Since the turn of the century, the Peruvian economy has experienced two distinct phases of economic development. During the first phase, Peru was one of the fastest-growing countries in Latin America, with average GDP growth of 6.1 percent annually between 2002 and 2013; the poverty rate fell from 52.2 percent in 2005 to 26.1 percent in 2013. More recently, the country has seen slower GDP growth, with average GDP growth of 3.1 percent annually between 2014 and 2019, leading to a temporary reduction in private investment and less fiscal income.

Cities and local municipalities have been impacted by the recent slowdown in growth, affecting their capacity to generate income as well as to finance and manage infrastructure and services. With 80 percent of the Peruvian population residing in urban areas, it is crucial that cities and local municipalities have access to capital which can help them manage the increased hazard risk and the critical infrastructure that depends on it.

In this context, the City Resilience Program (CRP) was instrumental in supporting project preparation of the World Bank’s National Urban Cadaster and Municipal Support Project in Peru (US$ 50 million). The National Urban Cadaster and Municipal Support Project will strengthen urban cadasters in 22 municipalities located in four provinces (Lima, Chiclayo, Lambayeque and Piura) and improve local government capacities for revenue generation and urban management, including hazard risk management.

CRP funding enabled a review of the gaps in local property tax revenue and an assessment of hazard risks in the municipality of Breña. The activity included the use of drone and street view imagery, machine learning and municipal taxpayer information to build a database to improve municipal property tax assessment and collection. The database built constitutes a first approximation of the characteristics of the housing stock in the district, particularly linked to the physical characteristics and potential vulnerabilities to the impact of natural hazards, and its valuation will be complemented through the complete updating and deployment of the district’s urban cadaster. This support was key in helping World Bank teams understand the nature of the challenges and opportunities related to existing property tax collection, and helping urban municipalities strengthen their capacity to generate revenue.

CRP also supported a review of national policies on land use planning and disaster risk management in urban areas. This review helped the World Bank team understand the institutional challenges regarding the integration of cadastral information with other sources of disaster risk management information at the provincial and municipal levels.

In Peru, the Swiss Secretariat for Economic Affairs (SECO) and the World Bank have signed a grant agreement in the amount of 5 million Swiss francs to fund complementary technical assistance efforts in urban and municipal management. This could lead to further cadaster improvements as well as to the improvement of municipal urban management and revenue generation capabilities.

The CRP’s planning and financial tools help cities to plan for and mitigate adverse impacts of disasters and climate change, thus enabling them to save lives, reduce losses, and unlock economic and social potential. The aim of the program is to catalyze a shift toward longer term, more comprehensive multi-disciplinary packages of technical and financial services, building the pipeline for viable projects at the city level that, in turn, build resilience.