



## Public Expenditure and Fiscal Risk Management DPF-DDO (P154981)

LATIN AMERICA AND CARIBBEAN | Peru | Governance Global Practice |  
IBRD/IDA | Development Policy Lending | FY 2016 | Seq No: 2 | ARCHIVED on 21-Nov-2019 | ISR39206 |

Implementing Agencies: Ministerio de Economía y Finanzas, Republic of Peru

## Key Dates

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Bank Approval Date: 11-Feb-2016

Effectiveness Date: 28-Apr-2016

Original Closing Date: 18-Feb-2019

Revised Closing Date: 18-Feb-2022

## Project Development Objectives

Program Development Objective (from Program Document)

The proposed operation aims at supporting the Government of Peru's efforts to improve: (i) the management and reporting of public expenditures in subnational governments (SNGs), and (ii) the Government's legal and institutional framework for public-private partnerships (PPPs).

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

## Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Moderate	● Moderate

## Implementation Status and Key Decisions

The macroeconomic policy framework continues to be adequate and the implementation of the supported reform program is on track.

## Risks

## Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Moderate	● Moderate



Macroeconomic	--	● Moderate	● Moderate
Sector Strategies and Policies	--	● Low	● Low
Technical Design of Project or Program	--	● Low	● Low
Institutional Capacity for Implementation and Sustainability	--	● Moderate	● Moderate
Fiduciary	--	● Low	● Low
Environment and Social	--	● Low	● Low
Stakeholders	--	● Moderate	● Moderate
Other	--	--	--
Overall	--	● Moderate	● Moderate

## Results

### Results Indicators

Improve the management and reporting of public expenditures in subnational governments (SNGs)				
▶ Percentage of regional governments (RGs) and local governments (LGs) in compliance with fiscal rules for SNGs (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50% of RGs (representing 66.3% of RGs total revenue) met fiscal rules' targets and 59% of LGs (representing 66.4% of total LGs revenue) met fiscal rules' targets	65% of RGs and 87% of LGs complied with total debt balance rule in 2016	73% of RGs and 93% of LGs complied with both fiscal rules	65% of RGs and 70% of LGs met fiscal rules or their convergence targets
Date	31-Dec-2014	01-Dec-2017	13-Nov-2019	29-Dec-2017
Comments:	Both fiscal rules ( <i>Regla fiscal del saldo de deuda total</i> , and <i>Regla fiscal de ahorro en cuenta corriente</i> ) are now being reported in the annual report, following the Legislative Decree 1275. The annual reports can be found on the website of the Ministry of Finance at; <a href="https://www.mef.gob.pe/es/reporte-fiscal/informe-anual-de-cumplimiento-de-reglas-fiscales-de-los-gobiernos-regionales-y-gobiernos-locales">https://www.mef.gob.pe/es/reporte-fiscal/informe-anual-de-cumplimiento-de-reglas-fiscales-de-los-gobiernos-regionales-y-gobiernos-locales</a>			
▶ Percentage of RGs and LGs that submitted the Multiannual Report of Fiscal Management in compliance with reporting obligations (gradual reporting obligation through a six year period; 2015-2020) (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100% of RGs submit the Multiannual Report of Fiscal Management; 80% of LGs that represent 50% of total LGs' income	100% of RGs and 99% of the LGs required to submit the Multiannual Fiscal Management Card (in conformity with the gradual implementation schedule set forth in RM 338-2014-EF/15).	RGs and LGs are no longer required to submit the Multiannual Report of Fiscal Management as reports are being automatically generated from the system. Instead, the RGs and LGs that do	100% of RGs submit the Multiannual Report of Fiscal Management; 80% of LGs that represent 70% of total LGs' income



				not comply with the fiscal rules are required to present Fiscal Adjustment Commitments (CAFs). Of this group, 100% of RGs and 95% presented their CAFs in 2019.
Date	31-Dec-2015	01-Dec-2017	13-Nov-2019	29-Dec-2017
<b>►Number of managerial positions covered by professional public managers (Directivos Públicos) as a percentage of total managerial positions in RGs (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	77.00
Date	31-Dec-2014	01-Dec-2017	13-Nov-2019	29-Dec-2017
Comments:	Given the implementation delay in the Public Directors service regime, this indicator has not advanced. The Government is continuing to advance in preparation for the hiring of staff under the Public Directors regime, with individuals beginning to enter into competitions for positions and SERVIR focusing on capacity building so as to ensure that the Public Directors are well-prepared following their placement.			

<b>Improve the Government's legal and institutional framework for public-private partnerships (PPPs)</b>				
<b>►Percentage of PPP promoters (spending units) at all levels of government that issue the Multiannual Report on PPP Investment on a yearly basis (Percentage, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	100.00	100.00	100.00
Date	31-Dec-2014	29-Dec-2017	13-Nov-2019	29-Dec-2017
Comments:	The final target was achieved in 2017. The public entities which presented reports in 2017 included: Ministry of Transportation and Communications; Ministry of Housing, Construction, and Sanitation; Ministry of Energy and Mining (both the energy and mining sectors); Ministry of Foreign Trade and Tourism; Ministry of Justice and Human Rights; Metropolitan Municipality of Lima; Regional Government of San Martín; Regional Government of Huánuco; Provincial Government of Huánuco; and the District Municipality of San Isidro.			
<b>►Number of unsolicited proposals presented for evaluation (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	147.00	32.00	32.00	88.00
Date	31-Dec-2015	29-Dec-2017	13-Nov-2019	29-Dec-2017
Comments:	The final target was achieved in 2017. Twenty eight of the 32 proposals were for PPPs (six self-financed private activities and 22 co-financed private activities) and four were for operation and maintenance only PPPs.			
<b>►Number of PPP contracts without MEF's favorable opinion prior to the tender process at all levels of government (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	17.00	0.00	0.00	0.00
Date	31-Dec-2014	29-Dec-2017	13-Nov-2019	29-Dec-2017
Comments:	The final target of 0 has been achieved; no PPP contracts pass through the tender process without MEF's favorable opinion.			

## Data on Financial Performance

### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P154981	IBRD-85850	Effective	USD	1,250.00	1,250.00	0.00	0.00	1,250.00	0%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P154981	IBRD-85850	Effective	11-Feb-2016	04-Apr-2016	28-Apr-2016	18-Feb-2019	18-Feb-2022

## Tranches

## Restructuring History

There has been no restructuring to date.

## Related Project(s)

There are no related projects.