

PERFORMANCE AND LEARNING REVIEW

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**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
AND
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP STRATEGY**

FOR

THE REPUBLIC OF PERU

FOR THE PERIOD FY12-FY16

April 7, 2015

**Bolivia, Chile, Ecuador, Peru and Venezuela Country Management Unit
Latin America and the Caribbean Region**

**The International Finance Corporation
Latin America and the Caribbean Region**

The Multilateral Investment Guarantee Agency

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ABBREVIATIONS AND ACRONYMS

AAA	Analytic and Advisory Activities	MIC	Middle-Income Country
BCRP	<i>Banco Central de Reserva del Perú</i> (Central Reserve Bank of Peru)	MIDIS	<i>Ministerio de Desarrollo e Inclusión Social</i> (Ministry for Development and Social Inclusion)
BRT	Bus Rapid Transit	MIGA	Multilateral Investment Guarantee Agency
CAF	<i>Banco de Desarrollo de América Latina</i>	MIM	<i>Mejorando la Inversión Municipal</i> (Improving Municipal Investment)
CAPRA	Central American Probabilistic Risk Assessment	MRI	<i>Programa Canon</i>
CAT DDO	Catastrophes Deferred Drawdown Options	MSMEs	Micro, Small and Medium Enterprises
CCT	Conditional Cash Transfers	NAMAs	Nationally Appropriate Mitigation Actions
CNC	<i>Consejo Nacional de la Competitividad</i> (National Council for Competitiveness)	NLTA	Non-Lending Technical Assistance
CPS	Country Partnership Strategy	OECD	Organization for Economic Co-operation and Development
DDO	Deferred Drawdown Option	PARSALUD	<i>Programa de Apoyo a la Reforma del Sector Salud</i> (Health Reform Program)
DPF	Development Policy Financing	PHRD	Policy and Human Resources Development
EITI	Extractive Industries Transparency Initiative	PISA	Programme for International Student Assessment
ENDES	<i>Encuesta Demográfica y de Salud Familiar</i> (Demographic and Family Health Survey)	PLR	Performance and Learning Review
ESSALUD	<i>Seguro Social del Perú</i> (Social Security)	PPP	Private Public Partnership
ESW	Economic and Sector Work	PROINVERSION	<i>Agencia de Promoción de Inversión Privada</i>
FDI	Foreign Direct Investment	PRONASAR	<i>Programa Nacional de Agua y Saneamiento Rural</i> (National Rural Water Supply and Sanitation)
FEF	<i>Fondo de Estabilización Fiscal</i> (Fiscal Stabilization Fund)	RAAP	Rapid Assessment and Action Plans
FIP	Forest Investment Program	RAS	Reimbursable Advisory Services
FCPF	Forest Carbon Partnership Facility	SEIA	<i>Sistema de Evaluación de Impacto Ambiental</i> (Environmental Impact Assessment National System)
GAC	Governance and Anticorruption	REACT	Results and Accountability in the Social Sectors

GDP	Gross Domestic Product	SBS	<i>Superintendencia de Banca y Seguros</i> (Superintendence of Banks and Insurances)
GEF	Global Environment Facility	SENAMHI	<i>Servicio Nacional de Meteorología e Hidrología</i> (Hydro-Meteorological Services)
GoP	Government of Peru	SERNANP	<i>Servicio Nacional de Areas Naturales Protegidas por el Estado</i> (National Service for Protected Areas)
GPF	Governance Partnership Facility	SFLAC	Spanish Fund for Latin America and the Caribbean
IADB	Inter-American Development Bank	SIAF	<i>Sistema Integrado de Administración Financiera</i> (Integrated Financial Administration System)
IBRD	International Bank for Reconstruction and Development	SINADIS	<i>Sistema Integrado de Desarrollo Infantil</i> (National Development and Social Inclusion System)
ICR	Implementation Completion Report	SINEACE	<i>Sistema Nacional de Evaluación, Acreditación y Certificación de la Calidad Educativa</i> (National System for Evaluation, Accreditation and Certification of Education)
IDF	Institutional Development Fund	SIS	<i>Seguro Integral de Salud</i> (Health Insurance System)
IEG	Independent Evaluation Group	SME	Small and Micro Enterprise
IFC	International Finance Corporation	SNIP	<i>Sistema Nacional de Inversión Pública</i> (National System of Public Investment)
IMF	International Monetary Fund	SUNAT	<i>Superintendencia Nacional de Administración Tributaria</i> (National Superintendence of Tax Administration)
JSDF	Japan Social Development Fund	SUNEDU	Superintendencia Nacional de Educación Superior Universitaria
INEI	<i>Instituto Nacional de Estadística e Informática</i> (National Institute of Statistics and Informatics)	SWAP	Sector Wide Approach Project
MEF	<i>Ministerio de Economía y Finanzas</i> (Ministry of Economy and Finance)	TAL	Technical Assistance Loan
		UN	United Nations
		US	United States
		USAID	United States Agency for International Development
		WBG	World Bank Group
		WEF	World Economic Forum
		WDI	World Development Indicators
		WSP	Water and Sanitation Program

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP STRATEGY FOR THE REPUBLIC OF PERU**

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. MAIN CHANGES IN COUNTRY CONTEXT	1
III. SUMMARY OF PROGRAM IMPLEMENTATION	5
IV. EMERGING LESSONS.....	9
V. ADJUSTMENTS TO COUNTRY PARTNERSHIP STRATEGY AND FUTURE ENGAGEMENT.....	11
VI. RISKS TO CPS PROGRAM.....	13

Figures

Figure 1: Strong GDP growth	3
Figure 2: Overall fiscal balance of NFPS.....	3
Figure 3: Poverty and Inequality Trends.....	5
Figure 4: Extreme poor population in urban and rural areas.....	5

Boxes

Box 1. Lessons learned from the subnational engagement in Peru.....	10
Box 2. Lessons learned from a decade of Rural and Decentralized Transport Projects in Peru.....	10

Tables

Table 1: Indicative Lending Program FY 15 – FY 16.....	13
Table 2: Risks to the CPS Program based on SORT.....	14

Annexes

Annex 1: Updated CPS Results Matrix.....	15
Annex 2: Matrix of changes to original CPS Results Matrix.....	20
Annex 3: Matrix summarizing progress towards CPS Objectives.....	25
Annex 4: The World Bank Group Portfolio in Peru.....	31
Annex 5: Key Macroeconomic Indicators.....	33

I. INTRODUCTION

1. **This Performance and Learning Review summarizes progress in the implementation of the FY12-FY16 WBG Peru Country Partnership Strategy (CPS), which was discussed at the Board of Directors on February 1, 2012.** The four key pillars supported by the CPS are: (i) increase access and quality of social services for the poor; (ii) connecting the poor to services and markets; (iii) sustainable growth and productivity; and, (iv) improved public sector performance for greater inclusion. The CPS is closely aligned with the Government's strategic vision of strong and inclusive economic growth and mirrors the Government's five year cycle which will end in July 2016. The CPS focuses on those areas in which the WBG can provide value added to the country's poverty alleviation efforts.

2. **The WBG-supported program has advanced significantly towards the achievement of the CPS outcomes.** The Government has introduced a wide range of reforms and programs in an effort to foster social inclusion and increase prosperity. The WBG program has contributed to many of these efforts through, *inter alia*, technical assistance on the consolidation of the Ministry of Social Inclusion and Development so that it can coordinate the implementation of the social inclusion agenda; provision of financing and technical assistance to the Government's efforts in rural and peri-urban areas on water and sanitation, health, electricity, irrigation, and transport; and, policy and programs to boost productivity, mainly in rural areas.

3. **The CPS remains a valid and effective framework for the collaboration and engagement between the country and the WBG.** During the remainder of the CPS period, the Program will continue supporting the Government, through the implementation of the ongoing tasks, while making adjustments to reflect changes in priorities and respond to country needs. New initiatives include urban mobility projects, as well as, financial support through DPLs to counter the current challenges in the external macroeconomic front. The Program is also facing an increased demand for reimbursable advisory services.

II. MAIN CHANGES IN COUNTRY CONTEXT

4. **During the first phase of implementation of the CPS (2012 through 2014), there were some key changes in the country context both on the political front and in the external environment.** The current Government came into office in July 2011 and brought about significant policy changes. The early part of the Government's tenure emphasized a development agenda promoting inclusion for all Peruvians, particularly the most vulnerable, and increased access to high quality basic services. More recently, the Government shifted the emphasis towards those programs aimed at developing markets, increasing productivity, and supporting the competitiveness of the Peruvian economy. This shift reflected the substantive progress on the consolidation of the social inclusion programs, and a need to ensure sustained growth through increased productivity.

5. **Since the early stages, the current administration used inclusive growth as its main policy platform.** The Ministry of Social Inclusion and Development (MIDIS)¹ was created to lead the social agenda and manage the reform and implementation of key social programs, including Foncodes, Juntos, Pension 65, Qali Warma, and Cuna Mas. All these programs were tasked to improve the targeting mechanisms and coverage of the poor and excluded populations. In addition, the Government implemented a new legal framework to improve the quality of education across all levels². Under these new regulations,

¹ MIDIS was established on October 2011, under the current administration.

² In November 2012, the Congress passed a Teacher Reform Law (No. 29944) to establish a performance based career path that will raise the standards for entry into the profession, regulate promotions across a more remunerative career path based on competency and effectiveness, and underpin these objectives with regular evaluations of teacher

the government also carried out the first successful evaluation in a decade for school director positions to identify the best qualified teachers and the skills needed for managing schools. Significant reforms were also launched in the health sector, which are expected to have far-reaching impacts in the country³. A significant aspect of this reform is the increased focus on the monitoring of health system outputs and health outcomes, with the goal of moving the health system toward results-based management and financing.

6. As the Government advanced in the implementation of the social sector reforms, new challenges emerged. A number of the newly launched programs, such as the school feeding program, Qali Warma, faced initial implementation issues due to the decentralized scheme that compromised quality supervision in the delivery. Similarly, in the education sector, both at the basic and tertiary levels, the reforms faced institutional challenges that reduced their effectiveness. In the health sector, issues related to staffing and salaries have led to frequent doctors and nurses' strikes. The sector has focused its program on achieving universal health coverage. This has resulted in less attention to some programs in the Ministry, for example, progress in the reduction of malnutrition, particularly anemia, stalled in 2013⁴.

7. Subsequently, the GOP embarked on a strategy to consolidate a competitiveness agenda, which focuses on addressing key infrastructure constraints through large public investments, and strengthening the involvement of the private sector through Public Private Partnerships (PPPs) and concessions. Between 2000 and 2013, the economy grew at an average rate of 5.5 percent owing to the contribution of three sectors: services, manufacturing and mining which increased by 5.6, 5.5 and 4.7 percent respectively. These three sectors accounted for 2.6, 0.9 and 0.7 percentage points, respectively, of the 5.5 percent average GDP expansion between 2000 and 2013 (see Figure 1). The infrastructure sector, supported by the government's promotion of new projects, has become a key priority to support economic growth. During 2014, the Government awarded public projects around US\$15 billion, including the Lima Metro II, the Southern Andean Gas Pipeline, the upgrade of the Talara Refinery and the Chinchero International Airport in Cusco. The Ministry of Finance (MEF) published the new Competitiveness Plan for 2014-2018 positioning private investment as the main driver for development. IFC's investments in the infrastructure sector have supported the development of basic infrastructure in the country and renewable energy projects, supporting the country's renewed focus.

Recent Economic Developments

8. Peru has been one of the region's fastest growing economies but the external environment is worsening. The economy grew 6.1 percent during the 2011-13 period, on average, but it has slowed from 5.8 in 2013 to 2.4 percent in 2014, though still above the regional average of 0.8 percent⁵. A favorable external environment, prudent macroeconomic policy, and deep structural reforms have contributed to Peru's high-growth performance. Inflation has been moderate, backed by a credible inflation targeting regime with a low pass-through between prices and exchange rates. Fiscal policy has been prudent, with overall fiscal surplus maintained since the mid-2000s, except for 2009 and 2010 when a counter-cyclical fiscal stance was appropriate. In 2014, a combination of external and internal factors resulted in the overall fiscal balance turning from surplus to a very small deficit of an estimated 0.1 percent of GDP (Figure 2). The current account deficit (CAD) also deteriorated slightly, from 4.3 percent of GDP in 2008 to an

performance. In July 2014 the Congress approved a new University Law (No. 30220) aimed at improving the country's quality assurance system at the tertiary level by introducing minimum entry level standards for public and private universities, and enhancing the existing accreditation system.

³ Main reforms include: (a) an ambitious effort to achieve universal health coverage, (b) improved management practices in the health delivery system, and (c) continued focus on reducing malnutrition rates in the country.

⁴ Several factors seem to lie behind stagnating malnutrition. Among others, the number of growth promotion check-ups for children younger than 5 has been slightly falling, by 0.3 percent, between 2012 and 2013; and the coverage of total vaccination rates also slightly fell, from 73.9 to 68.6 percent.

⁵ Global Economic Prospects (GEP), January 2015

estimated 4.1 percent last year, due to falling commodities prices and export volumes. Total external debt is estimated at 28 percent of GDP and total public debt (external and domestic) is estimated at only 20.1 percent in 2014. Net international reserves are close to 18 months of imports of merchandise (US\$62.3 billion, or 31 percent of GDP) and there is also an additional fiscal buffer in the form of the Fiscal Stabilization Fund, in the amount of 4.5 percent of GDP (US\$9.2 billion in December 2014).

9. **Markets have recognized Peru’s appropriate macroeconomic framework, with Peru’s sovereign spread only at 197 basis points in January 2015 – slightly above that of Chile but below that of Colombia and Mexico.** In July 2014, the rating agency Moody’s upgraded Peru’s sovereign rating from Baa2 to A3 with stable outlook. This increase put Peru in line with Mexico and three steps below Chile. In August 2014, Standard and Poor’s maintained Peru’s credit rating and granted a BBB+ with stable outlook pointing to measures taken by the monetary and fiscal authorities to support economic growth and investment.

10. **Like other emerging markets, Peru is entering a difficult period due to adverse external conditions.** Growth has slowed down since 2013, due to a combination of external and domestic factors. On the external side, several factors have deteriorated, including: falling commodity prices caused largely by the slowdown in China (Peru’s main trading partner jointly with USA); weather-related fall in the fishing industry; and, a dip in public investment program implementation. As a result, private investment and exports contracted by 1.6 and 0.3 percent respectively in real terms. Nevertheless, Peru’s growth performance is expected to remain robust above four percent during the remaining implementation period of the CPS (FY15-FY16). Large mining projects expected to start production in the next two-three years and a countercyclical fiscal policy stance are likely to support aggregate demand, while a continued implementation of structural reforms should maintain confidence among private investors. On the external side, the recovery of the US and lower oil prices can partially offset the impact that the slowdown in China is having on Peru’s economy.

Figure 1: Strong GDP growth
(real GDP growth, percent)

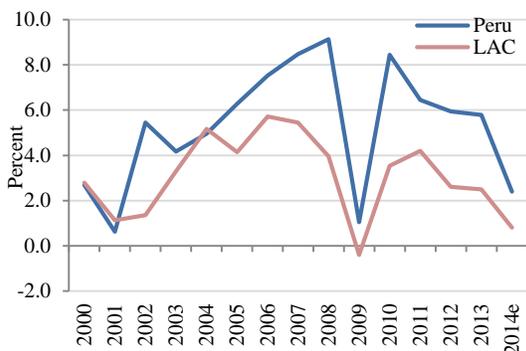
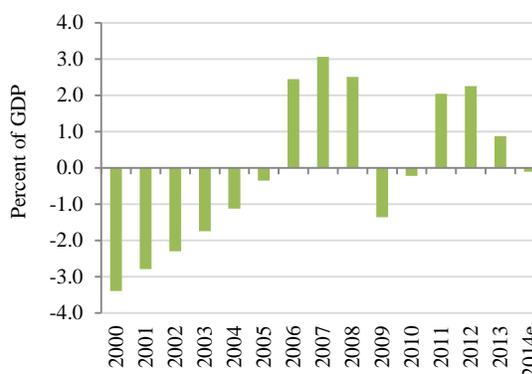


Figure 2: Overall fiscal balance of Non-Financial Public Sector



Source: BCRP, WDI and GEP

11. **Peru’s debt management strategy is conservative and guarantees fiscal and overall stability.** Peru’s total public debt is relatively low and stable (estimated at 20.1 percent of GDP in 2014 a level slightly higher to that in 2013). In addition, forecasts indicate total non-financial public sector (NFPS) assets, that include the fiscal stabilization fund, represented 16.2 percent of GDP as of December 2014. As a result, net public debt stood at 3.9 percent of GDP in December 2014 and is projected to come close to 3.5 percent of GDP by 2016, one of the lowest rates in the world. The country’s debt management strategy aims to reduce

debt as share of GDP, mitigate refinancing risk, increase the share of domestic debt in Nuevos Soles and continue to develop the market for its international sovereign bonds.

12. **A stronger push in growth-promoting reforms, combined with a continuation of sound macroeconomic policies, will be needed to bring Peru to a higher income level.** According to the last Global Competitiveness report from the WEF 2014-2015, Peru ranked 65th among 144 countries on the overall Global Competitiveness Index, one of the lowest position in South America. In terms of productivity, even within the region, Peru compares quite poorly with other countries ranking 10th out of 14 major economies in terms of output per worker. The Government has been clear that the focus is now on removing microeconomic barriers to stronger growth. Diversification of the economy beyond commodities is also clearly part of the policy agenda, which in turn requires significant investments in human capital. Commodities currently comprise 70 percent of all Peruvian exports, and a significant share of the Peruvian exports is linked to China's economic growth. These make the country vulnerable to shifts in external demand, even though Peru's diversified mineral base helps to mitigate this risk to a certain extent. The Productive Diversification Plan announced by the Government in May 2014 aims to enhance productivity and promote innovation in Peruvian production in an effort to make Peruvian goods more competitive and to gain access to new markets.

Poverty and shared prosperity

13. **Strong growth on employment and income have contributed significantly to poverty reduction and improvements in shared prosperity.** Between 2005 and 2013, poverty rates were more than halved, from about 45 percent to 24 percent of the population⁶. It is estimated that in 2013, nearly half a million people have escaped poverty in the country. An important feature of growth in Peru is that it appears to be broad-based, with estimates illustrating that the less well-off have benefitted more from growth than the average person in the country. While the overall mean per capita income for the region grew by about 5 percent, the growth rate of the lowest two quintiles in Peru was about 6.4 percent. In addition to this, between 2011-2013 the share of the population living below the official extreme poverty line continued to decline from 6 to 4.7 percent, lifting around 0.5 million people out of poverty. Though still high, income inequality in Peru, as measured by the Gini Coefficient, has declined from 0.49 in 2004 to 0.44 in 2013. Still, this improvement in aggregate inequality masks some important geographical differences. While the Gini in rural areas in 2004 and 2013 only fell by 1 point, urban inequality fell by 5 points. The year 2013, was the first time since 2010 that inequality decreased in rural areas. Figure 3 illustrates poverty and inequality trends in Peru between 2004 and 2013.

14. **Not only is extreme poverty predominantly rural, but it is also concentrated in a few districts.** In 2012, almost half of the extreme poor were concentrated in approximately 8 percent of Peru's districts. A large portion of these districts were located in the regions of Cajamarca, Piura, La Libertad and Apurimac. A majority of regions in the country have seen declines in extreme poverty between 2004 and 2013, with Huancavelica, Huánuco, and Puno having been the most dynamic.

15. **Moving forward, the challenge will be to continue strengthening the links between growth and equity.** A large share of the Peruvian population remains vulnerable to shocks and could fall back into poverty, thereby reversing the progress achieved over the course of the past decade. The Government has identified priority areas to prevent this from occurring and these include increasing the quality of basic services such as education and health, expanding the access to markets for the poor and vulnerable segments of the population, and closing infrastructure gaps in rural and peri-urban areas, thus increasing access to markets and services. In addition, another major challenge for the country will be to implement the reforms

⁶ National Household Survey (ENAHO). National Statistics Institute (INEI)

launched during the first half of the current administration such as those in the education sector, social programs, and civil service.

Figure 3: Poverty and Inequality Trends

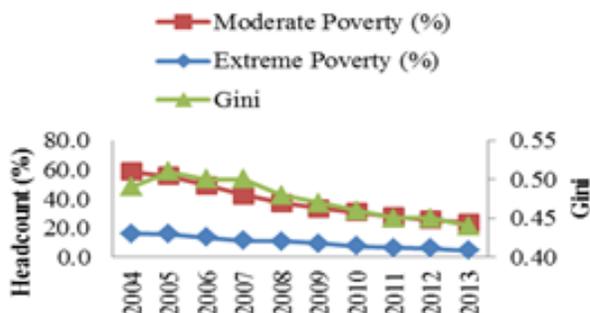
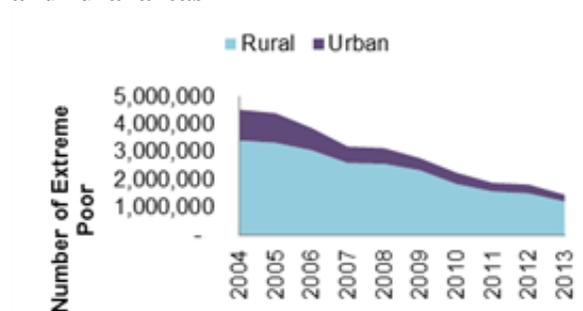


Figure 4: Extreme poor population in urban and rural areas



Source: ENAHO using new poverty methodology. INEI

III. SUMMARY OF PROGRAM IMPLEMENTATION

16. **Overall progress towards the achievement of the CPS outcomes has been satisfactory.** The WBG program has been advancing well and is on track to achieve the CPS objectives by the end of the CPS period. The CPS continues to support the Government policies to improve equity through strengthening the provision of social services, developing critical infrastructure and enhancing competitiveness, while continuing to shore up macro stability in the face of increasing global uncertainties. In the context of a good fiscal position and access to capital markets, Peru’s demand for Bank financial services is selective and focuses on successful experiences of prior Bank engagement, delivering innovative technical and knowledge options to improve results in social services, and expand knowledge products in areas in which the Bank can contribute to modernize public management processes. The demand for the WBG services in the country continues to grow and in particular, the demand for IFC investments is growing rapidly.

17. **In particular, important CPS results linked to the increase in access and quality of social services for the poor and connecting the poor to services and markets have been accomplished.** Especially important are results supported by the Bank in rural areas –through health, electrification, irrigation and transport projects (as shown in Annex III). Without implying a causality link, this coincides with the significant fall of extreme poverty in rural areas. A summary of key achievements towards the CPS objectives during this phase of implementation is presented in the following sections.

Pillar 1: Increase Access and Quality of Social Services for the Poor

18. **There has been significant progress under this pillar, particularly in areas linked to social safety nets, basic education and health, and justice services.** The coverage of safety net programs such as Juntos, the conditional cash transfer program, has increased from 700 to 900 districts and now includes the poorest districts of the country. In addition, systems are under implementation that should deliver, by the end of the CPS, improvements in targeting and more transparent procedures to enter and exit the social assistance programs. While there was a slight increase in overall malnutrition rates in rural areas, results in the regions where the Bank is working jointly with the Government (Amazonas, Cajamarca and Huanuco) indicated improvements for the period 2012-2013 (29 to 27 percent). In education, the Bank supported the implementation of an evaluation system that focuses on student learning, instructional practice, and school

leadership in basic education (K-11)⁷. IFC has supported the construction of a new 140-bed hospital in Lima, aiming to serve over 580,000 patients per year, and has supported the creation and development of a new company to operate across all market segments in technical training, university education and K-11 schools. Access to justice services for the poor has also improved through the installation of legal aid centers in highly populated peri-urban districts, showing an increase in the number of consultations from 100,000 in 2011 to 149,000 in 2014.

Pillar 2: Connecting the Poor to Services and Markets

19. **The Government's efforts to connect the poor to services and markets are contributing to higher incomes and better quality of basic services in targeted areas⁸, but challenges remain to achieve a broader impact.** Coverage and quality of water and sanitation services have improved both in urban and rural areas, as evidenced by an increase in the hours of water supply from 16 in 2011 to 19.2 hours per day in 2013 in Lima and a decrease in the incidence of blocked sewers. The WBG contributed to these results through the Optimization of Lima Water and Sewerage Project in Lima and various technical assistance activities provided by the Water and Sanitation Program. In selected rural areas, another Bank-supported program (PRONASAR), had a positive and statistically significant effect on household access to safe water and to sanitation services. Even though the project achieved results, it also faced many shortcomings, as noted by a recent IEG evaluation, closing earlier than planned due to a major shift in the Government's approach to deliver water services in poor rural communities, changing from a community co-financed scheme to one fully financed by government.

20. **Transport programs have contributed with significant improvements in access to markets and services⁹.** Under the Decentralized Rural Transport program, the rehabilitation of 3,277 km of rural roads has contributed to reduce travel times to schools, which in turn triggered higher school enrollments by 19.2 percent in children ages 12 to 18. Private sector has had also a key role in expanding transport infrastructure during these years. IFC has actively supported infrastructure development to facilitate increased access to markets, including: the modernization and expansion of the port of Callao, increasing its annual capacity to 1.2 million twenty-foot equivalent units; the construction and operation of two transmission lines in the highlands of central Peru and in the northeastern section of the Amazon region, expected to have 220 kV and 138 kV capacity, respectively; the expansion of Lima International Airport; and, the rehabilitation of a priority road in Arequipa region and the development of a run-of-river 168 MW hydroelectric power generation plant expecting to generate 838 GWh annually on average. Finally, the rural electrification model, implemented under a Bank financed project, was mainstreamed by the Government to further develop the sector in a sustainable manner. This model uses distribution companies to develop, construct, and co-finance rural electrification sub-projects¹⁰. IFC investment through the Cheves Hydro power plant is also contributing to expand the supply of power in the country.

⁷ Between July 2011 and July 2014, four yearly student learning assessments were conducted for second grade and one for sixth grade. In 2014, two principal school evaluations were conducted.

⁸ Recent studies in Peru show a clear connection between access to markets and roads and higher incomes to rural areas. Webb, Richard (2013). "Conexión y Despegue Rural", Instituto del Perú, Universidad San Martín de Porres, Lima. The Bank supported many of these transport projects in rural areas.

⁹ Two key transport operations have been completed during this ongoing CPS, in support of the Government's programs of decentralization and regional development reforms: the Decentralized Rural Transport Program and the Regional Transport Program.

¹⁰ The Rural Electrification project also supported directly over 105,000 connections to households (approximately reaching 450,000 people), schools, clinics and community centers, thereby increasing rural electricity coverage by 5.9 percent. In contrast, the second phase of the project has been challenged by a policy shift towards increasing focus on infrastructure development prioritizing short-term outcomes above sustainability objectives.

Pillar 3: Sustainable Growth and Productivity

21. **The WBG program contributed to raising productivity in rural areas in Peru.** The Bank has been supporting the improvement of the assets and economic conditions of rural families. The first phase of the Sierra Rural Development project supported about 35,000 families (around 10 percent of rural families) to increase the net value of their household production by 42 percent in selected areas of Apurimac, Ayacucho, Huancavelica, Junin, Huanuco and Pasco. On financial aspects of rural development, IFC has been supporting four microfinance institutions to expand their client base in rural areas and has also contributed to promote best practices in irrigation and in agriculture export industry.

22. **The Bank has been heavily engaged in strengthening public institutions, both at the national and subnational levels, in disaster risk management and urban planning issues.** Complementing an active CAT DDO and an IDF in disaster risk information, the Bank, (through a RAS program), is conducting an assessment for the Government on reducing seismic vulnerability of public schools across the country and developing a school infrastructure plan that ensures adequate construction, operations and maintenance procedures. At the subnational level, the recently signed Cusco Development Project is designing an early warning system to address disaster risks in the Cusco Region. Indicators for these projects are expected to show progress by the end of the CPS period.

23. **With respect to SMEs the WBG program has contributed to improving access to and quality of financial services.** IFC financed several investment projects to support insurance services and microfinance portfolio expansion in the private sector to increase banking penetration, including in rural areas, and access to financial services to underserved microenterprises in Peru. IFC's combined microfinance operations served over 700,000 micro entrepreneurs in rural areas. In addition, the Bank has been working intensively during the last two years, with different NLTA and RAS projects requested by the Central Bank and Superintendence of Banking on financial inclusion, as a well-recognized tool to create economic opportunity for low-income populations and SMEs. The Bank developed tools for evidence-based decision making for government counterparts to improve access to and quality of services to enhance social inclusion; and promote productive capacity at the local and individual level.

24. **The WBG program has worked with the Ministry of Education and the private sector in strengthening tertiary education, but there have been significant challenges.** During this CPS period, there have been several regulatory changes in this sub-sector which have led to substantial delays in the implementation of the Bank-financed project. A restructuring process is under way and results should be observed later in the program. IFC has been working with the private sector to strengthen the quality of both university and technical education in Peru with new investments in infrastructure for these sectors. This includes the construction of two new University campuses in Lima, expecting to serve over 50,000 students, once completed.

Pillar 4: Improved public sector performance for greater inclusion

25. **WBG support has focused on strengthening fiscal and public investment management both at the national and local levels, showing some initial results.** The IFC advisory program contributed to improving the capacity of thirty municipalities to invest mining royalties, through the provision of management tools and know-how to improve project design, appraisal, and implementation. As a result 80 percent of municipalities improved their investment management rating by more than 20 percent and the other remainder showed an improvement of 15 percent, as compared to the initial rating. The program involves training municipal officers, providing them with relevant information, and promoting the adoption of good practices. Services included web based services and technical assistance in situ¹¹. The WBG has been working with the Ministry of Finance to transfer the tools and methodology in order to ensure

¹¹ The support from the Ministry of Finance has been key in the sustainability of the changes adopted by municipalities. Regional representatives from MEF participate in some of the Municipal Investment Committee sessions.

sustainability and widen impact. The Bank has also been working with Ministry of Finance to define a strategy to analyze the investment cycle at the subnational level and propose recommendations to reduce obstacles and transaction costs, aimed to improve public sector effectiveness in public investment. These efforts include the identification of mechanisms to strengthen fiscal control over subnational governments, while also helping to build mechanisms supporting central level intervention, especially when subnational governments fall into insolvency status. A new Joint WBG Initiative for Local Governance and Mining was designed to respond to the Government's request for WBG's collaboration to find solutions toward equitable and sustainable development of the extractive industries, particularly in the poorest regions. The WBG has been working with the central government and regional authorities to appropriately develop guidelines and draft legislation to support this initiative. The NLTA is a good example of Bank and IFC collaboration through a Programmatic Approach (See Lessons Learned for more details on this initiative).

26. **The Government has also sought the WBGs support in a set of cross cutting development areas, such as, Governance and Anti-Corruption, Gender and Climate Change.** During this CPS period, the Bank supported the Government in developing and implementing an anti-corruption strategy by broadening the implementation of the Governance and Anticorruption (GAC) agenda¹². On climate change an innovative GEF regional project on the Adaptation to the Impacts of Rapid Glacier Retreat in the Tropical Andes Project (PRAA) supported Peru, Bolivia and Ecuador to build resilience in high mountain economies and ecosystems to the anticipated impacts of climate variability and glacier retreat. A second project, expanding the program to include Colombia is now underway. The Bank has also supported SENAMHI (Hydro-Meteorological Services) to prepare climate change scenarios for the country, model a number of impacts on hydrology and agriculture for two selected project Basins – Huancayo (in Junin region) and Santa Teresa (Cusco region). In addition, Peru is engaged in preparing a Program for Market Readiness¹³. A Forest Investment Program (FIP), in partnership with the IDB, is also being prepared. Furthermore, Peru is also preparing a project under the Dedicated Grant Mechanism focused on providing forest land rights to Indigenous Peoples, which complements the proposed FIP.

Portfolio Performance

27. **The WBG portfolio is diverse and includes several financial instruments supporting IBRD, IFC and MIGA programs in the country.** The current IBRD program includes a portfolio of 14 on-going investment lending operations and two GEF grants. Around 80 percent of this portfolio has satisfactory and moderately satisfactory ratings, and the average disbursement ratio of these projects has been 21.3 percent during FY12-FY14, similar to the LAC average (21.4 percent). In addition, there are three active DPF-DDOs (Development Policy Financing with Deferred Drawdown Option) and one DPF with a CAT DDO (Catastrophes Deferred Drawdown Options). The GOP took the DPF-DDOs during the 2008-09 global financial crisis as part of its overall strategy to ensure adequate contingency funding and has disbursed US\$740 million of the total amount of US\$1.3 billion in DDOs. New lending commitments since the start of the CPS period total US\$310 million in seven new projects. Some large investment projects (for example, the Lima Metro II project), a new CAT-DDO and a new DPF-DDO to renew contingency funding are expected to increase the commitment amounts significantly during the second half of the CPS implementation period (see Table 1 under V. Adjustments to the CPS section). The Board has approved 23 IFC new investments projects since July 2011 across various economic sectors. These include investments in infrastructure (US\$220.0 million); education sector (US\$64.5 million); agricultural sector (US\$20.25 million); financial sector (US\$300.25 million); and one investment in the mining sector

¹² These actions included: (i) supporting Open Data initiative; (ii) the strengthening of procurement capacities for procurement officials; and (iii) technical assistance to *Comision de Alto Nivel Anticorrupcion* (CAN) and Controller General's office on the monitoring of corruption-related risks.

¹³ Under this program, sector Ministries will develop NAMAs (Nationally Appropriate Mitigation Actions). Interest is strong in Peru to develop crediting NAMAs in virtually all sectors but forestry, for which they are pursuing a FCPF approach to financing.

(US\$11.80 million) (see Annex 4). MIGA's outstanding portfolio in Peru consists of one contract with a gross exposure of US\$11.5 million (0.11 percent of MIGA's portfolio) supporting the concession of Lima's international airport.

28. **Demand for knowledge services is increasing, including Reimbursable Advisory Services (RAS).** Demand for financing has been relatively modest during this first implementation period of the CPS, but flexibility has been built in to respond to increased demands both in terms of knowledge services and new projects, as the government continues to consolidate its program. This growing demand for knowledge is reflected in the dramatic increase in the number of RAS contracts, having now signed 16 such agreements in Education, Social Protection, Financial Inclusion, Disaster Risk Management, Water Resource Management, Water Supply and Sanitation, and Justice Sectors. In addition to this new stream of RASs, the Bank has continued to provide analytical services, hands-on support to improve capacities, South-South and South-North knowledge exchanges and just-in-time support on a variety of issues as demanded by the clients. The WBG has also used Bank Executed and Recipient Executed Trust Funds and knowledge services to selectively support key aspects of the program, project design and implementation with Japanese funds through PHRD, Spanish funds by the SFLACs, among others. IFC has been providing Advisory Services in the areas of access to finance, sustainable business advisory (SBA) and investment climate¹⁴.

29. **Close collaboration between the Bank and the Government has helped improve the overall performance of the portfolio.** It is now regular practice to organize, in collaboration with the MEF, bi-annual portfolio performance reviews where active projects and projects in the pipeline are discussed in the presence of both the Bank team and the implementing agency. Such interactions have improved portfolio performance significantly, particularly when coupled with intensive ongoing implementation support and technical assistance. . However, despite these efforts a number of basic implementation issues still remain. The national Public Investment System requires an elaborate project appraisal system, including in depth feasibility studies, which take at least 12 months for preparation and approval.

IV. EMERGING LESSONS

30. **The combination of a strong leverage of the program on Government resources and building demand for knowledge services is a good example of the role of the WBG in an upper middle income country such as Peru.** As identified in the completion report of the previous CPS¹⁵, relevant, timely and widely disseminated analytical work can contribute to the development of the national agenda and in underpinning Bank-financed operations. In line with this recommendation, since FY13, the Bank has signed about 16 reimbursable advisory service agreements and has continued to provide analytical services, hands-on support to improve measurement capacity, South-South and South-North knowledge events and just-in-time support.

31. **Peru's significant improvements across most social indicators at the national level, led to a need to focus more on the subnational level in order to address regional disparities and to have greater impact on the twin goals.** Given that the average figures of the country hide tremendous inequalities across regions, the Bank needs to have a more tactical approach at the subnational level and seek opportunities to engage with subnational governments. During this CPS period, the Board approved

¹⁴ On access to finance, support has been provided to private microfinance institutions in developing and introducing a micro-loan product for small farmers. With regards to SBA, advisory has been provided in improving public investment, procurement systems, human resources, financial management or revenues management at selected sub-national governments. The investment climate team has provided advisory through projects aiming at the simplification of administrative procedures to promote private investment.

¹⁵ Independent Evaluation Group. World Bank. *Evaluación del Programa de País para el Grupo del Banco Mundial 2003-2009*.

the first two investment projects at the subnational level with the Regional Government of Cusco and this may help establish a model for further subnational engagement (Box 1).

Box 1. Lessons learned from the subnational engagement in Peru

The Bank can play a critical role at the subnational level by helping to develop critical cross sector investments, using Bank funding to leverage effective investment of public funds and by playing a convening role to bring different partners and institutions across levels of government together around a common development objective. Some lessons learned in this approach are:

- A more decentralized approach to planning, execution and monitoring of Bank financed projects needs to be emphasized to go to scale and ensure sustainability.
- An upfront capacity assessment of implementing institutions is a pre-requisite to determine which functions to decentralize and what the central government can do to support institutional strengthening at the local level. In some cases, this may require gradual shifts to decentralized implementation. An action plan should be developed to build capacities as needed.
- Increasing competition with larger rural projects funded directly by government, sometimes with approaches at odds with those agreed to under Bank financed programs, shows the need for closer coordination and flexibility in planning and implementation both at the policy and the local dimension.
- The use of multilateral financing or TA support by subnational governments is still at a very nascent level, often because of a lack of information on how to access such support. This implies that the Bank needs to play a more active role, and sometimes as a mediator, between the central and local level of government in order to increase engagement with sub-nationals and work towards the stated goals of shared prosperity in a middle income country.

32. **As previously mentioned, transport projects in Peru have also provided relevant lessons on how to improve the WBG program with decentralized interventions.** Impact evaluations of these projects have also measured the effects of expanding infrastructure in both urban and rural areas on poverty and shared prosperity (Box 2).

Box 2. Lessons learned from a decade of Rural and Decentralized Transport Projects in Peru¹⁶

- Rehabilitating rural roads is an effective mechanism for increasing access to education and health, through substantial improvements in travel time, as well as for reducing extreme poverty.
- Roads alone might not be enough to quickly catalyze economic activity and reduce poverty. A Local Development Window (LDW), that is, a team of local experts was crucial to complement the investment improvements with economic generation opportunities along the rehabilitated roads. The LDW assisted local governments in reducing barriers to organizing, training and financing rural producers, and strengthened municipalities and local stakeholders in defining territorial development strategies and plans, and in identifying potential sponsors.
- Use local expertise and knowledge, involve local populations in road works -including gender balance- so as to create employment and raise local income.
- Include non-motorized transport track development in road transport policies and incorporate pilots and research initiatives to innovate, stay relevant, adapt to changing circumstances and discover more effective ways of achieving objectives.
- Support a decentralized agenda that gives local governments increased capability and interest to plan and execute projects that meet local development needs, support broader economic activity and build institutional, financial and social accountability capacity at the local level.

¹⁶ The Decentralized Rural Transport Program (2007-2013) and the Regional Transport Decentralization Program (2005-2014).

33. **The implementation of the WBG's program was improved by a closer cooperation between the Bank and IFC in key areas for Peru, such as extractive industries.** In the context of the escalating social conflicts in Peru linked to extractive industries, WB and IFC decided to work jointly in promoting a positive environment towards this industry. As a result, this Joint WBG initiative is focusing on developing solutions for a development challenge that requires a multisector approach to provide an integrated package of services at the national and sub-national levels. This initiative is a Programmatic Approach from FY13 to FY16, which aims to provide technical assistance and analytical support as part of the GoP's overall objective of making mining a positive force for development, as well as pilot an integrated package that is expected to generate synergies beyond a piecemeal approach. The PKS encompasses three basic themes: i) Developing policy alternatives, identifying lessons learned from Peruvian and international experience, and designing policy interventions that could be replicated in Peru at the national level; ii) Developing pilots at the subnational level (Apurimac region was selected), aiming at increasing shared prosperity from sustainable natural resource extraction in regions; and iii) Producing knowledge and designing interventions to strengthen the impact of WBG operations and technical assistance in areas related to natural resource extraction.

V. ADJUSTMENTS TO COUNTRY PARTNERSHIP STRATEGY AND FUTURE ENGAGEMENT

34. **The remainder of the CPS period (FY15-FY16) offers the opportunity to consolidate program results and prepare for the coming CPF cycle.** The revised results framework is structured under the original pillars, but has been restructured at the objective level to reflect changes in the Government's priorities during the second half of its administration. While the CPS program over the FY12-14 period emphasized collaboration in the development of the social inclusion agenda and its institutional design, in the second half of the Government administration, it pays more attention to the implementation of transformational infrastructure projects such as the Lima Metro project.

35. **The emphasis in the program for the remaining period of the CPS will be driven by the need to implement the reforms designed during the first part of the CPS, ensuring results linked to the twin goals of fighting poverty and achieving shared prosperity.** The WBG will continue to support the GOP in achieving "growth with social inclusion" to overcome social gaps and boost productivity. Results in the areas of social inclusion, and education and health, have been adjusted to reflect the reforms launched during the initial years of the current government and are now under implementation. In addition to the Bank's support to the ambitious urban development agenda, the CPS is also including urban mobility investments aimed at providing greater access to employment opportunities, basic services, and improved environmental protection.

36. **The education sector will remain a priority and the CPS will accompany GoP efforts to improve the quality of public education at all levels, and implement recent reforms launched in this sector.** The active approach that Government has taken to improve the quality of education at all levels is an opportunity to continue to deepen the engagement in this sector.

37. **There will be stronger engagement in urban mobility, a top priority of the Government with a large potential impact on the quality of life of the bottom 40 percent living in the Lima metropolitan area.** The Lima Metro II project will be the largest project in the portfolio and would contribute over time to (i) significantly decreasing commuter travel times, lost productive time and operating costs, (ii) provide the poor and vulnerable of Lima city with improved access to socio-economic opportunities that can contribute to a better quality of life, and (iii) have lower negative externalities (such as congestion, pollution) for society as compared to the existing road-based urban transport. The construction of the Lima Metro II is expected to be completed by 2020, and therefore, these results are not likely to occur during the remainder of the CPS period.

38. A set of potential new projects are being discussed with Government to support its productivity and competitiveness agenda. These include: a possible project that would support the country's program on science and technology; a telecommunications project that would extend coverage of the fiber optics network for high speed data transmission; and, support to the fisheries sector with the objective of securing the sustainability of the natural resource, while generating greater value added in this sector.

39. Adjustments in the program also emphasize subnational engagement of the WBG in the country in view of lessons learned from implementation of the project with regional and local governments. New indicators for the Cusco Regional Development and Cusco Transport projects have been included in the matrix. The innovative design of these projects, has led to the Government seeking the Bank's assistance in the preparation of a potential second regional development project, but with a focus on sustainable tourism and local economic development. IFC will also keep an engagement at the subnational level with a focus on improving the investment climate. Considering the relevance of the extractive industry revenues at the subnational level, additional indicators have been included to reflect new work on local governance and mining under the joint WBG initiative (see Annex 1 and 2).

40. Peru's quest for OECD accession is an opportunity to deepen collaboration on a broad range of public institutions and will involve active collaboration between the Bank and the IFC¹⁷. In December 2014, the GoP and the OECD jointly adopted a Country Program, the first formal step to OECD accession. The Country Program outlines a series of actions on capacity building and adaptation of laws and regulations, as well as decisions on participation in OECD committees. After effectively implementing the Country Program, Peru could be invited by the OECD to start official accession discussions. This goal requires assistance across diverse areas, such as productivity, labor market and human capital; regulatory reform and institutional strengthening; fiscal management, transparency, and information exchange; management of natural resources and climate risks. This assistance will also require even closer coordination with development partners and will be strengthened through the different strategic objectives of the CPS¹⁸. The WBG could add value to Peru's accession process by "*coaching*" authorities on conducting the accession process effectively, drawing on other accession experiences, and supporting outreach activities aimed at explaining expected benefits of OECD membership to a broader audience in Peru.

41. The WBG will be working in an integrated manner, pursuing further potential synergies between IFC, IBRD and MIGA. New Bank lending will target urban mobility and regional development which are seen as critical constraints to generating greater inclusion in Peru; these engagements will complement ongoing investments and knowledge services working on social service delivery. In addition, the WBG is ready to continue supporting Peru with new DDOs if needed, as the current ones are soon to close (September 2015), and GoP has expressed interest in preparing a new DDO to have new contingency financing. The Bank AAA program for the remainder of the CPS period will focus on completing ongoing activities and increasingly integrated activities into programs with clearly defined objectives. IFC will build on a successful program of investment and advisory services in Peru, which has been implemented in coordination with the IBRD. During FY15-FY16, IFC expects to continue responding to a growing private sector demand with innovative and competitive financial and advisory products. During this period, IFC will also be involved in traditional infrastructure projects such as airports, roads and urban transport; social infrastructure through investments to expand basic and higher education supply and health facilities; and in key economic sectors of the country as oil, mining energy and microfinance. The main objective will be to

¹⁷ In November 2014, Peru received the confirmation of the OECD for the Country Program.

¹⁸ For instance, the Bank has been working in coordination with many development partners, such as the IADB, GIZ, WFP, UNDP, and PAHO, for the full implementation of the MIDIS. More recently, the preparation of the Lima Metro II Project has implied more upstream coordination to improve program design and recommendations. OECD may involve close partnership with the Swiss Cooperation (SECO), among many other partners.

foster greater entrepreneurship and investment climate. MIGA remains open and committed to expanding its exposure in Peru to support foreign direct investments.

42. **Finally, in the remaining period of the CPS implementation, Peru will host several global events, which will also serve as a platform for knowledge exchange on global challenges.** Peru hosted the 20th Conference of Parties (CoP) from December 1-12, 2014 and will host the 2015 Bank-IMF Annual Meetings in October, 2015. As part of this second activity, the WBG is conducting a series of policy seminars under the “Road to Lima” program¹⁹. This process will provide a platform for knowledge exchange on challenges that Middle-Income Countries (MICs) face as they are striving to move to higher income levels by sustaining high growth and expansion of their economies, as well as by improving opportunities for the poorest groups in these countries. These events will showcase Peru’s capability to organize complex events of this nature and to contribute to finding solutions to the global challenge of "avoiding the middle income country trap".

Table 1: Indicative Lending Program FY 15 – FY 16

Pillar	Lending
I. Increase access and quality of social services for the poor	<ul style="list-style-type: none"> • New DDO (DPF, FY16)
II. Connecting the poor to services and markets	<ul style="list-style-type: none"> • AF Second Optimization Lima Water (IPF, FY15)
III. Sustainable growth and productivity	<ul style="list-style-type: none"> • Second CAT DDO (DDO, FY15) • Lima Metro Line II (IPF, FY16) • PE Investments for Sustainable Development (IPF, FY16) • Subnational Transport Support Program (IPF, FY16)
IV. Improved public sector performance	<ul style="list-style-type: none"> • Strengthening Public Investment Management (DPF, FY16)
Estimated total FY15 – FY16	US\$1.6 billion

VI. RISKS TO CPS PROGRAM

43. **Overall risks to the program, as identified in the CPS, remain moderate.** Risks identified during this period are mainly linked with (i) the political cycle, (ii) sector strategies and policies, (iii) institutional capacity, (iv) fiduciary, and, (v) environment and social. On the other hand, macroeconomic risks are deemed to be low, provided that the stable and prudent economic policy stance continues. A possible slow-down of growth in China, an aggressive Fed tapering or deterioration in the Eurozone could impact Peru through lower terms of trade, less dynamism with trade partners, fewer external inflows and tougher financial conditions. However, external risks are mitigated by a strong fiscal position, prudent, proactive, and coordinated macroeconomic policy, and ample international reserves (amounting to 33 percent of GDP).

44. **Risks linked to the political and governance front, could lead to changes in sector strategies, policies and implementation capacity.** While Peru has been making substantial efforts to strengthen institutions, there is a risk that political and governance factors in the current pre-electoral context could lead to reduced attention to reforms and policy implementation, giving in to a shorter-term agenda. If this

¹⁹ The “Road to Lima” will address development milestones that are essential for emerging economies in the 21st century: from equitable growth and quality of education and jobs, to efforts to address climate change and citizen insecurity; through a series of unique launches and presentations leading up to the World Bank Annual Meetings 2015 that will take place in Lima, Peru --the first time such an event is hosted in the region in more than four decades.

were the case, reforms launched early under this administration, may not be fully implemented. In addition, implementation capacity at the project level, including fiduciary aspects, could be weakened with the consequent fall in implementation capacity. In addition, the portfolio in Peru often faces challenges with respect to effectiveness and early implementation because of the national budget regulations which do not have flexibility for the inclusion of new budget lines during the fiscal year. Still, this risk is limited to certain sectors and projects, where the Bank will need to focus its attention to provide greater implementation support..

45. **Environmental and social risks are mainly linked to natural disasters and social conflict linked to the extractive industries.** Peru, as well as other Andean countries, is prone to natural disasters, particularly earthquakes and floods, as it is located in a highly seismic and mountainous area. An extreme event would naturally change the priorities in the Government agenda, and consequently, CPS implementation could be delayed. Social conflicts may increase, as part of the electoral process. Close monitoring will be needed so as to ensure adequate support to Government.

Table 2: Risks to the CPS Program based on SORT²⁰

Risk Categories	Rating (H, S, M or L)
1. Political and governance	Moderate
2. Macroeconomic	Low
3. Sector strategies and policies	Moderate
4. Technical design of project or program	Low
5. Institutional capacity for implementation and sustainability	Moderate
6. Fiduciary ²¹	Moderate
7. Environment and social	Moderate
8. Stakeholders	Low
9. Other	(Not applicable)
Overall	Moderate

²⁰ Risk assessment is based on the proposed program for the remainder of the CPS period, using the Systematic Operations Risk-Rating Tool (SORT). Since SORT was introduced in FY15, this PLR includes this risk-rating assessment for the first time.

²¹ As of October 2014, 70 percent of portfolio was satisfactory or moderately satisfactory in financial performance.

ANNEX 1: Updated CPS Results Matrix

Indicators directly influenced by the Program	Main WBG Instruments
Pillar 1: Increase Access and Quality of Social Services for the Poor	
Objective 1.1: Improve the institutional design supporting the access to social protection programs	
<ul style="list-style-type: none"> A transparent procedure is in place for individuals to enter, stay and exit social programs managed by MIDIS. <i>Baseline 2011:0 procedures; Target 2016:1 procedure</i> Improved Juntos information system for affiliation of newborns and young children <i>Baseline 2011:9.5 percent; Target 2016: 40 percent of children born each year in Juntos households and registered in the system before 30 days.</i> Juntos CCT Program is expanded by at least 200 poor districts. <i>Baseline 2011:700 districts; Target 2014:900 districts</i> 	<p><i>Ongoing Lending:</i></p> <ul style="list-style-type: none"> Second Results & Accountability in Social Sectors (DPF/DDO, FY09-FY16) Juntos Results for Nutrition Project SWAp (SIL, FY11-FY16) Social Inclusion TAL (FY13-FY16) <p><i>Indicative Lending</i></p> <ul style="list-style-type: none"> New DDO (FY16) <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Participatory intervention model to improve child nutrition (JSDF)
Objective 1.2: Improve delivery and quality of social services	
<ul style="list-style-type: none"> Increase in the proportion of pregnant women of the 9 regions with at least 1 prenatal control during the first trimester of pregnancy. <i>Baseline 2005: 20 percent; Target 2016: 45 percent.</i> Adequate number of growth check-ups in children under 3 years. <i>Baseline 2005:34 percent; Target 2016: 73 percent.</i> <p>MINEDU's capacity to evaluate student learning, instructional practice, and school leadership in basic education (K-11) improved, as measured by:</p> <ul style="list-style-type: none"> Number of additional grades in primary and secondary education included in national assessments. <i>Baseline 2011:1 grade ; Target 2016:4 grades</i> Annual national study of classroom instructional practices conducted. <i>Baseline 2011: 0 studies; Target 2016:1 study</i> Number of school management positions staffed through a new school principal evaluation system. <i>Baseline 2011: 0 positions; Target 2016:20,000 positions</i> <ul style="list-style-type: none"> Number of higher education institutions and programs that have completed self-evaluations through the Higher Education Self-evaluation System <i>Baseline 2011: 0 higher education institutions; Target 2016: 100 higher education institutions.</i> 	<p><i>Ongoing Lending and IFC Investments:</i></p> <ul style="list-style-type: none"> Health Reform Program II (APL, FY09-FY16) Basic Education Project SWAp, (SIL, FY13-FY18) Justice Services Improvement II (TAL, FY11-FY16) Grupo Salud del Perú Project, (IFC, FY13) Juntos Results for Nutrition Project SWAp (SIL, FY11-FY16) Higher Education Quality Assurance (SIL, FY13) Enfoca Fund: Auna. Universidad Peruana de Ciencias Aplicadas Project (IFC, FY12) Proyectos Educativos Integrales del Peru - Instituto Avansys (IFC, FY14). <p><i>Ongoing Trust Fund:</i></p> <ul style="list-style-type: none"> Enhancing Integrated Legal Strategies for the Poor (JSDF) <p><i>Ongoing Knowledge and Advisory Services</i></p> <ul style="list-style-type: none"> UHC and Health Reform I, II (FY15-FY16) EsSalud Master Plan (RAS) New umbrella for Education, Skills & Employment (FY14) Peru Learning for All 2014 (RAS) (FY15)

Indicators directly influenced by the Program	Main WBG Instruments
<ul style="list-style-type: none"> Increased number of consultations in legal aid centers in poor urban areas administered by the Ministry of Justice. <i>Baseline 2011: 100,000 consultations; Target 2015: 250,000 consultations.</i> 	
Pillar 2: Connecting the Poor to Services and Markets	
Objective 2.1: Improve access to water and electrification services in rural and peri-urban areas	
<ul style="list-style-type: none"> Number of hours per day in which water is provided to households in the Northern area of Lima increased. <i>Baseline 2011: 16 hours; Target 2016: 24 hours.</i> Number of people living in rural areas with access to potable water. <i>Baseline 2010: 158,000 persons; Target 2013: 256,000 persons.</i> Number of new households connected to electricity in rural areas. <i>Baseline 2011: 0 households; Target 2016: 140,000 households</i> 	<p><i>Ongoing Lending and IFC investments:</i></p> <ul style="list-style-type: none"> National Rural Water Supply and Sanitation + AF (FY03-FY14) Optimization of Lima Water & Sewerage (SIL, FY11-FY17) Rural Electrification (SIL, FY06-FY13) Second Rural Electrification (SIL, FY11-FY16) Cheves Hydro power plant (IFC, FY11-FY14). <p><i>Indicative Lending:</i></p> <ul style="list-style-type: none"> AF Second Optimization Lima Water (SIL, FY15) <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Water and Sanitation Program (WSP)
Objective 2.2: Increase mobility and road network both in urban and rural areas	
<ul style="list-style-type: none"> Portion of secondary road network that is in good condition. <i>Baseline 2005: 9 percent²²; Target 2014: 16 percent.</i> Travel time on rural roads is reduced, improving access by rural households and entrepreneurs to goods, social services, and income generating opportunities. <i>Travel Time Baseline 2006: 0 percent; Target 2013: -20 percent.</i> Stations of the Metropolitano that provide access for persons with disabilities. <i>Baseline 2011: 0 stations; Target 2016: 2 stations</i> 	<p><i>Ongoing Lending and IFC Investments:</i></p> <ul style="list-style-type: none"> Decentralized Rural Transport Project (SIL, FY07-FY13). Regional Transport Decentralization (SIL, FY06-FY13). Cusco Transport Project (FY14-FY19) APM Terminals Callao (IFC, FY13). ISA Peru, Transmission lines; \$26 million (FY05-FY14). Arequipa Region; Priority road rehabilitation(IFC, FY11-FY14) Lima Airport Partners (IFC, FY9-FY14). Enfoca Fund: Talma Servicios Aeroportuarios S.A. Línea de Bus Metropolitano de Lima <p><i>Indicative Lending:</i></p> <ul style="list-style-type: none"> Lima Metro Line II (IPF, FY16 and FY17) Subnational Transport Support Program (IPF, FY16). APM Terminals, Muelle norte (IFC, FY15). <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Mainstreaming inclusive design and Universal mobility in Lima.

²² New Baseline due to network increase to 23740km

Indicators directly influenced by the Program	Main WBG Instruments
Pillar 3: Sustainable Growth and Productivity	
Objective 3.1: Create conditions for increasing productivity and income of peri urban and rural poor in targeted regions	
<ul style="list-style-type: none"> • Net value of production increased for at least 35,000 families in selected areas of the poorest regions of the Sierra. <i>Baseline 2011: 0 percent; Target 2016: 26 percent.</i> • Increased offer of types of financial services by microfinance institutions in sierra. <i>Baseline 2011: 0 microfinance institution; Target 2016: 4 microfinance institutions</i> • River Basin Councils created and operated to manage water resources and irrigation systems in their jurisdictions. <i>Baseline 2011: 0 councils, Target 2015: 3 councils</i> • Increased adoption or improvement of agriculture technologies. <i>Baseline 2011: 0; Target 2016: 1,000 clients have adopted an improved agriculture technology.</i> 	<p><i>Ongoing Lending and IFC investments:</i></p> <ul style="list-style-type: none"> • Sierra Rural Development Project Add. Financing (SIL, FY13) • Water Resources Management Project (SIL, FY10-FY15) • Sierra Irrigation Project (SIL, FY11-FY16) • Agricultural Innovation (SIL, FY14-FY19) • PE Rural (IFC, FY11-15) • Caja Arequipa Ag (IFC, FY15) • Crediscotia (IFC, FY14-15) • Empresa Agroindustrial Laredo, (IFC, FY07-FY14) • Financiera Edyficar (IFC, FY14). • Financiera Confianza, (IFC, FY14) • Belcorp (IFC, FY12). • Banco Interamericano de Finanzas (BanBif) (IFC, FY07-FY13) • MIBANCO (IFC, FY12). • La Positiva Vida (IFC, FY12). • Caja Protecta <p><i>Indicative lending:</i></p> <ul style="list-style-type: none"> • Forest Investment program (FY 16-17) <p><i>Knowledge and Advisory Services:</i></p> <ul style="list-style-type: none"> • Trade Comp and Growth (ESW, FY12) • New business and delivery models for financial inclusion and Competition and efficiency in payment systems (NLTA, FY14-15) • Irrigation Sector Note (ESW, FY12) • ANA Human Resources Improvement (RAS) • 2030 Water Resources Group <p><i>Indicative Grant :</i></p> <ul style="list-style-type: none"> • Dedicated Grant Mechanism for Indigenous peoples and Local Communities (FY15).
Objective 3.2: Expand natural protected areas	

Indicators directly influenced by the Program	Main WBG Instruments
<ul style="list-style-type: none"> New areas outside the currently protected areas managed as biodiversity-friendly. <i>Baseline 2011: 0 ha; Target 2015: 2,000,000 ha (two new protected areas)</i> Planning and management instruments for marine protected areas designed and under implementation <i>Baseline 2011: 0 management instruments; Target 2015: 1 management instrument</i> 	<p><i>Ongoing lending:</i></p> <ul style="list-style-type: none"> First Programmatic Environmental (DPL/DDO, FY09-FY16). <p><i>Indicative lending</i></p> <ul style="list-style-type: none"> PE Investments for Sustainable Development (FY16). <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Strengthening Biodiversity Conservation through the National Protected Areas Program (GEF). Strengthening Sustainable Management of the Guano Islands, Islets and Capes National Reserve System Project (GEF).
Pillar 4: Improve Public Sector Performance for Greater Inclusion	
Objective 4.1: Improve public investment execution in sub-national governments	
<ul style="list-style-type: none"> Municipalities improved their capacity to execute their investment budget (by at least 20%) and increased their Good Governance Rating (by at least 40% w.r.t. the baseline average) <i>Baseline 2011: 0 municipalities; Target 2016: 21 municipalities</i> Adoption of a new regulatory framework for the selection and prioritization of public investments at regional and local level (including the use new methodologies and tools). <i>Baseline 2011: 0 regional and local governments; Target 2016: 100 regional and local governments.</i> Public Investment Monitoring Committees have been created to support regional and local governments in the acceleration of the implementation of approved public investment projects. <i>Baseline 2011: 0 regional and local governments; Target 2016: 100 regional and local governments</i> 	<p><i>Ongoing Lending:</i></p> <ul style="list-style-type: none"> Second Programmatic Fiscal Management & Competitiveness (DPF/DDO, FY09-FY15) <p><i>Indicative Lending:</i></p> <p>Strengthening Public Investment Management (DDO, FY16)</p> <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Operationalizing open data access in Peru and improving quality, relevance and accessibility of Peru's national statistics system (TFSCB) <p><i>Knowledge and Advisory Services:</i></p> <ul style="list-style-type: none"> Peru Public Sector Management (FY14-FY15) PKS Local Governance and Mining (FY13-FY15). Promoting greater accountability and good governance at the local level (MIM IFC Peru project). Supporting the improvement of municipal investment (MRI IFC Peru project).
Objective 4.2: Improve Disaster Risk Management capacity in public institutions	
<ul style="list-style-type: none"> Reduce vulnerability of social infrastructure and enhance post-disaster recovery capacity, particularly in schools. School Infrastructure National Plan (to be issued by MoE) has incorporated DRM policies and programs. <i>Baseline 2011: No ; Target 2015: Yes</i> 	<p><i>Ongoing Lending:</i></p> <ul style="list-style-type: none"> CAT DDO (FY11-FY14). Cusco Regional Development Project-PRODER (SIL, FY14). <p><i>Indicative Lending:</i></p>

Indicators directly influenced by the Program	Main WBG Instruments
<ul style="list-style-type: none"> • Number of regional governments that have approved regional plans for the prevention and reduction of disaster risk Baseline 2014: 0 regional governments, Target 2018: 15 regional governments • Emergency Preparedness Plan established by subnational governments to reduce vulnerability to natural disasters in Cusco (Sacred Valley). <i>Baseline 2011: No; Target 2017: Yes</i> 	<ul style="list-style-type: none"> • CAT DDO II (FY15). <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> • Integration of Disaster Risk Information in Peru's Planning System (IDF). <p><i>Knowledge and Advisory Services:</i></p> <ul style="list-style-type: none"> • Peru School Infrastructure Baseline.

ANNEX 2. Matrix of changes to original CPS Results Matrix

Note: In order to highlight the major results and simplify the CPS results indicators, some indicators were merged, others were created and others were better specified, given that more information is now available. Indicators linked to operations that did not materialize were dropped.

Outcomes Original CPS Results Matrix	Revised CPS Results Matrix
Strategic Objective 1: Increase Access and Quality of Social Services for the Poor	Pillar 1: Increase Access and Quality of Social Services for the Poor
Results Area 1.1: A more inclusive and Effective Social Protection System	Objective 1.1: Improve the institutional design supporting the access of social protection programs
<ul style="list-style-type: none"> • Recommendations on strategic planning targets, and monitoring and evaluation systems of social programs fully incorporated in MIDIS. <ul style="list-style-type: none"> ✓ Strengthened Juntos CCT Program, as evidenced by: ✓ The program is expanded by at least 200 districts; ✓ A graduation and “exit” strategy for beneficiaries are designed and have started implementation. • Improved coverage and quality of the supply of basic preventive health and nutrition services in the communities covered under the PAN including <i>Juntos</i> as evidenced by: <ul style="list-style-type: none"> ✓ Children under 36 months with timely and comprehensive health check-ups (CRED) in <i>Juntos</i> districts located in the areas of intervention targeted by the SWAp operation increased from 10.7 percent (2011) to 40 percent (2014). 	<ul style="list-style-type: none"> • A transparent procedure is in place for individuals to enter, stay and exit social programs managed by MIDIS. <i>Baseline 2011:0 procedures; Target 2016:1 procedure</i> • Improved <i>Juntos</i> information system for affiliation of newborns and young children <i>Baseline 2011:9.5 percent; Target 2016: 40 percent of children born each year in Juntos households and registered in the system before 30 days.</i> • <i>Juntos</i> CCT Program is expanded by at least 200 poor districts. <i>Baseline 2011:700 districts; Target 2014:900 districts</i>
Results Area 1.2: A more equitable and results-oriented health and education systems	Objective 1.2: Improve delivery and quality of basic social services for the poor
Results Area 1.3: Enhanced Access to Justice Services	
<ul style="list-style-type: none"> • Increased proportion of institutional births in rural areas in the 9 poorest regions from 44 percent (2005) to 80 percent (2015). • A national strategy for a more efficient and results oriented education system is fully implemented by 2016. • Disadvantaged schools (rural, multigrade, bilingual, and inner city) implemented a student-centered educational model that promotes active, autonomous, cooperative learning, engages families and communities, and is pertinent to their context by 2016. 	<ul style="list-style-type: none"> • Increase in the proportion of pregnant women of the 9 regions with at least 1 prenatal control during the first trimester of pregnancy. <i>Baseline 2005: 20 percent; Target 2016: 45 percent.</i> • Adequate number of growth check-ups in children under 3 years. <i>Baseline 2005:34 percent; Target 2016: 73 percent.</i> <p>MINEDU’s capacity to evaluate student learning, instructional practice, and school leadership improved in basic education (K-11) improved, as measured by:</p> <ul style="list-style-type: none"> • Number of additional grades in primary and secondary education included in national assessments. <i>Baseline 2011:1 grade ; Target 2016:4 grades</i> • Annual national study of classroom instructional practices conducted. <i>Baseline 2011: 0 studies; Target 2016:1 study</i> • Number of school management positions staffed through a new school principal evaluation system. <i>Baseline 2011: 0 positions; Target 2016:20,000 positions</i>

Outcomes Original CPS Results Matrix	Revised CPS Results Matrix
<ul style="list-style-type: none"> An Integrated Educational Management Information System (EMIS) is implemented for acquisition, processing, dissemination, and reporting data on students, teachers, schools, system administration, results and performance by 2016. <p>(Previously, 1.3):</p> <ul style="list-style-type: none"> At least 6 legal services centers installed as part of the legal services network by 2015. Number of days required in criminal justice processes in 3 judicial districts decreased from 835 (2011) to 209 (2015). Increased number of consultations in legal aid centers administered by the Ministry of Justice from 100,000 (2011) to 250,000 (2015). 	<ul style="list-style-type: none"> Number of higher education institutions and programs that have completed self-evaluations through the Higher Education Self-evaluation System <i>Baseline 2011: 0 higher education institutions; Target 2016: 100 higher education institutions.</i> Increased number of consultations in legal aid centers in poor urban areas administered by the Ministry of Justice. <i>Baseline 2011: 100,000 consultations; Target 2015: 250,000 consultations.</i>
Pillar 2: Connecting the Poor to Services and Markets	
Results Area 2.1: Improved Supply of Water and Sanitation Services	Objective 2.1: Improve access to water and electrification services in rural and peri-urban areas
<ul style="list-style-type: none"> Number of daily hours water services provided in the Northern area of Lima increased from 16 to 24 (from 2011 to 2016). Annual incidence of water pipe breakages per km of water supply network and sewerage blockages per km of sewerage network in the Northern area of Lima decreased from 0.21 to 0.11 and 8.75 to 4.38, respectively (from 2011 to 2016). Increased coverage of potable water and sanitation services in rural areas, as evidence in: <ul style="list-style-type: none"> ✓ Number of rural people having access to potable water increases from 158,000 (2010) to 256,000 (2013). ✓ Number of rural people having access to hygienic sanitation increases from 142,000 (2010) to 242,000 (2013). Improved systems efficiency in recording users' consumption at the local/community level, as evidence by: <ul style="list-style-type: none"> ✓ Number of JASS operating and maintaining the systems with updated records of users showing monthly households payments increased from 157 to 489 (from 2010 to 2013). 	<ul style="list-style-type: none"> Number of hours per day in which water is provided to households in the Northern area of Lima increased. <i>Baseline 2011: 16 hours; Target 2016: 24 hours.</i> Number of people living in rural areas with access to potable water. <i>Baseline 2010: 158,000 persons; Target 2013: 256,000 persons.</i> Number of new households connected to electricity in rural areas. <i>Baseline 2011: 0 households; Target 2016: 140,000 households</i>
Results Area 2.2: Better Transport Infrastructure to Reduce Inequality	Objective 2.2: Increase mobility and road network both in urban and rural areas
<ul style="list-style-type: none"> Increased portion of secondary road network that is in good condition. Travel time and cost on rural roads is reduced by improving access to rural households and entrepreneurs to goods, social services, and income generating opportunities. 	<ul style="list-style-type: none"> Portion of secondary road network that is in good condition. <i>Baseline 2005: 9 percent²³; Target 2014: 16 percent.</i> Travel time on rural roads is reduced, improving access by rural households and entrepreneurs to goods, social services, and income generating opportunities. <i>Travel Time Baseline 2006: 0 percent; Target 2013: -20 percent in the project intervened areas.</i>

²³ New Baseline due to network increase to 23740km

Outcomes Original CPS Results Matrix	Revised CPS Results Matrix
<ul style="list-style-type: none"> • <i>Follow-up projects are under discussion with the Government. Concrete outcomes will be included in the CPS Progress Report.</i> 	<ul style="list-style-type: none"> • Stations of the Metropolitano that provide access for persons with disabilities. <i>Baseline 2011: 0 stations; Target 2016: 2 stations</i>
Results Area 2.3: Reliable Energy and Telecommunications	
<ul style="list-style-type: none"> • Increased coverage of electricity services in rural areas to 85 percent by 2016, as reflected by: <ul style="list-style-type: none"> ✓ 84,000 new household electricity connections in rural areas (2015). • Increased use of electricity for productive uses of electricity in rural areas as part of social inclusion, as reflected by: <ul style="list-style-type: none"> ✓ MWh/year of electricity for productive uses in targeted rural areas increased by 8,000 (2015) ✓ Productive units adopting electricity equipment increased by 10,000 (2015) • Increased investment in electricity distribution and/or renewable energy generation (including hydropower) projects. • <i>Outcomes for the Telecommunications sector will be included in the CPS Progress Report.</i> 	<p><i>Simplified and included in Objective 2.1</i></p>
Pillar 3: Sustainable Growth and Productivity	
Results Area 3.1: Promoting Productivity through Enhanced Labor Skills and SME's Competitiveness	
<ul style="list-style-type: none"> • Increased number of higher education programs and institutions with accreditation (according to standards) in key disciplines: Education, Medicine, Other Health Sciences, Law, and Engineering, at the University level; and Health, Education, and Technological, at non-university higher education institutes (IESNU) level. <ul style="list-style-type: none"> ✓ A lending operation in this area is under preparation. Concrete outcomes will be included in the CPS Progress Report. • <i>Outcomes related to SME's competitiveness will be included in the Progress Report.</i> 	<p><i>Simplified and included in Objective 1.2</i></p>
Results Area 3.2: Sustainable Rural Development and Water Resources Management	
<ul style="list-style-type: none"> • Net value of production of families participating in the Sierra Rural Development project increased, as evidenced by: <ul style="list-style-type: none"> ✓ Composite index increased by 20 percent for at least 18,000 families by 2014. • Better management of water resources and irrigation systems as evidence by: <ul style="list-style-type: none"> ✓ 3 River Basin Councils created by project and operated by 2015, linked to the WRM project ✓ 3 participatory, integrated, basin- scale plans approved by 2015, linked to the WRM project ✓ About 750 producers benefited from improved on-farm irrigation management carried out by the Sierra Irrigation Project (2016) 	<p>Objective 3.1: Create conditions for increasing productivity and income of peri urban and rural poor in targeted regions</p> <ul style="list-style-type: none"> • Net value of production increased for at least 35,000 families in selected areas of the poorest regions of the Sierra. <i>Baseline 2011: 0 percent; Target 2016: 26 percent.</i> • Increased offer of types of financial services by microfinance institutions in sierra. <i>Baseline 2011: 0 finance institution; Target 2016: 4 finance institutions</i> • River Basin Councils created and operated to manage water resources and irrigation systems in their jurisdictions. <i>Baseline 2011: 0 councils, Target 2015: 3 councils</i>

Outcomes Original CPS Results Matrix	Revised CPS Results Matrix
	<ul style="list-style-type: none"> Increased adoption or improvement of agriculture technologies. <i>Baseline 2011: 0; Target 2016: 1,000 clients have adopted an improved agriculture technology.</i>
Objective 3.3: Protect and Restore ecosystems with a focus on conservation and sustainable use of natural resources	Objective 3.2: Expand natural protected areas
<ul style="list-style-type: none"> Recommendations provided to the Ministry of Environment to strengthen environment regulation and institutional capacity of the environmental authority. Ecological representativeness of the country's Protected Areas System expanded and conservation activities implemented at various levels within ecological corridors as evidenced by: <ul style="list-style-type: none"> ✓ 125,000 hectares of natural protected areas created or expanded between 2012 and 2016. ✓ 3 conservation corridors established between 2012 and 2016. ✓ 5 administration contracts for management of natural protected areas negotiated between 2012 and 2016. 	<ul style="list-style-type: none"> New areas outside the currently protected areas managed as biodiversity-friendly. <i>Baseline 2011: 0; Target 2015: 2,000,000 haS (two new protected areas)</i> Planning and management instruments for marine protected areas designed and under implementation <i>Baseline 2011: 0; Target 2015: 1</i>
Results Area 3.4: Improving Disaster Risk Management and Urban Planning	<i>Included in Pillar 4, as activities mainly directed to improve public sector performance in disaster risk management</i>
<ul style="list-style-type: none"> Policy and regulation framework for safe public health and education infrastructure approved (by Ministry of Health and Ministry of Education, respectively) and consolidated (2013). Investment projects pipeline generated for structural reinforcement of public education and health infrastructure in Metropolitan Lima. (2014). 	
Pillar 4: Improve Public Sector Performance for Greater Inclusion	
Results Area 4.1: Improved Public Sector Management	Objective 4.1: Improve public investment execution in sub-national governments
<ul style="list-style-type: none"> Enhanced fiscal risk and debt management at the Ministry of Finance (2016). Improved performance-based management as evidenced by: <ul style="list-style-type: none"> ✓ The implementation of sub-national roll-out of performance based management instruments. ✓ The national procurement system is automatically linked to SIAF, thereby allowing a timely reporting and monitoring of execution rates of sub-national public investment expenditures. Improved administrative procedures to speed up public investment, as evidenced by: 	<ul style="list-style-type: none"> Municipalities improved their capacity to execute their investment budget (by at least 20%) and increased their Good Governance Rating (by at least 40% w.r.t. the baseline average) <i>Baseline 2011: 0 municipalities; Target 2016: 21 municipalities</i> Adoption of a new regulatory framework for the selection and prioritization of public investments at regional and local level (including the use new methodologies and tools). <i>Baseline 2011: 0 regional and local governments; Target 2016: 100 regional and local governments.</i>

Outcomes Original CPS Results Matrix	Revised CPS Results Matrix
<ul style="list-style-type: none"> ✓ Improved procedures for completing technical security inspections in three sub-national governments and the National Institute for Civil Defense (INDECI). ✓ Improve procedures to create and operate tourism related businesses in Cusco, as evidenced by a decrease in the number of days to comply with business regulatory processes at the sub-national government of Cusco. • <i>Policy dialogue with the Government is ongoing. Concrete outcomes in this area will be included in the CPS Progress Report.</i> 	<ul style="list-style-type: none"> • Public Investment Monitoring Committees have been created to support regional and local governments in the acceleration of the implementation of approved public investment projects. <i>Baseline 2011:0 regional and local governments; Target 2016: 100 regional and local governments</i>
Results Area 4.2: Strengthening Sub-national Management Capacities	
<ul style="list-style-type: none"> • Improved public investment execution in sub-national governments as evidenced by: <ul style="list-style-type: none"> ✓ 30 Municipalities improved public investment execution (2015). ✓ Sub-national pilots to improve public investment execution in Apurimac, Ayacucho and Huancavelica completed (2013). • Key recommendations from Action Plans are implemented to improve procurement systems, human resources, financial management or revenues management at selected sub-national governments. • <i>Policy dialogue with the Government is ongoing. Concrete outcomes in this area will be included in the CPS Progress Report.</i> 	
	Objective 4.2: Improve Disaster Risk Management capacity in public institutions
	<ul style="list-style-type: none"> • Reduce vulnerability of social infrastructure and enhance post-disaster recovery capacity, particularly in schools. School Infrastructure National Plan (to be issued by MoE) has incorporated DRM policies and programs. <i>Baseline 2011:No ; Target 2015: Yes</i> • Number of regional governments that have approved regional plans for the prevention and reduction of disaster risk <i>Baseline 2014: 0 regional governments, Target 2018: 15 regional governments</i> • Emergency Preparedness Plan established by subnational governments to reduce vulnerability to natural disasters in Cusco (Sacred Valley). <i>Baseline 2011: No; Target 2017: Yes</i>

ANNEX 3. Peru FY12-FY16 CPS Results Matrix summarizing progress

Indicators directly influenced by the Program	Progress during FY12-FY14	Main WBG Instruments
Pillar 1: Increase Access and Quality of Social Services for the Poor		
Objective 1.1: Improve the institutional design supporting the access of social protection programs		
<ul style="list-style-type: none"> A transparent procedure is in place for individuals to enter, stay and exit social programs managed by MIDIS. <i>Baseline 2011:0 procedures; Target 2016:1 procedure</i> Improved Juntos information system for affiliation of newborns and young children <i>Baseline 2011:9.5 percent; Target 2016: 40 percent of children born each year in Juntos households and registered in the system before 30 days.</i> Juntos CCT Program is expanded by at least 200 poor districts. <i>Baseline 2011:700 districts; Target 2014:900 districts</i> 	<p>Underway. MIDIS' programs are designing rules for entering, staying and exiting social programs.</p> <p>Underway. As of 2014 32 percent of children born each year in Juntos households and registered in the SITC before 30 days.</p> <p>Achieved. The program has expanded the coverage in more than 440 new districts (1143 by June 2014). The national registry of beneficiaries of <i>Juntos</i> CCT Program is functioning.</p>	<p><i>Ongoing Lending:</i></p> <ul style="list-style-type: none"> Second Results & Accountability in Social Sectors (DPF/DDO, FY09-FY16) Juntos Results for Nutrition Project SWAp (SIL, FY11-FY16) Social Inclusion TAL (FY13-FY16) <p><i>Indicative Lending</i></p> <ul style="list-style-type: none"> New DDO (FY16) <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Participatory intervention model to improve child nutrition (JSDF)
Objective 1.2: Improve delivery and quality of social services		
<ul style="list-style-type: none"> Increase in the proportion of pregnant women of the 9 regions with at least 1 prenatal control during the first trimester of pregnancy. <i>Baseline 2005: 20 percent; Target 2016: 45 percent.</i> Adequate number of growth check-ups in children under 3 years. <i>Baseline 2005:34 percent; Target 2016: 73 percent.</i> <p>MINEDU's capacity to evaluate student learning, instructional practice, and school leadership improved in basic education (K-11) improved, as measured by:</p> <ul style="list-style-type: none"> Number of additional grades in primary and secondary education included in national assessments. 	<p>Achieved. Proportion of pregnant women of the 9 regions with at least 1 prenatal control during the first trimester of pregnancy went from 20% in 2005 to 45% in 2014.</p> <p>Underway. Adequate number of growth check-ups in children under 3 years in the 9 poorest regions is 65.8 percent (2012).</p> <p>Underway. Capacity to evaluate:</p> <ul style="list-style-type: none"> ✓ Student learning. The Ministry has carried out three national student assessments: a census-based assessment of 2nd grade students, the first nationally representative sample-based assessment of 6th grade, and the first pilot assessment of 11th grade students. 	<p><i>Ongoing Lending and IFC Investments:</i></p> <ul style="list-style-type: none"> Health Reform Program II (APL, FY09-FY16) Basic Education Project SWAp, (SIL, FY13-FY18) Justice Services Improvement II (TAL, FY11-FY16) Grupo Salud del Perú Project, (IFC, FY13) Juntos Results for Nutrition Project SWAp (SIL, FY11-FY16) Higher Education Quality Assurance (SIL, FY13) Enfoca Fund: Auna. Universidad Peruana de Ciencias Aplicadas Project (IFC, FY12) Proyectos Educativos Integrales del Peru - Instituto Avansys (IFC, FY14). <p><i>Ongoing Trust Fund:</i></p>

Indicators directly influenced by the Program	Progress during FY12-FY14	Main WBG Instruments
<p><i>Baseline 2011:1 grade ; Target 2016:4 grades</i></p> <ul style="list-style-type: none"> Annual national study of classroom instructional practices conducted. <i>Baseline 2011: 0 studies; Target 2016:1 study</i> Number of school management positions staffed through a new school principal evaluation system. <i>Baseline 2011: 0 positions; Target 2016:20,000 positions</i> Number of higher education institutions and programs that have completed self-evaluations through the Higher Education Self-evaluation System <i>Baseline 2011: 0 higher education institutions; Target 2016: 100 higher education institutions.</i> Increased number of consultations in legal aid centers in poor urban areas administered by the Ministry of Justice. <i>Baseline 2011: 100,000 consultations; Target 2015: 250,000 consultations.</i> 	<ul style="list-style-type: none"> ✓ Instructional practice. The Ministry has conducted two national studies (one in primary and one in secondary education) of instructional practice (time-on task) with a nationally representative sample, making the results available to regional authorities and the general public. ✓ School leadership. A National Framework for Good School Leadership was approved last year and the first school principal evaluation was carried out this year to ratify current school principals on their posts. Those who did not pass, as well as other teachers who aspire to a school leadership position, will have a chance to compete through another evaluation in December, for 21,000 school leadership positions. <p>Underway. By December 2014, 80 higher education institutions have completed self-evaluations.</p> <p>Underway. The number of consultations increased to 149,000 in 2013.</p>	<ul style="list-style-type: none"> Enhancing Integrated Legal Strategies for the Poor (JSDF) <p><i>Ongoing Knowledge and Advisory Services</i></p> <ul style="list-style-type: none"> UHC and Health Reform I, II (FY15-FY16) EsSalud Master Plan (RAS) New umbrella for Education, Skills & Employment (FY14) Peru Learning for All 2014 (RAS) (FY15)
Pillar 2: Connecting the Poor to Services and Markets		
Objective 2.1: Improve access to water and electrification services in rural and peri-urban areas		
<ul style="list-style-type: none"> Number of hours per day in which water is provided to households in the Northern area of Lima increased. <i>Baseline 2011: 16 hours; Target 2016: 24 hours.</i> Number of people living in rural areas with access to potable water. <i>Baseline 2010: 158,000 persons; Target 2013: 256,000 persons.</i> Number of new households connected to electricity in rural areas. <i>Baseline 2011: 0 households; Target 2016: 140,000 households</i> 	<p>Underway. Number of daily hours water services provided in the Northern area of Lima increased to 19 (2013).</p> <p>Partially achieved. 82 percent achievement (211,000 at June 2013).</p> <p>Achieved. Increase coverage of electricity services in rural areas to about 89 percent (2014). 105,000 new household electricity (an estimated 450,000 people), including approximately 2,900 schools, clinics and community centers, increasing rural electricity coverage by 5.9 percent. New target has been set to 2016.</p>	<p><i>Ongoing Lending and IFC investments:</i></p> <ul style="list-style-type: none"> National Rural Water Supply and Sanitation + AF (FY03-FY14) Optimization of Lima Water & Sewerage (SIL, FY11-FY17) Rural Electrification (SIL, FY06-FY13) Second Rural Electrification (SIL, FY11-FY16) Cheves Hydro power plant (IFC, FY11-FY14). <p><i>Indicative Lending:</i></p> <ul style="list-style-type: none"> AF Second Optimization Lima Water (IPF, FY15) <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Water and Sanitation Program (WSP)

Indicators directly influenced by the Program	Progress during FY12-FY14	Main WBG Instruments
Objective 2.2: Increase mobility and road network both in urban and rural areas		
<ul style="list-style-type: none"> Portion of secondary road network that is in good condition. <i>Baseline 2005: 9 percent²⁴; Target 2014: 16 percent.</i> <p>Travel time on rural roads is reduced improving access by rural households and entrepreneurs to goods, social services, and income generating opportunities. <i>Travel Time Baseline 2006: 0 percent; Target 2013: -20 percent in the project intervened areas.</i></p> <ul style="list-style-type: none"> Stations of the Metropolitano that provide access for persons with disabilities. <i>Baseline 2011: 0; Target 2016: 2</i> 	<p>Achieved. Rural road lengths of about 3,277 km are rehabilitated; 7,500 km are maintained periodically; and 2,360 km on non-motorized tracks are rehabilitated at project standards. Regional road lengths of about 1,490 km are rehabilitated; 3,343 km are maintained periodically; and 3,343 km are under routine maintenance. About 857 qualified micro-enterprises are delivering quality routine maintenance on rural roads. A number of 24 participatory regional road plans are approved and adopted. About 325 qualified micro-enterprises are delivering quality routine maintenance on rural roads. (2013).</p> <p>Achieved. The travel time was reduced in 20 percent in the project intervened areas by December 2013.</p> <p>New project. Indicator will be achieved by FY16.</p>	<p><i>Ongoing Lending and IFC Investments:</i></p> <ul style="list-style-type: none"> Decentralized Rural Transport Project (SIL, FY07-FY13). Regional Transport Decentralization (SIL, FY06-FY13). Cusco Transport Project (FY14-FY19) APM Terminals Callao (IFC, FY13). ISA Peru, Transmission lines; \$26 million (FY05-FY14). Arequipa Region; Priority road rehabilitation(IFC, FY11-FY14) Lima Airport Partners (IFC, FY9-FY14). Enfoca Fund: Talma Servicios Aeroportuarios S.A. Línea de Bus Metropolitano de Lima <p><i>Indicative Lending:</i></p> <ul style="list-style-type: none"> Lima Metro Line II (IPF, FY16 and FY17) Subnational Transport Support Program (IPF, FY16). APM Terminals, Muelle norte (IFC, FY15). <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Mainstreaming inclusive design and Universal mobility in Lima.
Pillar 3: Sustainable Growth and Productivity		
Objective 3.1: Create conditions for increasing productivity and income of peri urban and rural poor in targeted regions		

²⁴ New Baseline due to network increase to 23740km

Indicators directly influenced by the Program	Progress during FY12-FY14	Main WBG Instruments
<ul style="list-style-type: none"> • Net value of production increased for at least 35,000 families in selected areas of the poorest regions of the Sierra. <i>Baseline 2011: 0 percent; Target 2016: 26 percent.</i> • Increased offer of types of financial services by microfinance institutions in sierra. <i>Baseline 2011: 0 finance institution; Target 2016: 4 finance institutions</i> • River Basin Councils created and operated to manage water resources and irrigation systems in their jurisdictions. <i>Baseline 2011: 0 councils, Target 2015: 3 councils</i> • Increased adoption or improvement of agriculture technologies. <i>Baseline 2011: 0; Target 2016: 1,000 clients have adopted an improved agriculture technology.</i> 	<p>Achieved. The 35, 277 families who participated in the Sierra Rural increased the net value of production by 42 percent.</p> <p>Achieved: Four microfinance institutions provided 6,000 loans totaling \$11 million in 5 regions in the highlands were disbursed.</p> <p>Achieved. River basin councils created and river basin plans approved. National water quality strategy underway.</p> <p>New project. Indicator will be achieved by FY16</p>	<p><i>Ongoing Lending and IFC investments:</i></p> <ul style="list-style-type: none"> • Sierra Rural Development Project Add. Financing (SIL, FY13) • Water Resources Management Project (SIL, FY10-FY15) • Sierra Irrigation Project (SIL, FY11-FY16) • Agricultural Innovation (SIL, FY14-FY19) • PE Rural (IFC, FY11-15) • Caja Arequipa Ag (IFC, FY15) • Crediscotia (IFC, FY14-15) • Empresa Agroindustrial Laredo, (IFC, FY07-FY14) • Financiera Edyficar (IFC, FY14). • Financiera Confianza, (IFC, FY14) • Belcorp (IFC, FY12). • Banco Interamericano de Finanzas (BanBif) (IFC, FY07-FY13) • MIBANCO (IFC, FY12). • La Positiva Vida (IFC, FY12). • Caja Protecta <p><i>Indicative lending:</i></p> <ul style="list-style-type: none"> • Forest Investment program (FY 16-17) <p><i>Knowledge and Advisory Services:</i></p> <ul style="list-style-type: none"> • Trade Comp and Growth (ESW, FY12) • New business and delivery models for financial inclusion and Competition and efficiency in payment systems (NLTA, FY14-15) • Irrigation Sector Note (ESW, FY12) • ANA Human Resources Improvement (RAS) • 2030 Water Resources Group <p><i>Indicative Grant :</i> Dedicated Grant Mechanism for Indigenous peoples and Local Communities (FY15).</p>
Objective 3.2: Expand natural protected areas		

Indicators directly influenced by the Program	Progress during FY12-FY14	Main WBG Instruments
<ul style="list-style-type: none"> New areas outside the currently protected areas managed as biodiversity-friendly. <i>Baseline 2011: 0 ha; Target 2015: 2,000,000 ha (two new protected areas)</i> Planning and management instruments for marine protected areas designed and under implementation <i>Baseline 2011: 0 management instruments; Target 2015: 1 management instrument</i> 	<p>Underway. Key regulation for integrated management of national, regional, and local natural protected areas approved. With one new Protected Area created (2,888 hectares), arrangements are underway to establish 14 more PAs (national, regional & private) with about 600,000 hectares in 5 prioritized corridors. 9 conservation concessions with indigenous communities have been negotiated for PA buffer zones (190,000 has) and are under implementation. Negotiations are ongoing for an additional 620,000 has.</p> <p>New project. Indicator will be achieved by FY16</p>	<p><i>Ongoing lending:</i></p> <ul style="list-style-type: none"> First Programmatic Environmental (DPL/DDO, FY09-FY16). <p><i>Indicative lending</i></p> <ul style="list-style-type: none"> PE Investments for Sustainable Development (FY16). <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Strengthening Biodiversity Conservation through the National Protected Areas Program (GEF). Strengthening Sustainable Management of the Guano Islands, Islets and Capes National Reserve System Project (GEF).
Pillar 4: Improve Public Sector Performance for Greater Inclusion		
Objective 4.1: Improve public investment execution in sub-national governments		
<ul style="list-style-type: none"> Municipalities improved their capacity to execute their investment budget (by at least 20%) and increased their Good Governance Rating (by at least 40% w.r.t. the baseline average) <i>Baseline 2011: 0 municipalities; Target 2016: 21municipalities</i> Adoption of a new regulatory framework for the selection and prioritization of public investments at regional and local level (including the use new methodologies and tools). <i>Baseline 2011: 0 regional and local governments; Target 2016: 100 regional and local governments.</i> Public Investment Monitoring Committees have been created to support regional and local governments in the acceleration of the 	<p>Underway. As of June 2014, 15 Municipalities have improved their investment capacity and 14 Municipalities have increased their Good Governance Rating.</p> <p>Achieved. New legal framework was approved through National Budget Law 2014. Implementation will be developed through FY15-FY16.</p> <p>Underway. New indicator that will be achieved by the end of FY16.</p>	<p><i>Ongoing Lending:</i></p> <ul style="list-style-type: none"> Second Programmatic Fiscal Management & Competitiveness (DPF/DDO, FY09-FY15) <p><i>Indicative Lending:</i> Strengthening Public Investment Management (DDO, FY16)</p> <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> Operationalizing open data access in Peru and improving quality, relevance and accessibility of Peru's national statistics system (TFSCB) <p><i>Knowledge and Advisory Services:</i></p> <ul style="list-style-type: none"> Peru Public Sector Management (FY14-FY15) PKS Local Governance and Mining (FY13-FY15). Promoting greater accountability and good governance at the local level (MIM IFC Peru project). Supporting the improvement of municipal investment (MRI IFC Peru project).

Indicators directly influenced by the Program	Progress during FY12-FY14	Main WBG Instruments
<p>implementation of approved public investment projects. <i>Baseline 2011:0 regional and local governments; Target 2016: 100 regional and local governments</i></p>		
Objective 4.2: Improve Disaster Risk Management capacity in public institutions		
<ul style="list-style-type: none"> • Reduce vulnerability of social infrastructure and enhance post-disaster recovery capacity, particularly in schools. School Infrastructure National Plan (to be issued by MoE) has incorporated DRM policies and programs. <i>Baseline 2011:No ; Target 2015: Yes</i> • Number of regional governments that have approved regional plans for the prevention and reduction of disaster risk <i>Baseline 2014: 0 regional governments, Target 2018: 15 regional governments</i> • Emergency Preparedness Plan established by subnational governments to reduce vulnerability to natural disasters in Cusco (Sacred Valley). <i>Baseline 2011: No; Target 2017: Yes</i> 	<p>Underway. Working with Ministry of Education through RAS Peru School Infrastructure Baseline.</p> <p>New project. Some regional governments will adopt this plans by F16.</p> <p>New project. Indicator will be achieved by F16</p>	<p><i>Ongoing Lending:</i></p> <ul style="list-style-type: none"> • CAT DDO (FY11-FY14). • Cusco Regional Development Project-PRODER (SIL, FY14). <p><i>Indicative Lending:</i></p> <ul style="list-style-type: none"> • CAT DDO II (FY15). <p><i>Ongoing Trust Funds:</i></p> <ul style="list-style-type: none"> • Integration of Disaster Risk Information in Peru's Planning System (IDF). <p><i>Knowledge and Advisory Services:</i></p> <ul style="list-style-type: none"> • Peru School Infrastructure Baseline.

ANNEX 4: WBG Portfolio

WB Active Portfolio

Proj ID	Project Name	TL Name	Practice Name	Date, Board App *	Effectiv.	Rev Closing	Proj Age in Yrs	Lst DO	Lst IP	Net Comm Amt (\$m)	Tot Disb (\$m)	Tot Undisb Bal (\$m)	% Disb
P079165	PE Sierra Rural Development Project	Nardello	Agriculture	4/24/2007	7/9/2008	6/30/2016	7.9	MU	U	39.8	20.2	19.6	51%
P095424	PE GEF Nat'l Protected Areas System	Peter	Environment & Natural Resources	5/20/2010	11/9/2010	5/31/2015	4.9	MS	MS	8.9	8.1	0.8	91%
P095563	PE- (APL2) Health Reform Program	Medici	Health, Nutrition & Population	2/17/2009	12/15/2009	12/31/2015	6.1	S	MS	15.0	9.7	5.3	65%
P101177	PE-2nd Results & Acct.(REACT)DPL/DDO	Marini	Social Protection & Labor	4/9/2009	10/26/2009	9/8/2015	6.0	S	S	330.0	20.0	310.0	6%
P101471	PE DDO First Prog. Environ DPL	Sanchez-Triana	Environment & Natural Resources	2/17/2009	9/25/2009	9/8/2015	6.1	S	S	330.0	20.0	310.0	6%
P104760	PE-Sierra Irrigation	Lajaunie	Water	7/27/2010	2/15/2011	12/31/2015	4.7	S	MS	20.0	14.1	5.9	70%
P107666	PE Water Resources Mgmt.	Lajaunie	Water	7/2/2009	10/25/2010	6/30/2015	5.7	S	S	10.0	9.0	1.0	90%
P110752	PE Justice Services Improv. II	Silva Mendez	Governance	11/18/2010	1/24/2011	9/30/2015	4.4	S	S	20.0	16.4	3.6	82%
P117293	PE Optimization of Lima Wat & Sewerage	Lopez Martinez	Water	4/7/2011	12/7/2011	12/31/2019	4.0	S	MS	109.5	48.8	60.7	45%
P117310	PE Results Nutrition for Juntos SWAp	Marini	Social Protection & Labor	3/8/2011	1/12/2012	3/31/2016	4.1	MS	MS	25.0	11.7	13.3	47%
P117318	PE Cusco Regional Development	Trohanis	Social, Urban, Rural and Resilience	11/22/2013	11/3/2014	1/31/2019	1.3	MS	MS	35.0	0.0	35.0	0%
P117864	PE Second Rural Electrification	Franco Salazar	Energy & Extractives	4/21/2011	7/13/2011	2/28/2016	3.9	MU	MS	50.0	12.0	38.0	24%
P120860	PERU CAT DDO	Ramirez Cortes	Social, Urban, Rural and Resilience	12/9/2010	1/20/2011	12/9/2016	4.3	S	S	100.0	0.0	100.0	0%
P122194	PE HIGHER EDUCATION QUALITY IMPROV	Botero Alvarez	Education	12/4/2012	5/8/2013	4/1/2018	2.3	MU	MU	25.0	2.6	22.4	10%
P123151	PE Basic Education	Kudo	Education	1/17/2013	5/20/2014	3/31/2018	2.2	S	MS	25.0	0.0	25.0	0%
P129647	PE-Strengthening Sust Mgmt Guano Islands	Peter	Environment & Natural Resources	12/6/2013	4/21/2014	3/31/2019	1.3	S	S	8.9	2.5	6.4	28%
P131013	PE-National Ag. Innovation Program	Morris	Agriculture	12/17/2013		9/1/2019	1.3	S	S	40.0	0.0	40.0	0%
P131029	PE Social Inclusion TAL	Silva Villalobos	Social Protection & Labor	12/13/2012	4/11/2013	1/31/2017	2.3	MS	MS	10.0	0.8	9.2	8%
P132505	PE Cusco Transport Improvement	Cuellar	Transport & ICT	2/28/2014	11/11/2014	6/30/2019	1.1	S	S	120.0	0.0	120.0	0%
P149831	PE CAT DDO II	Ramirez Cortes	Social, Urban, Rural and Resilience	3/12/2015		3/12/2018	0.0			400.0	0.0	400.0	0%
20										1,722.1	195.8	1,526.3	11%

Source: BI as of March 30th, 2015

IFC Portfolio in Peru

MIS

International Finance Corporation

Report Run Date: 02/03/2015

Statement of IFC's Committed and Outstanding Portfolio

Amounts in US Dollar Millions

Accounting Date as of : 02/28/2015

Page 1

Region(s): Latin America and the Caribbean
Country(s) : Peru

Commitment Fiscal Year	Institution Short Name	LN Cmt'd - IFC	LN Repayment - IFC	ET Cmt'd - IFC	QL + QE Cmt'd - IFC	GT Cmt'd - IFC	RM Cmt'd - IFC	ALL Cmt'd - IFC	ALL Cmt'd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2013/ 2015	APMTC	57.52	0	0	0	0	8.22	65.75	209.48	42.44	0	0	0	3.06	45.51	154.56
2011	Arequipa Region	0	0	0	0	0.90	0	0.90	0	0	0	0	0.90	0	0.90	0.00
2007/ 2008/ 2011/ 2013	B.Continental	100.46	62.54	0	0	0	0	100.46	0	100.46	0	0	0	0	100.46	0.00
2007/ 2008/ 2009/ 2010	BPZ	0	2.50	3.25	9.94	0	0	13.19	0	0	3.25	9.94	0	0	13.19	0.00
2007/ 2009/ 2010/ 2011/ 2012/ 2013/ 2014	BanBif	18.33	11.67	46.46	18.00	0	0	82.79	0	18.33	46.46	18.00	0	0	82.79	0.00
2004/ 2007/ 2009	Cartones America	0	0	0	0	0	0.20	0.20	0	0	0	0	0	0	0	0.00
2011	Cheves	69.36	0.64	0	0	0	0	69.36	177.70	69.36	0	0	0	0	69.36	177.70
2012/ 2015	Compartamos Peru	15.98	3.75	0	0	0	0	15.98	0	7.98	0	0	0	0	7.98	0.00
2004/ 2005/ 2008/ 2014	EDYFICAR	36.79	3.00	0	0	0	0	36.79	0	36.79	0	0	0	0	36.79	0.00
2010	Enfoca	0	0	10.71	0	0	0	10.71	0	0	10.03	0	0	0	10.03	0.00
2009/ 2011/ 2014	F. Confianza	16.43	9.07	12.41	0	0	0	28.84	0	0	12.40	0	0	0	12.40	0.00
2002/ 2003	ISA Peru SA	0	11.82	0	0	0	0.08	0.08	0	0	0	0	0	0	0	0.00
2012	La Positiva Vida	0	0	9.43	0	0	0	9.43	0	0	9.43	0	0	0	9.43	0.00
2000/ 2007	Laredo	7.54	20.46	0	0	0	0.77	8.31	0	7.54	0	0	0	0.27	7.81	0.00
2007	Lima JCI Airport	0	0	16.76	0	0	0	16.76	0	0	13.41	0	0	0	13.41	0.00
2010	Lima Muni	0	0	0	0	0.00	0	0.00	0.00	0	0	0	0.00	0	0.00	0.00
2002/ 2006/ 2007/ 2008/ 2012	MIBANCOPERU	10.65	37.15	0	7.00	0	0	17.65	0.00	10.65	0	7.00	0	0	17.65	0.00
2014	PEIP	0	0	23.10	0	0	0	23.10	0	0	3.59	0	0	0	3.59	0.00
2007/ 2009/ 2010/ 2011	PHMC	0	0	0	0	0.08	0	0.08	0	0	0	0	0.08	0	0.08	0.00
2008	Peru LNG	240.40	59.60	0	0	0	0	240.40	0	240.40	0	0	0	0	240.40	0.00
2009/ 2010/ 2011/ 2012/ 2014	Protecta	0	0	2.74	0	0	0	2.74	0	0	2.74	0	0	0	2.74	0.00
2001/ 2012	UPC	33.64	3.09	0	0	0	0	33.64	0	22.67	0	0	0	0	22.67	0.00
1994/ 1995/ 2000	Yanacocha	0	12.00	0.33	0	0	0	0.33	0	0	0.33	0	0	0	0.33	0.00
Total Portfolio		607.10	237.28	125.19	34.94	0.98	9.28	777.49	387.18	556.63	101.64	34.94	0.98	3.33	697.52	332.26

ANNEX 5: Key Macroeconomic Indicators

					Est.	Projections		
	2010	2011	2012	2013	2014	2015	2016	2017
<i>(Percent of GDP unless otherwise specified)</i>								
Nominal GDP (US\$ million)	148,666	170,759	192,982	202,335	202,984	216,055	232,307	249,718
Real GDP growth rate	8.5	6.5	6.0	5.8	2.4	3.9	5.0	5.0
Nominal per capita GDP (US\$)	5,080	5,766	6,435	6,661	6,598	6,933	7,360	7,811
CPI Inflation rate (eop, %)	2.1	4.7	2.7	2.9	3.2	2.5	2.5	2.5
Exchange rate variation LCU/USD (annual % change)	-6.2	-2.5	-4.2	2.4	5.0	8.0	0.6	
Investment (% of real GDP)	25.7	25.5	28.0	28.5	27.3	27.7	28.1	28.1
- Public (% of real GDP)	5.7	4.8	5.4	5.7	5.4	5.5	5.6	5.6
- Private (% of real GDP)	19.9	20.8	22.6	22.8	21.9	22.2	22.5	22.5
Fiscal								
GG Revenues	20.8	21.7	22.3	22.1	22.3	21.0	21.2	21.5
GG Non-Financial Expenditures	19.8	18.6	19.3	20.5	21.4	21.7	21.8	21.9
GG Interest payments on debt	1.2	1.2	1.1	1.1	1.0	0.8	0.8	0.8
GG Balance	-0.1	2.0	2.1	0.7	-0.1	-1.6	-1.4	-1.3
Public Enterprises Balance	-0.2	0.0	0.2	0.1	0.0	0.1	0.1	0.1
NFPS Balance	-0.2	2.0	2.3	0.9	-0.1	-1.5	-1.3	-1.2
Public Debt	24.3	22.1	20.4	19.6	20.1	19.6	19.3	-
- Foreign	13.2	11.4	9.8	8.8	8.7	8.2	7.7	-
- Domestic	11.2	10.7	10.6	10.8	11.3	11.4	11.6	-
BoP								
Current Account	-2.4	-1.9	-2.7	-4.4	-4.1	-4.0	-4.2	-4.1
Exports of Goods	24.1	27.2	24.6	21.0	19.4	17.4	17.8	18.8
Imports of Goods	19.4	21.8	21.3	20.9	20.1	-19.5	-19.9	18.4
Financial Account	9.2	5.1	10.3	5.6	3.1	5.0	4.5	3.6
Overall Balance	7.5	2.7	7.7	1.4	-1.1	1.0	0.3	0.0
Memo								
Broad Money (annual percentage change)	21.7	15.1	12.2	14.6	11.3	13.5	-	-
Credit to Private Sector (annual percentage change)	21.2	19.4	15.4	13.2	11.3	13.1	13.7	
Exchange Rate LCU/USD (eop)	2.81	2.70	2.55	2.80	2.96	3.20	3.22	3.21
Net International Reserves (US\$ million)	44,105	48,816	63,991	65,663	62,308	60,455	-	-
International Reserves (months of imports of goods)	18.4	15.8	18.7	18.7	18.3	17.3	-	-
Exchange Rate Regime /Monetary regime	Managed float/ Inflation targeting							

Note: Non-Financial Public Sector (NFPS) is composed by the General Government (GG) and public enterprises. GG is composed by the Central Government and sub-national governments.

Source: World Bank, Ministry of Finance, Peruvian Central Bank. Projections Revised MMM 2015-2017, IMF, World Bank