Peru	Dec-06	Dec-10	Closed	SBA	1,782,430
549865	Canon Management Peru	May-07	Dec-10	Closed	SBA	900,000
550267	EBGEF Continental Peru	Oct-06	Nov-10	Closed	Access to Finance (EE)	530,000
556865	Edyficar Upgrade	Oct-07		Active	Access to Finance	403,980
557026	Edpyme Confianza Transformation	Apr-08	Jun-11	Closed	Access to Finance	257,400
559447	MSME AmerLeasing	Aug-07		Hold	Access to Finance	125,000
561317	Promoting Eff use of Oil Royalties (Tumbes/BPZ)	Apr-08	Jan-10	Closed	SBA	45,651
561489	CT R – Viru SA	Oct-07	Jul-08	Closed	SBA	127,500
566909	Peru LNG Linkages	Oct-08		Active	SBA	1,462,434
566947	Peru LNG Community (E&S). Mntng.	Oct-08	Feb-10	Closed	SBA	120,000
567347	Rio Tinto – Enhancing Royalties Inv.	Feb-09	Jan-11	Closed	SBA	146,098
567387	Peru LNG Enhancing Royalties Inv.	Nov-08	Jun-11	Closed	SBA	980,000
568547	Opp for dev of IT/ITES ind in Peru	May-09	Jun-10	Closed	Inv. Climate	100,000
568467	Inspections Peru	Jul-10		Hold	Inv. Climate	614,382
572627	Rio Tinto II -Imp. Inv. Mgmt. of a Social Fund	Dec-09	Jan-11	Closed	SBA	65,347
574927	BPZ II Enhancing Royalties	Feb-10	May-11	Terminated	SBA	49,240
579128	Rural Fin. Peru - Micro	Nov-10		Active	Access to Finance	1,200,000
581028	Strengthening Local Govt.	Feb-11		Active	SBA	4,073,540
583008	Municipality Royalty Inv.	Feb-11		Active	SBA	3,840,000
<b>Subtotal:</b>						<b>19,221,660</b>
<b>Grand Total</b>						<b>21,645,164</b>

Source: Source: IFC, January 2012

SBA: Sustainable Business Advisory

**Annex Table 11: List of MIGA's Operations in Peru, FY07-11 (US\$ '000)**

Project ID	Contract Enterprise	FY	Project Status	Sector	Investor	Max. Gross Issuance
732	Compania Minera Antamina S.A.	2007	Active	Mining	Japan	39,960
3960	Mitsui del Peru S.A.	2007	Active	Transportation	USA	600
8204	Banco Universal S.A. Unibanco; ORCA Credit Holdings LLC	2010	Active	Financial Markets	Ecuador	18,000
4006	Lima Airport Partners S.R.L.	2011	Active	Transportation	Germany	6,464
<b>Grand Total:</b>						<b>65,024</b>

Source: MIGA, January 2012

**Annex Table 12: Summary of Achievements of the CAS/CPS Objectives**

CPS 07-11: Pillar 1 Promoting Economic Growth		Actual Results (as of current month year)	Comments
<b>Objectives</b>	1. Maintaining macro stability and reducing vulnerabilities		
	2. Accelerating growth and widening the base of growth		
	3. Making growth environmentally sustainable		
<b>Major Outcome Measures</b>	1. <u>Maintaining macro stability and reducing vulnerabilities</u>		
	Achievement of rating of Investment Grade (upgrade from current grade BB+ to investment grade BBB).	Peru achieved Investment Grade by Fitch, Standard & Poor's and Moody's by 2010. Notes in 2011: Fitch: BBB, Standard & Poor's: BBB Moody's: Baa3. All three ratings are above the "investment grade".	Source: Fitch, Standard & Poor's and Moody's.
	Accumulated inflation (excluding food and fuels) of 12.5 percent or below from 2007 to 2011.	Cumulative inflation, excluding food and fuels reached 11.3 percent between January 2007 and December 2011.	Source: Central Bank of Peru (BCRP)
	Reduce public debt from 38 to 26 percent of GDP if no adverse external shocks or 32 percent of GDP if some external shocks.	Outstanding public debt as a percent of GDP was 34.4 in 2006. This percentage decreased to 23.9 in 2010 and to an average of 21.7 for the first three quarters of 2011.	Source: BCRP
	Reduce dollarization of the financial system from 65 to 52 percent.	The share of dollar denominated liabilities in broad money of the banking system decreased from 50.8 percent in 2006 to 38.5 percent in December 2011.	Source: BCRP
	2. <u>Accelerating growth and widening the base of growth</u>		
	Improve business environment	Peru improved its score of overall competitiveness from 3.94 (position 74 over 125 countries) in 2006-07 to 4.21 (position 67 over 142 countries) in 2011-12. Peru improved the most in factors that <i>enhanced efficiency</i> and in the <i>basic requirements category</i> . Nevertheless, it has shown a decrease on the measure accounting for <i>innovative factors</i> during this period.	Source: Global Competitiveness Reports (World Economic Forum).
	Increase public investment in infrastructure to from less than 1 percent to 3 percent of GDP.	No data available	This indicator was not monitorable directly, nor monitored. Available data refers to the investment budget of sectors that are considered having a high infrastructure component.
	Increase enrolment and graduation rates in science, technology, innovation and related disciplines at the tertiary level.	No data available	
	Increase in non-traditional exports from 25 percent to 40 percent of total exports.	The share of non-traditional exports in total exports fell from 25 percent to 22 percent in 2011.	Source: CPSCR
	Increase the number of new exporting firms located in developing regions <sup>2</sup> from 24 to 39.	The number of new exporting firms located in developing regions was 31 as of February 2011.	Source: CPSCR
	Reduce informality rate from 60 to 51 percent.	The informality rate targeted in the CAS is based on the Schneider methodology. The latest information of this measure gives a rate of 57 for 2006. There is not data available after 2006.	
	Increase in the number of tourists that visit Peru annually from 1.3 million to 2 million.	Annual tourist visitors to Peru increased from 1.72 million in 2006 to 2.3 million in 2010.	Data for 2011 are not yet available.  Source: Mincetur (Ministry of Trade and Tourism)

<sup>2</sup> The included regions were Puno, San Martin, Madre de Dios, Huancavelica, Amazonas, Ayacucho and Apurimac.

	<b>CPS 07-11: Pillar 1</b> <b>Promoting Economic Growth</b>	<b>Actual Results</b> <b>(as of current month year)</b>	<b>Comments</b>
	<b>3. Making growth environmentally sustainable</b> Implementation of post-license monitoring system by the Ministry of Environment.	In 2008, Government established the "Organismo de Evaluación y Fiscalización Ambiental (OEFA)" with responsibility for continuously monitoring the implementation of environmental commitments of licensed businesses.	Source: Ministry of Environment
	Publish and disseminate widely air quality data for the Lima-Callao Metropolitan Region.	Daily air quality monitoring data for the cities of Lima and La Oroya is published and disseminated through SENAMHI's (Peruvian National Service of Meteorology and Hydrology) and DIGESA's (Office of Health Management) websites.	Source: SENAMHI
<b>Ongoing pre CPS 07-11 Support</b>	P008037 Irrigation Subsector Project	Approved FY97. Closed FY09.	IEG outcome rating: Satisfactory
	P088809 Institutional Capacity for Sustainable Fiscal Decentralization TAL.	Approved FY05. Closed FY11.	IEG outcome rating: Moderately Satisfactory
	P077788 Trade Facilitation and Productivity Improvement Technical Assistance Project.	Approved FY03. Closed FY09.	IEG outcome rating: Satisfactory
	P044601 Second Rural Roads Project.	Approved FY01. Closed FY07.	IEG outcome rating: Satisfactory
	P082588 Agricultural Research and Extension APL Phase 2.	Approved FY05. Closed FY11.	Latest Internal Rating (IR): Satisfactory
	P035740 Lima Urban Transport Project.	Approved FY04. Closed FY11.	Latest IR: Satisfactory
	P082625 Vilcanota Valley Rehabilitation and Management Project.	Approved FY05. Closed FY11.	Latest IR: Moderately Unsatisfactory
	P078894 Real Property Rights Consolidation Project.	Approved FY06. Active.	Latest IR: Satisfactory
	P090116 PE Rural Electrification.	Approved FY06. Active.	Latest IR: Satisfactory
	P078953 Accountability for Decentralization in the Social Sectors (Previous Programmatic Social Reform TAL).	Approved FY05. Closed FY09.	IEG outcome rating: Moderately unsatisfactory
	P074021 Lima Transport Project	Approved FY04. Closed FY10	
	P078813 Regional Transport Decentralization	Approved FY06. Active.	Latest IR: Satisfactory
<b>New Lending Support</b>	P101335 Fiscal Management and Competitiveness DPL.	Approved FY07. Closed FY08.	
	P101590 Second Programmatic Fiscal Management and Competitiveness DPL (including Supplemental Financing)	Approved FY09. Active.	Latest IR: Satisfactory
	P106720 Third Programmatic Fiscal Management & Comp. DPL.	Approved FY10. Active.	Latest IR: Satisfactory
	P116214 Fourth Programmatic Fiscal Management DPL.	Approved FY10. Closed FY12.	Latest IR: Satisfactory
	P101471 Peru First Programmatic Environmental DPL/DDO.	Approved FY09. Active.	Latest IR: Satisfactory
	P116152 Second Programmatic Environmental DPL.	Approved FY10. Active.	Latest IR: Satisfactory
	P120860 Catastrophe Development Policy Loan DDO.	Approved FY11. Active.	Latest IR: Satisfactory
	P079165 PE Sierra Rural Development Project.	Approved FY07. Active.	Latest IR: Satisfactory
	P104760 Sierra Irrigation Subsector.	Approved FY11. Active.	Latest IR: Moderately Satisfactory
	P107666 Water Resources Management Modernization (PRONASAR II).	Approved FY10. Active.	Latest IR: Satisfactory
	P095570 Peru Decentralized Rural Transport Project.	Approved FY07. Active.	Latest IR: Satisfactory
	P117864 Second Rural Electrification.	Approved FY11. Active.	Latest IR: Satisfactory
	P118713 Peru Third Programmatic Environmental DPL.	Approved FY11. Active.	Latest IR: Satisfactory
	P116929 Peru Safe and Sustainable Transport Project (Additional Financing Lima Transport Project).	Approved FY10. Active.	
	P078813 Regional Transport Infrastructure Decentralization.	Approved FY06. Active.	Latest IR: Satisfactory

<b>CPS 07-11: Pillar 1</b>		<b>Actual Results</b> (as of current month year)	<b>Comments</b>
<b>Promoting Economic Growth</b>			
<b>Planned</b>	P113889 (ESW) PE Public Expenditure Review (PER)	Delivered FY11.	
<b>AAA</b>	P122390 (ESW) Financial Sector Assessment Program (FSAP) Update Peru.	Delivered FY11.	
	Review of PPP.	Delivered FY09.	
	P101334 (ESW) PE Informality Study.	Delivered FY07.	
	P106731 (ESW) PE Informality Study II.	Delivered FY08.	
	Tax Compliance Cost Surveys.	Delivered FY10.	
	P111012 (ESW) Peru Natural Gas Study (National Gas Development Strategy).	Delivered FY10.	
	P106687 (ESW) Peru - Recent Economic Development in Infrastructure (REDI).	Delivered FY11.	
	P106406 (ESW) Skills and Access to Urban Labor Markets in Peru.	Delivered FY11.	
	P093486 (ESW) Peru Rural Electrification.	Delivered FY07.	
	P117337 (TA) Natural Resources Land Use Change & Environment.	Delivered FY11.	
	P109969 (ESW) Overcoming Barriers to Hydropower Investment in Peru.	Delivered FY09.	
	P105450 (ESW) FIRST: Peru Improving SME access to capital markets.	Delivered FY09.	
	P117351 (TA) Peru: Financial Crisis Simulation Program FIRST # 8086.	Delivered FY11.	
<b>Additional</b>	P106743 (ESW) Peru Capital Markets for Growth	Delivered FY08.	
<b>AAA</b>	P103422 (ESW) Peru Small Hydropower.	Delivered FY08.	
	P121721 (ESW) Peru Policy Notes.	Delivered FY12.	
	P113248 (ESW) PE Policy Notes - Labor Market Review.	Delivered FY10.	
	P110305 (ESW) Assessment of climate Impact on Peru's hydrology. Development of a methodology.	Delivered FY11.	
	P116789 (ESW) Peru Strategic Plan for the Telecommunications Investment Fund.	Delivered FY10.	
	P117650 (ESW) Opportunities for the Information Technology and Information Technology Enabled Services (IT/ITES) Off shoring Industry in Peru.	Delivered FY10.	
	P110749 (TA) Peru - Technical Assistance on Ministry of Finance Public Private Partnerships (PPP) Law Drafting.	Delivered FY09.	
	P110336 (TA) FIRST Peru: TA for strengthening private sector accounting and auditing.	Delivered FY11.	
	P100333 (ESW) Peru Corporate Governance SOE Assessment.	Delivered FY07.	
	P126022 (ESW) Peru II Corporate Governance ROSC Assessment.	Delivered FY12.	
	P122177 (ESW) Peru - Insolvency & Creditor Rights ROSC.	Delivered FY12.	

CPS 07-11: Pillar 2 Enhancing Social Development		Actual Results (as of current month year)	Comments
<b>Objectives</b>	<b>1. Meeting Basic Needs</b> <b>2. Promoting and developing a new social contract in education, health and nutrition</b> <b>1. Meeting Basic Needs</b>		
<b>Major Outcome Measures</b>	Reduction in the Unmet Basic Needs Index from 42 to 36 percent for the entire population and from 72 to 62 percent for the rural areas.	The Unmet Basic Needs Index ( <i>Indice de necesidades básicas insatisfechas</i> ) decreased from 34 in 2006 to 26 percent in 2010 for the entire population and from 62 percent in 2006 to 47 percent for the rural population in 2010.	<p>The baseline information indicated in the outcome for the Unmet Basic Needs for the entire population in 2006 (42 percent) is wrong, because it accounts only for the Unmet Basic Needs for the entire population excluding the agglomeration of Lima and Callao.</p> <p>The baseline information indicated in the outcome for the Unmet Basic Needs for the rural areas does not match our baseline information.</p> <p>No data available for 2011.</p> <p>Source: Peru National Office of Statistics (INEI)</p>
	Increase in the percentage of households with adequate water from 76 to 85 percent and sanitation services from 57 to 65 percent.	The proportion of population with improved access to water sources has increased from 71.6 in 2006 to 74.1 in 2009. Furthermore, the proportion of population with improved sanitation services has risen from 72.4 in 2006 to 74.8 in 2009.	<p>The baseline information indicated in the outcome does not match our baseline information.</p> <p>No data available either for 2010 or 2011.</p> <p>Sources : INEI</p>
	Increase in the access to electricity in rural areas from 30 to 42 percent.	The percentage of rural households with access to electricity increased from 28.9 in 2006 to 55 percent in 2010.	<p>The baseline information indicated in the outcome does not match our baseline information.</p> <p>No data available for 2011.</p> <p>Source: Ministry of Energy and Mines.</p>
	<b>2. Promoting and developing a new social contract in education, health and nutrition</b> Reduction on the proportion of students in "level 0" of national student census evaluation from 46 percent to 25 percent and increase on the proportion of students in "levels 2 or 3" from 39 percent to 60 percent between 2004 and 2011.	No data available.	<p>In 2010, the proportion of students lagging "below level 1" decreased from 30 in 2007 to 24 percent in reading and from 57 in 2007 to 53 percent in math. The proportion of students reaching "Level 2" increased from 16 in 2007 to 29 percent in reading and from 7 in 2007 to 14 percent in math.</p> <p>No data available either for 2006 or 2011.</p> <p>Source: <i>Unidad de Medición de la Calidad Educativa</i> (Ministry of Education)</p>
	Increase in the Health Insurance System (SIS) affiliation rate for women of childbearing age in the ten poorest regions by 10 percentage points and SIS expenditure on services in these 10 regions by 20 percent in real terms in 2006-2008.	<p>No data available for the Health Insurance System (SIS) affiliation rate for women of childbearing age in the ten poorest regions.</p> <p>The SIS budget increased from S/.267 million in 2006 to S/.420 million in 2008. This represented an increase of 42 percent in real terms.</p>	<p>SIS affiliation rose to 5.22 million (2008) in the ten poorest regions<sup>3</sup>; and to 10.5 million nationwide. Both figures increased by 50 percent since 2007.</p> <p>Source: CPSCR</p>

<sup>3</sup> The included regions were Amazonas, Apurímac, Ayacucho, Cajamarca, Huancavelica, Huánuco, Loreto, Piura, Puno and Tacna.

CPS 07-11: Pillar 2 Enhancing Social Development		Actual Results (as of current month year)	Comments
	Increase coverage of institutional births (IB) in the 10 poorest regions to reach 75 percent and nationwide rural coverage to reach 58 percent.	2007 and 2010 surveys ( <i>Encuesta demográfica y de salud familiar</i> ) show that IB coverage increased from 49.4 in 2007 to 58.4 percent in 2010 for rural areas. Moreover, surveys show a rise from 62.7 to 73.3 percent in IB coverage in the 10 poorest regions.	No data available for 2011.  Source: INEI
	Reduction in national chronic malnutrition from 24 to 15 percent in 5 years.	National chronic malnutrition reached 23 percent in 2010.	As a result of the adoption of new WHO standards, the baseline of 24 percent in 2006 was adjusted to 28 percent; and, the government adopted a new national target of 23 percent by 2010. This new target has been achieved. However, the 23 percent figure is estimated to be equivalent to about 18 percent under the old standard, implying that progress fell somewhat short of the 15 percent originally targeted in the CPS.  Source: INEI
<b>Ongoing pre CPS 07-11 Support</b>	P008051 Lima Water Rehabilitation and Management Project.	Approved FY95. Closed FY08.	IEG outcome rating: Satisfactory
	P055232 Rural Education Project.	Approved FY03. Closed FY08.	IEG outcome rating: Moderately Unsatisfactory
	P065256 National Rural Water Supply and Sanitation Project.	Approved FY05. Closed FY09.	Latest IR: Moderately Satisfactory
	P081834 Additional Financing - Lima Water Rehabilitation and Management Project.	Approved FY03. Closed FY09.	IEG outcome rating: Satisfactory
<b>New Lending Support</b>	P117310 Results in Nutrition for <i>Juntos</i> SWAp	Approved FY11. Active.	Latest IR: Satisfactory
	P095563 PE- (APL2) Health Reform Program.	Approved FY09. Active.	Latest IR: Satisfactory
	P117293 Optimization of Lima Water and Sewerage Systems (Water Resources Management).	Approved FY11. Active.	Latest IR: Satisfactory
	P101086 Results and Accountability in Social Sectors (REACT) DPL.	Approved FY07. Closed FY10.	
	P101177 Second Results and Accountability in Social Sectors (REACT) DPL-Deferred Drawdown Option.	Approved FY09. Active.	Latest IR: Satisfactory
	P116264 Third Results & Accountability in Social Sectors (REACT) Programmatic DPL.	Approved FY11. Active.	Latest IR: Satisfactory
<b>Planned AAA</b>	P104262 (ESW) PE- <i>Recurso</i> II	Delivered FY07.	
	P106943 (ESW) PE- <i>Recurso</i> III	Delivered FY08.	
	P111529 (TA) PE Education Sector	Delivered FY10.	
	P113917 (ESW) PE Extreme Poverty-Effectiveness of Antipoverty Intervention.	Delivered FY11.	
	P122834 (ESW) PE Extreme Poverty-Effectiveness of Antipoverty Intervention II.	Delivered FY11.	
	P103644 (ESW) PE <i>Recurso</i> IV	Delivered FY10.	
	P117375 (ESW) PE <i>Recurso</i> V	Delivered FY12.	
	P111717 (TA) PE <i>Juntos</i> for Nutrition-NLTA.	Delivered FY11.	
	P101500 (TA) PE Universal Insurance Health Reform.	Delivered FY11.	
	P103116 (TA) Poverty monitoring and information systems.	Delivered FY09.	
	P103161 (ESW) PE Policy Notes - AAA Decentralization (Decentralization in Social Sectors).	Delivered FY10.	
<b>Additional AAA</b>	P081481 (TA) CA: Lima (Peru) City Poverty Strategy.	Delivered FY07.	
	P121721 (ESW) Peru Policy Notes.	Delivered FY12.	



<b>CPS 07-11: Pillar 3 Modernizing Institutions</b>		<b>Actual Results (as of current month year)</b>	<b>Comments</b>
<b>Objectives</b>	<b>1. Decentralization and access to public services</b>		
	<b>2. Strengthening public sector management</b>		
	<b>3. Improving the justice system and reducing corruption</b>		
<b>Major Outcome Measures</b>	<b>1. Decentralization and access to public services</b>		
	Increase in number of local and regional governments accredited from 310 to 600.	No data available.	The Government of Peru changed the framework of decentralization. The accreditation of regional and local governments became irrelevant.  Source: P078953 Accountability for Decentralization in the Social Sectors ICR.
	<b>2. Strengthening public sector management</b>		
	Introduction of Results-Based Budgeting (RBB) as a tool to improve the efficiency of public spending.	MEF established the results-based budget (RBB) for five strategic pilot programs in 2008, expanding to 24 in 2011. RBB is now an integral part of the budget cycle.	Source: MEF and CPSCR
	Increase in the number of regional and local governments preparing budgets following participatory budgeting norms from 425 to 725.	As a result of the implementation of the Participatory Budget Law, currently 100 percent of sub-national governments follow participatory budget norms in the preparation of the investment budget.	Source: MEF and CPSCR
	<b>3. Improving the justice system and reducing corruption</b>		
	Reach a 55 percent of satisfaction of the clients within the jurisdictional institutions that are implementing management improvements.	No data available.	According to a 2009 evaluation, 78 percent of users evaluated the project service delivery model, ALEGRA ( <i>Asistencia Legal Gratuita</i> ), favourably with respect to the adjudication and conflict resolution services provided by the conciliators. 77 percent of respondents also provided a favourable evaluation of aspects related to the physical environment and physical access to ALEGRA.  Source: CPSCR
<b>Ongoing pre CPS 07-11 Support</b>	P073438 Justice Services Improvement	Approved FY04. Closed FY09.	IEG outcome rating: Satisfactory
<b>New Lending Support</b>	P110752 Justice Services Improvement Project II.	Approved FY11. Active.	Latest ISR: Satisfactory
<b>Planned AAA</b>	P106739 (ESW) PERU Government and Governability Enhancement.	Delivered FY09.	
	P117589 (TA) Decentralization and Quality of Education (Decentralization and public expenditure efficiency).	Delivered FY11.	
	P110925 (TA) PE Sub-national Pilots.	Delivered FY11.	
	P112072 (ESW) Social and Distributional Impact Analysis of the Participatory Budget in Peru.	Delivered FY10.	
<b>Additional AAA</b>	P094276 (ESW) PE Municipal Debt.	Delivered FY07.	