

STATUS OF PROJECTS IN EXECUTION – FY07
SOPE
PERU

Operations Policy and Country Services
OCTOBER 10, 2007



Introduction

The Status of Projects in Execution (SOPE) Report for FY07 provides information on all IBRD/IDA projects that were active as of June 30, 2007. The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. In accordance with the Bank's revised disclosure policy, since FY02, the SOPE Report is available to the public.

The report is intended to bridge the gap in information available to the public between the Project Appraisal Document or Program Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

In addition to the project progress description, the FY07 SOPE report¹ contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date.

¹ Notes:

- Amounts and Graphs for loans/credits/grants in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Operations, which provide quick-disbursing financing to support policy and institutional reforms. For these operations, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed prior actions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus will not include a graph.



Country: Peru

Project Name (ID): Irrigation Subsector Project (P008037)

Country: Peru

Board Approval Date : 07/25/1996

Midterm Review Date : 04/23/1998

Closing Date : 12/31/2008

Loan/Credit/Grant Number : IBRD-40760, IBRD-73080, JPN-22473

Sector(s): Irrigation and drainage(90%), Agricultural extension and research(8%), Central government administration(2%)

Theme(s): Rural services and infrastructure(P), Rural policies and institutions(P), Participation and civic engagement(S)

Project Development Objectives:

The objective of the project is to increase the productivity of irrigated agriculture in the coastal and sierra territory in order to improve the well being of farmers and contribute to poverty alleviation. The project was restructured to extend the project area to the Sierra Region, in order to support the new Government priority program for the development of the impoverished Sierra Region Programa Sierra Exportadora.

The project was restructured, or received Additional Financing during FY 07

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Progress toward achieving development objective(s):

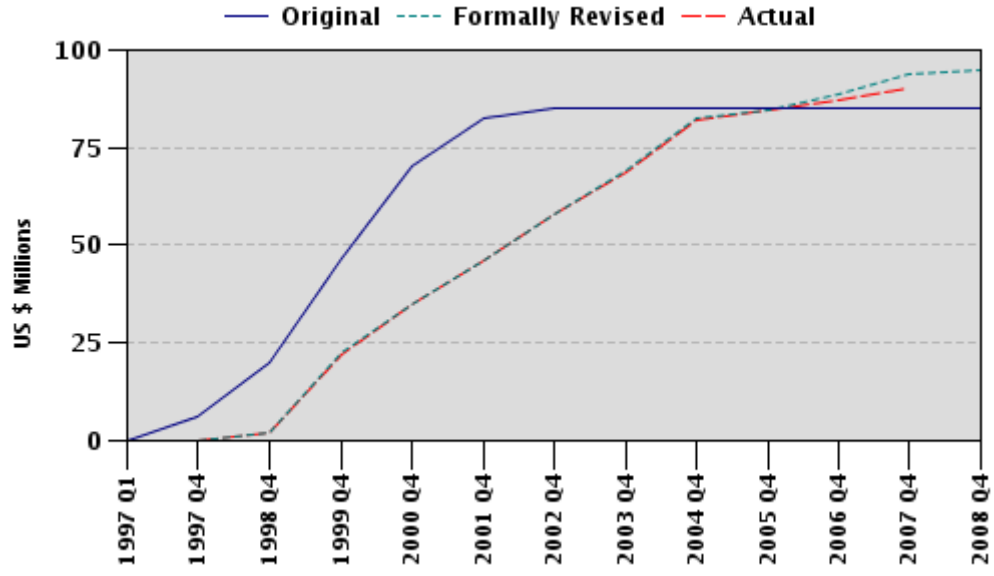
The project is likely to achieve its development objective. However, except for component D (formalization of water rights) and component C (support to Water users associations (WUA) and farmers), the project will only be able to do so on a smaller scale than anticipated and, as a result, will not achieve the targets set for the impact indicators for components A and B (off-farm and on-farm irrigation improvement). To date, the Project has issued 75,000 water licenses (target: 190,000); 49 WUAs are eligible for Project financing (target: 47); 28 WUA are sustainable (target: 49); and 7,000 hectares of irrigated land improved under component A (target: 32,000). A second formal restructuring is anticipated to revise the Project impact targets and reallocate funds between components, while keeping the loan closing date unchanged.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-40760	Effective	85.00	84.50	0.00	0.50
IBRD-73080	Effective	10.26	5.51	4.75	0.00
JPN-22473	Closed	0.47	0.58	0.00	0.00



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Lima Transport Project (P035740)

Country: Peru

Board Approval Date : 12/09/2003

Midterm Review Date : 12/07/2006

Closing Date : 06/30/2009

Loan/Credit/Grant Number : IBRD-72090, JPN-25503, JPN-29535

Sector(s): General transportation sector(81%), Sub-national government administration(15%), Other social services(4%)

Theme(s): Access to urban services and housing(P), Municipal governance and institution building(P), Pollution management and environmental health(S), Improving labor markets(S), Injuries and non-communicable diseases(S)

Project Development Objectives:

The objective is to assist the Municipality of Metropolitan Lima (MML) to enhance the economic productivity and quality of life within the Lima Metropolitan area by improving mobility and accessibility for the metropolitan population, especially in the peri-urban poor neighborhoods by establishing an efficient, reliable, cleaner and safer mass rapid transit system and feeder lines.

Progress toward achieving development objective(s):

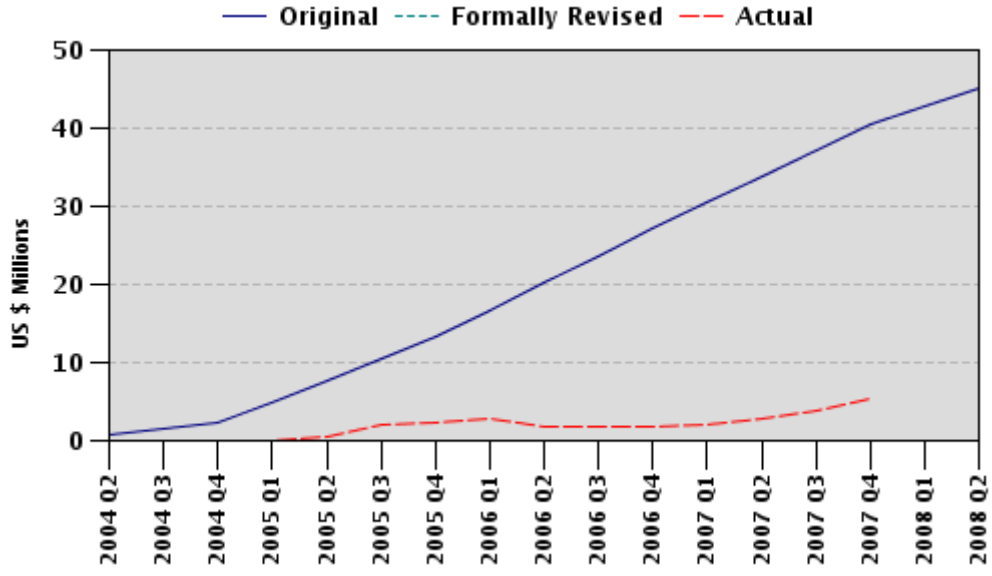
The project has advanced well towards its development objectives: although intermediate indicators were not defined, some milestone works have started—both tranches of the South Corridor have been awarded, and works have begun. Current achievements include: (a) the pace of works and bidding processes improved; (b) the capacity of the implementing unit increased and sound government commitment remains; (c) there has been strict coordination with the IDB regarding missions, supervision, bidding documents, among others; and (d) there has been vast input provided by expert consultants on several key areas as bus and rapid transit operations and engineering. Implementation progress is also making sufficient improvement as the project has gained momentum; procurement activities are very advanced and disbursements are increasing.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72090	Effective	45.00	5.36	39.64	0.00
JPN-25503	Closed	1.33	1.20	0.00	0.13
JPN-29535	Closed	1.30	1.30	0.00	0.00



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Rural Education (P055232)

Country: Peru

Board Approval Date : 05/29/2003

Midterm Review Date : 12/01/2006

Closing Date : 12/31/2007

Loan/Credit/Grant Number : JPN-26867, JPN-25902, IBRD-71760

Sector(s): Central government administration(20%), Pre-primary education(20%), Tertiary education(20%), Secondary education(20%), Primary education(20%)

Theme(s): Education for all(P), Rural services and infrastructure(S), Indigenous peoples(S)

Project Development Objectives:

The objective is to improve the quality and equity of basic education in selected rural areas of Peru.

Progress toward achieving development objective(s):

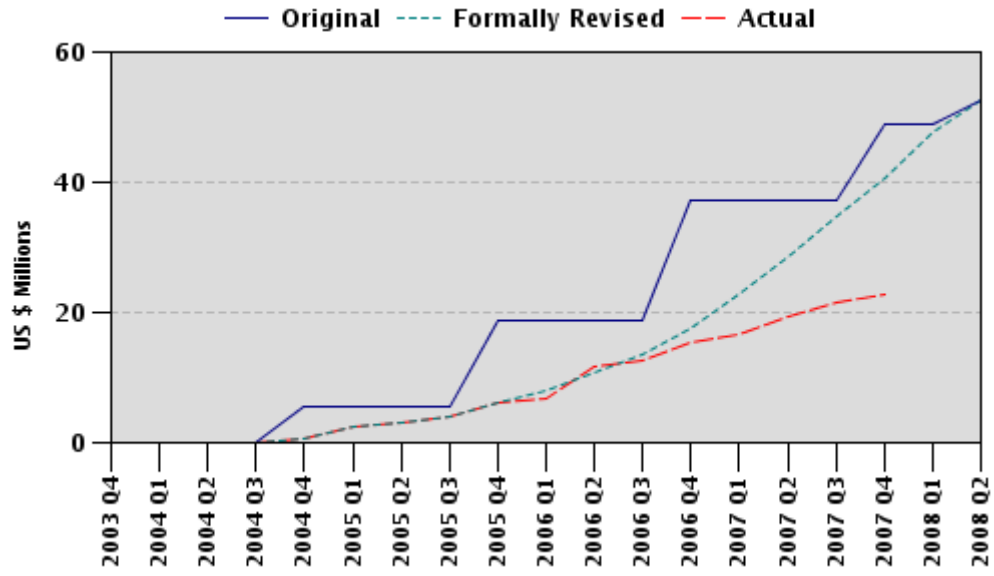
There has been some progress towards the achievement of the development objectives. The percentage of 11-13 year old children concluding primary schools in the Project areas has increased from 56 percent to 60.7 percent, but is still short of the 65 percent target for the end of December 2007. This is also the case of the percentage of children enrolled in primary school at the age appropriate level in rural areas where there has been an increase from 90 percent to 91.2 percent, but still short of the expected level of 93 percent. In order to ensure adequate achievement of the development objectives, the Ministry of Education is currently restructuring the Project and an extension of 18 months (until June 2009) is expected. The pedagogical component continues experimenting models for initial education and multigrade primary school interventions in rural areas, covering about 1,000 teachers. Scaling up has been reprogrammed for 2008, under the expected extension, where a total of 3,800 teachers will be implementing the new model. In addition, the Ministry continues implementing the bilingual education program, having covered 4,229 teachers of a total of 15,000. The proposed extension would ensure the achievement of this target. Evaluation and statistical systems continue to be implemented and are producing the expected results. The institutional strengthening component continues to face challenges and will be subject to significant restructuring. The baseline study for the project was completed and produced important inputs to the project design. Thus, while implementation has continued during the last year, more work is needed to develop adequate policies and strategies in order to ensure effectiveness in rural settings.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-26867	Closed	0.41	0.38	0.00	0.03
JPN-25902	Closed	0.22	0.21	0.00	0.01
IBRD-71760	Effective	52.50	22.93	29.57	0.00



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): National Rural Water Supply (P065256)

Country: Peru

Board Approval Date : 08/29/2002

Midterm Review Date : 09/24/2005

Closing Date : 12/31/2008

Loan/Credit/Grant Number : JPN-54228, JPN-25899, IBRD-71420

Sector(s): Sanitation(45%), Water supply(45%), Sub-national government administration(6%), Central government administration(4%)

Theme(s): Rural policies and institutions(P), Rural services and infrastructure(P), Water resource management(P), Participation and civic engagement(P), Other financial and private sector development(S)

Project Development Objectives:

The objective is to increase coverage and sustainable use of water and sanitation services in rural areas and small towns while adopting improved hygiene practices and training. The Project was restructured on March 23, 2006. The main objective of the restructuring is to speed up implementation while improving the project's execution to achieve the original development objectives.

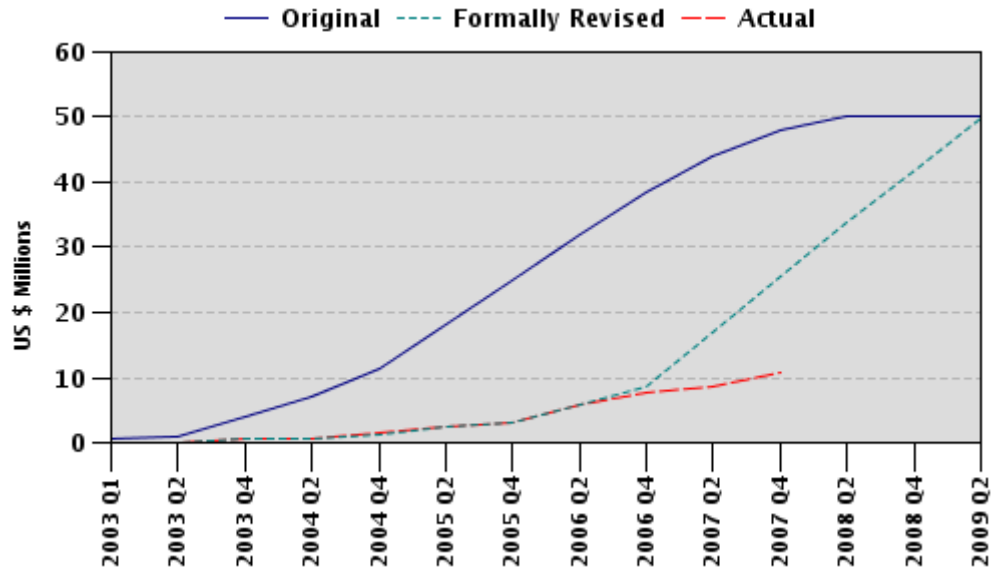
Progress toward achieving development objective(s):

The restructuring of the project provided a clear set of indicators for following-up project achievement. As of June 30, 2007 more than 20,000 rural people have access to improved water and sanitation services. However, the pace of implementation remains slow (3 percent of the target population). The number of communities whose systems have been rehabilitated and which can now count on a continuous service of at least 12 hours is 57 out of the 1,153 planned (about 5 percent). The subcomponent related to the delegation of services in small municipalities has been managed relatively well, reaching eight municipalities (out of 25 planned) with delegated contracts to specialized water and sanitation operators. About 20 percent of the planned municipalities count on covering the operational expenditures with the tariff, with excellent water quality and at least 16 hours of continuous service. Among the challenges for the project is to consolidate and institutionalize the participatory and holistic approach for water and sanitation interventions through the issuance of water and sanitation norms and technical designs as well as a sanitation policy for rural areas and small towns. Efforts are underway for the development of an information system to organize the inputs from different agencies working in water and sanitation, including SEDAPAL. In terms of geographical coverage, the initial phases are covering the rural areas of eight departments (Ayacucho, Junin, Piura, Arequipa, Huancavelica, Huanuco, Lima and Pasco) and Amazonas and San Martin are being incorporated into the Project. Many of the rural localities are currently completing construction or design, thus it is expected to significantly increase the number of people with access to service during FY08. Small towns in the other sub-component cover municipalities in San Martin, Huancavelica and Cuzco. In Cuzco, the project develops synergies with the Vilcanota Valley Project, aimed at improving infrastructure for tourism development.



Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-54228	Effective	0.85	0.85	0.00	0.00
JPN-25899	Closed	0.60	0.53	0.00	0.07
IBRD-71420	Effective	50.00	10.89	39.11	0.00



Project Name (ID): GEF Participatory Management of Protected Areas (P068250)

Country: Peru

Board Approval Date : 03/13/2003

Midterm Review Date : 10/16/2006

Closing Date : 10/14/2009

Loan/Credit/Grant Number : WBTF-51285, MULT-24108

Sector(s): Other social services(45%), Forestry(40%), Central government administration(10%), Sub-national government administration(5%)

Theme(s): Participation and civic engagement(P), Biodiversity(P), Environmental policies and institutions(P), Rural non-farm income generation(S), Gender(S)

Project Development Objectives:

The objective is to preserve biodiversity by: (a) increasing the involvement of civil society institutions and the private sector in the planning and sustainable management of five protected areas (PAs) of the Peruvian System of Natural Protected Areas (SINANPE); (b) creating one PA during project implementation; and (c) obtaining financial sustainability for the financing of recurrent costs in SINANPE.

Progress toward achieving development objective(s):

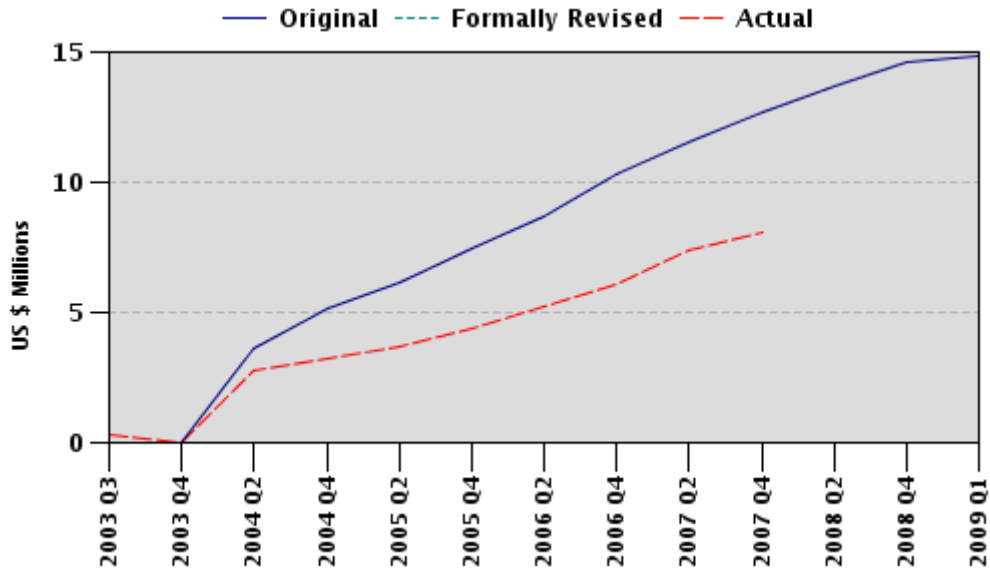
There has been satisfactory progress in project implementation. Many of the project's activities are considered best practices which merit further dissemination. The project has been successful at increasing the financial and social sustainability of protected areas in the following ways: (a) the protected areas management committees are functioning with close to 50 local associations and NGOs fully engaged in supporting the protected area management; (b) the Fondo Nacional Para Areas Naturales Protegidas por el Estado (PROFONANPE) has met its financial management target for the endowment fund and for raising the co-financing needed for the project; (c) the private sector has started to invest in some of the protected areas such as Plus Petrol; and (d) the communication strategy has provided training to park personnel, municipal government officials, local communities. This increased awareness of the value of PAs and capacity to manage conflicts and issues in a participatory way ensures the sustainability of the protected areas. Furthermore, the commitment of key agencies such as INRENA (Instituto Nacional de Recursos Naturales) has improved and grown over time. Furthermore, the country's first co-management agreement (CMA) has been signed, and two additional CMAs are well under way. Furthermore, the monitoring and evaluation system developed under the project is satisfactory and the social participatory monitoring system in PAs is considered a best practice. The biodiversity monitoring has a baseline for each PA which will be incorporated into the monitoring system developed under the project.

The project's communication strategy in remote areas is exemplary: 76 civil society organizations have been mobilized to support the management of the five protected areas; 60 grass root organizations and a minimum of five municipal governments have been trained in protected areas management. Likewise, the mobilization and articulation with very distinct social groups around a shared strategy for the conservation of their biodiversity is quite unique.



Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
WBTF-51285	Effective	14.80	8.11	6.69	0.00
MULT-24108	Closed	0.35	0.25	0.00	0.10



Project Name (ID): Justice Services Improvement (P073438)

Country: Peru

Board Approval Date : 03/04/2004

Closing Date : 06/30/2008

Loan/Credit/Grant Number : IBRD-72190, JPN-26738, JPN-54758

Sector(s): Central government administration(100%)

Theme(s): Judicial and other dispute resolution mechanisms(P), Access to law and justice(P), Administrative and civil service reform(P), Participation and civic engagement(S), Decentralization(S)

Project Development Objectives:

The objective is to establish the foundation for a long-term, participatory and sustainable reform process in the justice sector.

Progress toward achieving development objective(s):

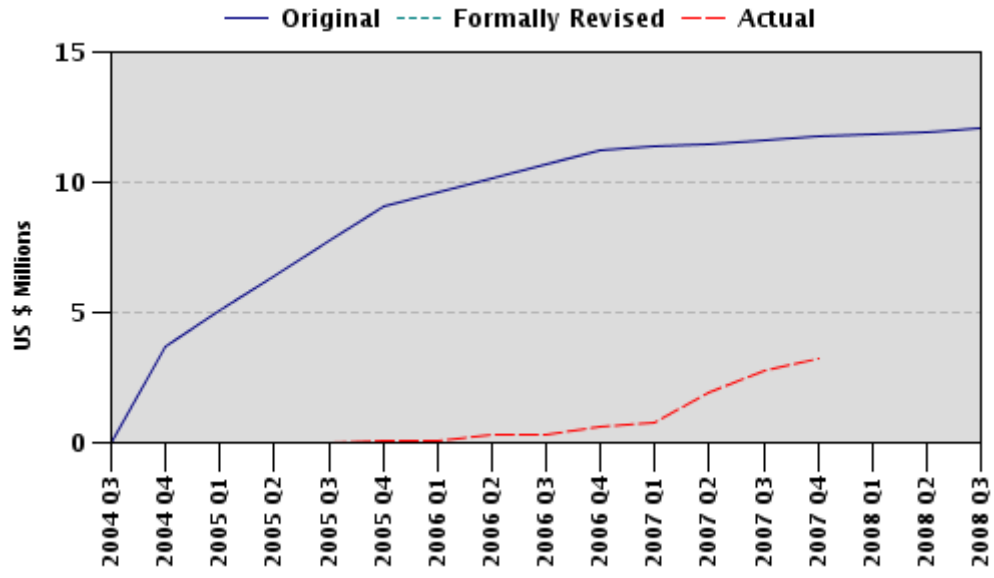
In terms of enhanced sector coordination, the four participating institutions (Supreme Court/Judiciary, Ministry of Justice, National Judicial Council and Judicial Academy) have begun working jointly to strengthen coordinated actions in the system, including regular planning sessions and joint decisions on activities and consultant selection, as well as evaluation of the project's impact by component. The four agencies are also active in jointly designing and implementing operational plans and have now transferred counterpart funds directly to the project coordination unit so that payments to consultants and for goods can be made more expeditiously, and disbursements and activities are thus occurring with greater speed under the project. The Judiciary and the Ministry of Justice are implementing legal aid centers together (called ALEGRAS or Asistencia Legal Gratuita) so that users of the system receive legal aid as well as access to the local courts, largely outside the capital and in the poorest areas of Peru.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72190	Effective	12.00	3.17	8.83	0.00
JPN-26738	Closed	0.50	0.48	0.00	0.02
JPN-54758	Effective	0.71	0.07	0.64	0.00



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Trade Facilitation and Productivity Improvement TA (P077788)

Country: Peru

Board Approval Date : 06/05/2003

Midterm Review Date : 10/05/2006

Closing Date : 12/31/2007

Loan/Credit/Grant Number : IBRD-71770

Sector(s): Central government administration(35%), General transportation sector(25%), Other domestic and international trade(15%), General industry and trade sector(15%), Sub-national government administration(10%)

Theme(s): Export development and competitiveness(P), Trade facilitation and market access(S), Small and medium enterprise support(S)

Project Development Objectives:

The objectives are to: (a) establish a more streamlined, integrated and effective institutional and policy framework to increase nontraditional exports; and (b) develop and implement initiatives designed to foster the entrance of new export market participants, especially small and medium producers.

Progress toward achieving development objective(s):

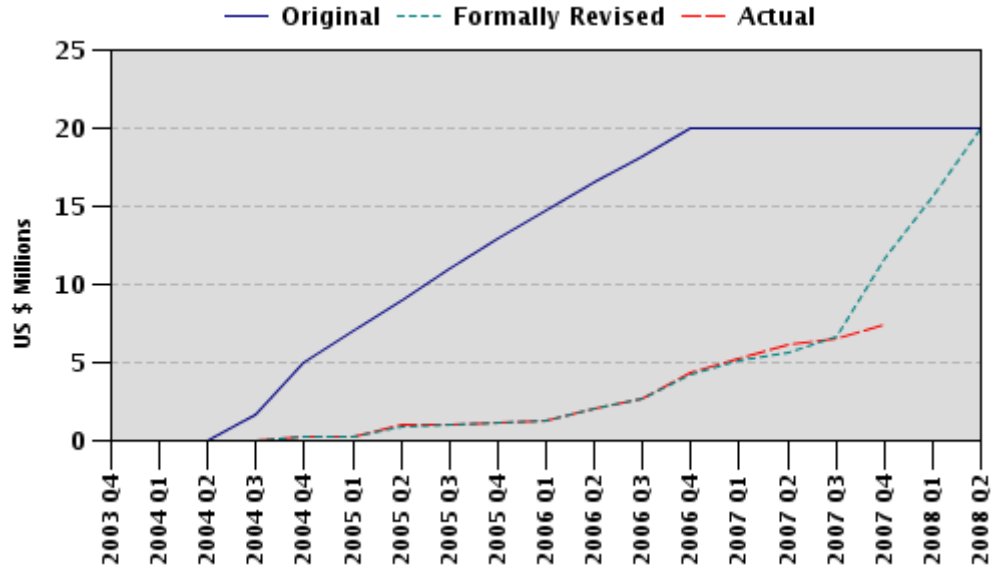
After an initial delay in implementation, the project is advancing now at an increasing pace. An extension of the original closing date was granted in November 2006, leading to a formally revised closing date of December 2007. The extension was approved subject to the periodic monitoring of a matrix of outcome indicators, and the reassignment of funds from slow executing agencies to other implementing agencies. To date, the matrix is operational and provisions regarding reallocation of funds have been taken. The project currently involves 18 implementing agencies and includes 131 activities (nine activities have been cancelled). All the implementing agencies have begun their activities, 25 percent of those activities have been completed, 70 percent are now in progress and being implemented, and 5 percent have to be launched (primarily because they depend on the completion of other activities). Those developments translate into intermediate outcome indicators, including some of the following: (a) 14 out of a targeted 15 CITES (Centers for Technological Innovation) are operating and serving SMEs; (b) all of the projected 44 private entities offering quality certification have been formally accredited; (c) the average time it takes for a container in transit has dropped from 15 days in 2005 to seven days in 2007; and (d) more than 1,000 SMEs are now formal clients of the Regional Export Service Offices launched by PROMPEX.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-71770	Effective	20.00	8.03	11.97	0.00



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Regional Transport Decentralization (P078813)

Country: Peru

Board Approval Date : 07/12/2005

Closing Date : 06/30/2010

Loan/Credit/Grant Number : IBRD-73220, JPN-53335

Sector(s): Roads and highways(70%), Sub-national government administration(25%), Central government administration(5%)

Theme(s): Decentralization(P), Rural services and infrastructure(P), Administrative and civil service reform(P), Infrastructure services for private sector development(P), Public expenditure, financial management and procurement(S)

Project Development Objectives:

Improve, through decentralization at the regional level, the prioritization, efficiency and effectiveness of regional transport interventions in Peru.

Progress toward achieving development objective(s):

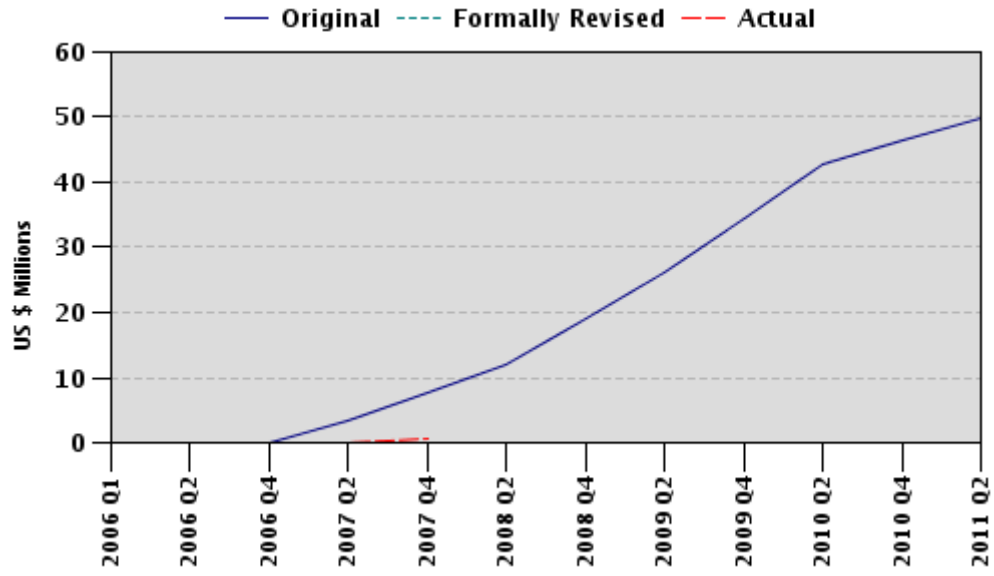
The project has completed its first year of implementation and has been progressing more slowly than expected. These delays explain the low levels of disbursements and the limited number of actual road works under execution. Reasons for delays include the institutional reform undergone by the implementing agency (Provias Departamental) which merged with another high capacity entity from the Ministry of Transport and Communications (Provias Rural). In the long run, this institutional reform is expected to produce positive outcomes with a better coordination of the decentralization process at the municipal and regional levels. To accelerate implementation, an action plan has been agreed between the Bank and the new implementing agency (Provias Descentralizado). At the end of FY07, the implementation of the plan was significantly advanced and it was starting to produce positive results.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-73220	Effective	50.00	0.66	49.34	0.00
JPN-53335	Closed	0.41	0.39	0.00	0.02



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Real Property Rights II (P078894)

Country: Peru

Board Approval Date : 03/14/2006

Closing Date : 12/31/2011

Loan/Credit/Grant Number : IBRD-73680

Sector(s): Sub-national government administration(63%), General public administration sector(37%)

Theme(s): Personal and property rights(P), Land administration and management(S), Municipal governance and institution building(S)

Project Development Objectives:

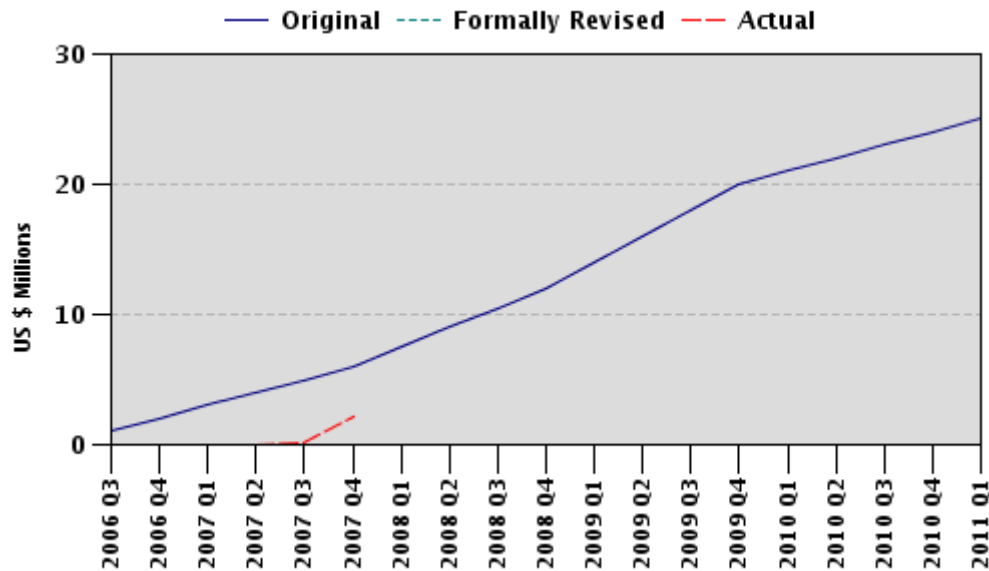
The objective is to consolidate a decentralized and sustainable quality real property rights system that facilitates access for the Peruvian population.

Progress toward achieving development objective(s):

The project became effective as of January 31, 2007. Implementation has just started with cadastre-related activities.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-73680	Effective	25.00	2.06	22.94	0.00



Project Name (ID): Account. F. Decent. Social Sectors (P078953)

Country: Peru

Board Approval Date : 07/15/2004

Midterm Review Date : 11/09/2006

Closing Date : 12/31/2007

Loan/Credit/Grant Number : IBRD-P3980, IBRD-72540

Sector(s): Central government administration(85%), Other social services(15%)

Theme(s): Decentralization(P), Public expenditure, financial management and procurement(P), Social analysis and monitoring(P), Participation and civic engagement(S)

Project Development Objectives:

The objective is to strengthen results-oriented and participatory planning, monitoring and evaluation in the social sectors, with an emphasis on decentralized social programs of the Ministry of Women and Social Development (MIMDES).

Progress toward achieving development objective(s):

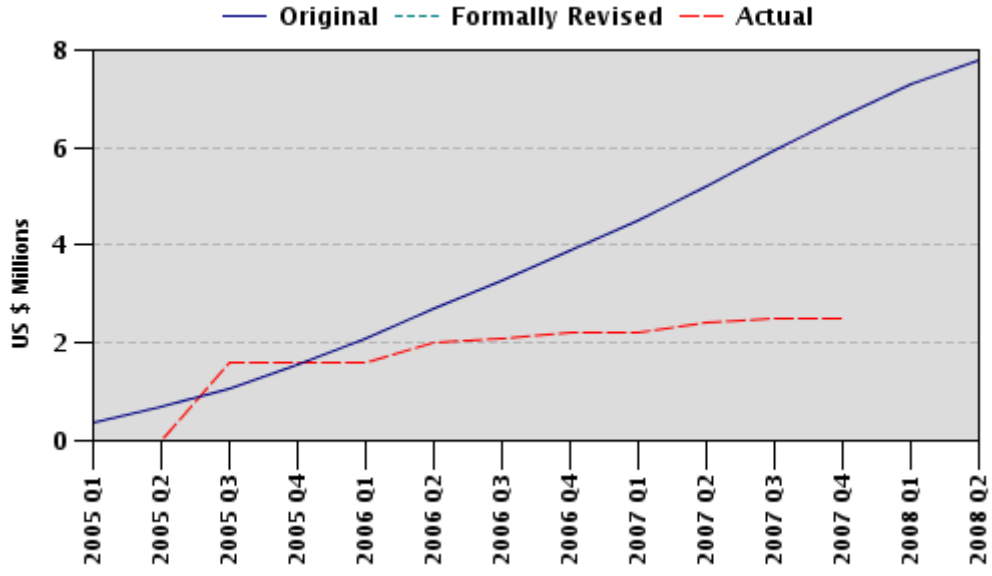
The Ministry of Economy and Finance (MEF) is currently restructuring the Project and an extension of 15 months (until March 2009) is expected. The objective of the restructuring is to support the new government's policies on results based budgeting (RBB). The RBB process has already been launched for the 2008 budget with a focus on five strategic programs, of which four are in the social sectors and are being supported by the Project. These are maternal and neonatal health, nutrition, basic education, and identity. MEF is also working with the sectors to ensure that appropriate indicators, linked to the RBB process, are monitored periodically in order to feed back into the next year's budget.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-P3980	Closed	1.50	0.00	0.00	1.50
IBRD-72540	Effective	7.80	2.48	5.32	0.00



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Sierra Rural Development Project (P079165)

Country: Peru

Board Approval Date : 04/24/2007

Closing Date : 12/31/2012

Loan/Credit/Grant Number : JPN-51888, IBRD-74430

Sector(s): General agriculture, fishing and forestry sector(39%), General public administration sector(30%), Agro-industry(15%), General industry and trade sector(9%), Other social services(7%)

Theme(s): Rural markets(P), Rural non-farm income generation(P), Conflict prevention and post-conflict reconstruction(S), Nutrition and food security(S), Indigenous peoples(S)

Project Development Objectives:

The project's objectives are to: (a) improve the assets and economic conditions of approximately 45,000 rural families in the project's selected areas; (b) strengthen regional and local capacities for rural development; and (c) strengthen government capacity to implement an integrated Sierra development strategy.

Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
JPN-51888	Effective	1.10	0.52	0.58	0.00
IBRD-74430	Not Effective	20.00	0.00	20.00	0.00



Project Name (ID): Lima Water Rehab Additional Financing (P081834)

Country: Peru

Board Approval Date : 02/25/2003

Closing Date : 06/30/2008

Loan/Credit/Grant Number : IBRD-71600

Sector(s): Water supply(66%), Sanitation(34%)

Theme(s): Access to urban services and housing(P)

Project Development Objectives:

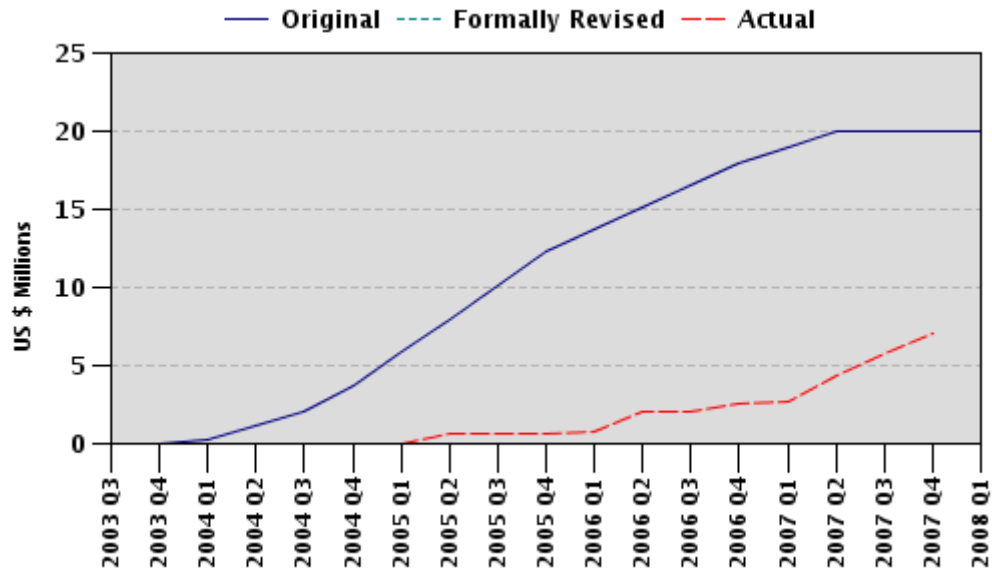
The objective is to extend first-time water and sanitation services to 130,000 people in the peri-urban neighborhoods of Lima.

Progress toward achieving development objective(s):

Works under the project were divided into packages so that the northern sector of the city includes four packages, the center sector three packages and the southern sector three packages. All works packages of the northern and center sectors have been awarded, part of the works are well advanced and others are just starting, however all will be completed before the closing date. Activities in the southern sector suffered delays because bidding processes of that sector have not yet initiated but they are expected to initiate soon. A short extension of the Loan closing date might be required to complete works in the southern sector.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-71600	Effective	20.00	6.99	13.01	0.00



Project Name (ID): Agriculture Research and Extension (P082588)

Country: Peru

Board Approval Date : 03/31/2005

Closing Date : 06/30/2009

Loan/Credit/Grant Number : IBRD-72850, JPN-52813

Sector(s): Agricultural extension and research(80%), Central government administration(13%), Agro-industry(7%)

Theme(s): Rural services and infrastructure(P), Participation and civic engagement(P), Indigenous peoples(P), Rural policies and institutions(S), Other environment and natural resources management(S)

Project Development Objectives:

The objective is to contribute to expansion, strengthening, and institutional development of the rural agricultural technology and innovation system so it is pluralistic, decentralized, demand driven, and led by the private sector.

Progress toward achieving development objective(s):

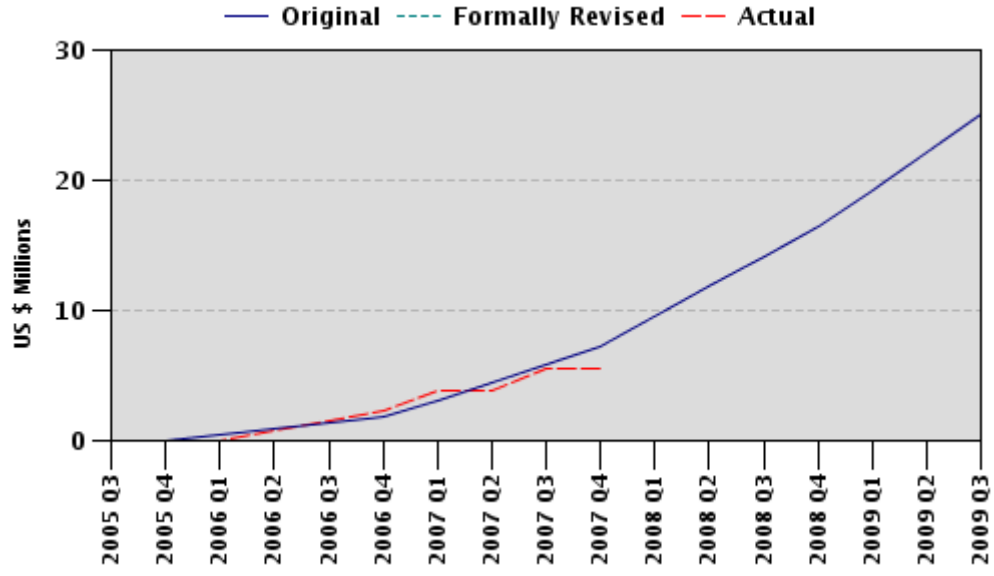
Overall, the project's level of implementation did not reach its goals for FY07. However, an action plan is in place in order to remedy the effects of this sub-execution. In Component 1 a total of 275 proposals on extension services and adaptive research services had been received. In total, 150 are expected to be selected for co-financing by mid 2007. In Component 2, four calls for subproject proposals on strategic research and capacity-building of extension agents had been conducted up to the end of 2006. As a result, a total of 48 research subprojects with a co-financing amount of \$4.6 million and 22 capacity-building subprojects with \$0.7 million co-financing were drawn up. On top of that, five additional research subprojects were selected through the Investment Shock (Shock de Investigacion), amounting to a total of \$0.4 million, of which half has already been disbursed. With respect to decentralization, Component 3 has implemented a proposal to transfer major responsibilities to the Decentralized Units (Unidades Descentralizadas - UD). As of the March 2007 six new UD offices with 20 trained staffers covering 19 departments have been equipped and installed. The new role of the Decentralized Units is to execute programs on behalf of the Ministry of Agriculture as line organizations in their respective areas.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72850	Effective	25.00	5.58	19.42	0.00
JPN-52813	Closed	0.44	0.44	0.00	0.00



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Vilcanota Valley Rehab and Management Project (P082625)

Country: Peru

Board Approval Date : 09/14/2004

Closing Date : 06/30/2009

Loan/Credit/Grant Number : IBRD-72570

Sector(s): Other social services(45%), Solid waste management(25%), Sub-national government administration(20%), Flood protection(10%)

Theme(s): Access to urban services and housing(P), Municipal governance and institution building(P), Land administration and management(P), Rural non-farm income generation(P), Rural services and infrastructure(S)

Project Development Objectives:

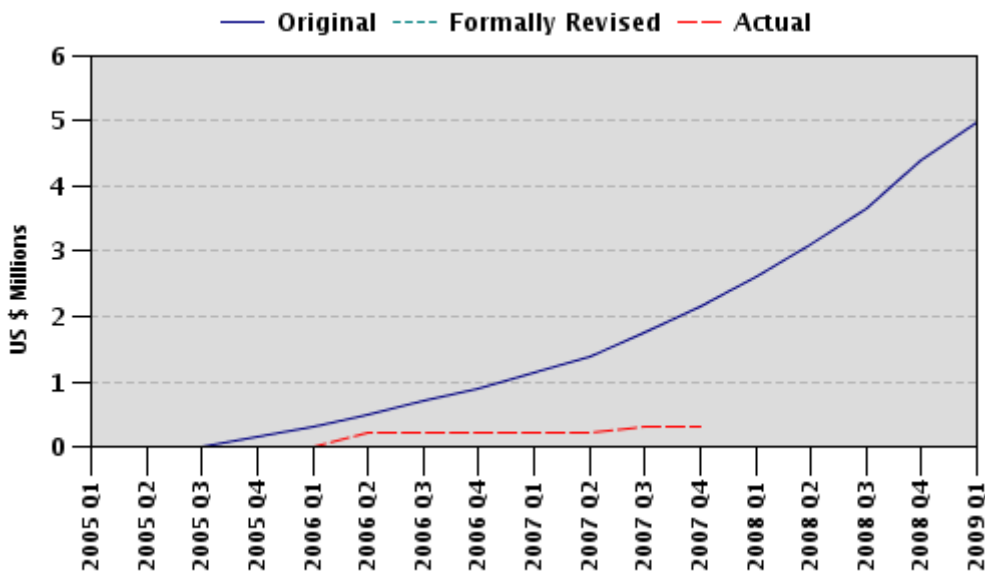
The objective is to alleviate poverty with sustainable preservation and development of human, social, cultural, historical and natural assets of the Vilcanota Valley.

Progress toward achieving development objective(s):

Project implementation was delayed by almost a year due to difficulties in adopting procurement procedures. More recently there have been lags due to insufficient counterpart funds. As a result of the recent mid-term review it was agreed with the Government that the project will be restructured to transfer a number of components to the regional government. Disbursements are expected to pick-up as a result of the signing of several major contracts in the first months of fiscal year 2008.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72570	Effective	4.98	0.34	4.64	0.00



Project Name (ID): Institutional Capacity for Decentralization TAL (P088809)

Country: Peru

Board Approval Date : 07/15/2004

Midterm Review Date : 01/26/2007

Closing Date : 06/30/2008

Loan/Credit/Grant Number : IBRD-72550

Sector(s): Sub-national government administration(80%), Central government administration(20%)

Theme(s): Decentralization(P), Other economic management(P), Public expenditure, financial management and procurement(S)

Project Development Objectives:

The objective is to strengthen public sector capacity for implementing sustainable fiscal decentralization and improve institutional effectiveness for adequate service delivery by sub-national governments.

Progress toward achieving development objective(s):

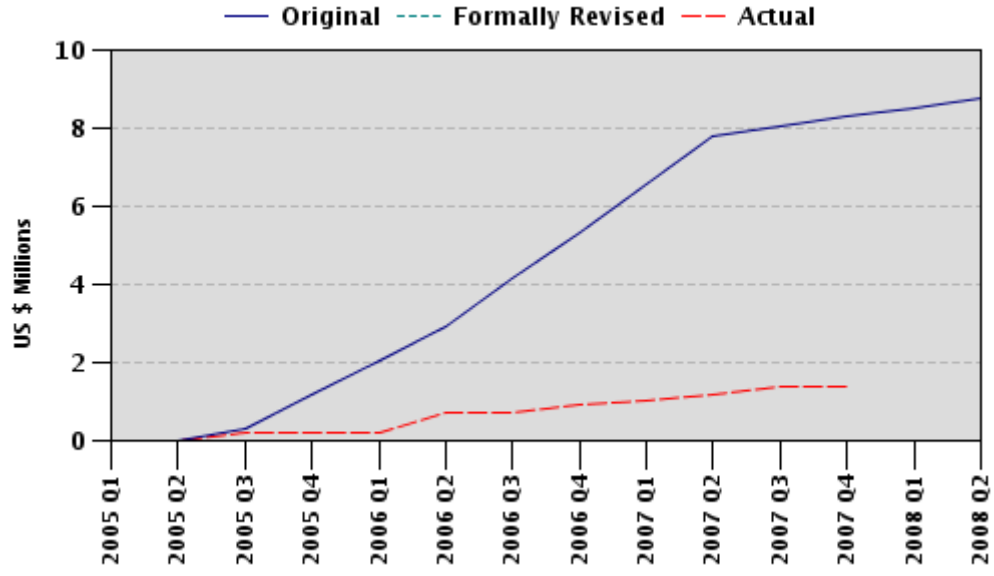
Progress towards achieving the development objectives has been positive. However, a change of government administration and access to several other available financing sources (mostly grants) have affected the disbursement performance of the project. Nevertheless, the government has continued with the decentralization agenda as envisaged under the project. The project has supported activities to strengthen the capacity of the national government to monitor and evaluate fiscal and financial performance of the local and regional governments. In addition, the project has provided training to regional governments and municipalities in the use of government systems such as the Integrated Financial Management System (SIAF), National Public Investment System (SNIP), government purchases and fiscal rules. To strengthen subnational government's capacity to evaluate and approve public investment projects, the Ministry of Economy and Finance has established 11 SNIP regional offices. More than two-thirds of local governments use the SIAF registry module and all municipalities have the SIAF budget module. Finally, to ensure fiscal prudence at the subnational level, a SIAF concession registry module has been developed. The team is working closely with the government to focus the activities to align them with the priorities of the new administration. This will include a partial cancellation, restructuring and potential extension of the project.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72550	Effective	8.80	1.42	7.38	0.00



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Rural Electrification (P090116)

Country: Peru

Board Approval Date : 03/07/2006

Closing Date : 12/31/2011

Loan/Credit/Grant Number : IBRD-73660, JPN-54624

Sector(s): Power(86%), Renewable energy(13%), General public administration sector(1%)

Theme(s): Rural services and infrastructure(P), Infrastructure services for private sector development(S), Regulation and competition policy(S)

Project Development Objectives:

The objective is to increase access to efficient and sustainable electricity services in rural areas of Peru.

Progress toward achieving development objective(s):

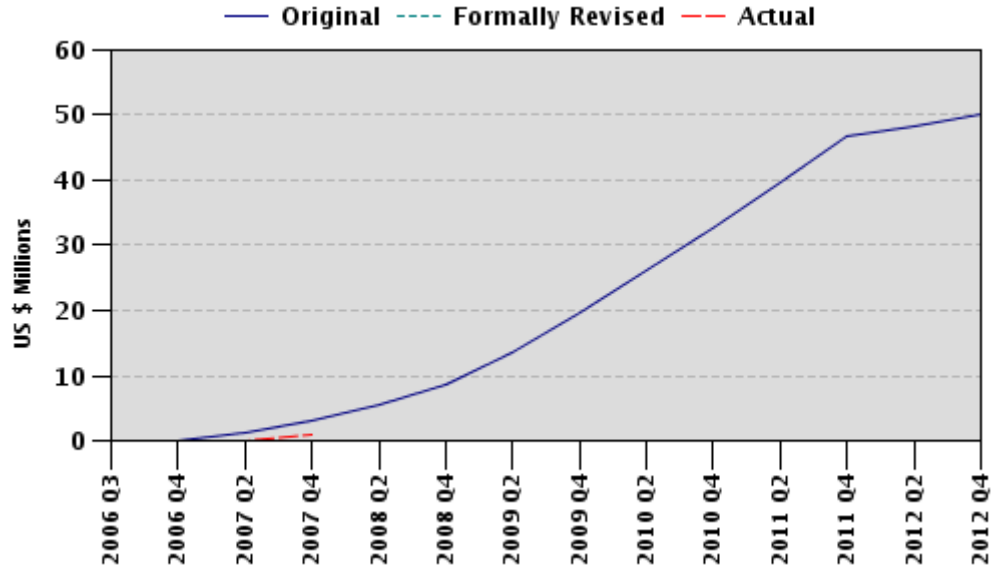
The Project became effective in August 2006. During its first year of operation, the Project made substantial progress on the main activity, financing of rural electrification subprojects. The project executing unit was fully staffed, a first round of selection of subprojects resulted in approval of investment in about \$18 million of subprojects by distribution companies. The first bidding processes for construction of rural systems by the distribution companies are underway. A second round of selection of subprojects was initiated, resulting in the submission of subprojects with a total value of about \$60 million. The bidding processes of the selected subprojects were somewhat delayed by the need to ensure coordination of project activities with other rural electrification activities, and also by the need to obtain approval of each subproject by the National Public Investment System (SNIP). A number of technical assistance activities were initiated and the Project is considered to have made a solid start in its first year of operation. Disbursements were low because the Project received substantial funding from the national budget in FY07 and because the first disbursements for sub-projects have not yet taken place. Disbursements are expected to increase in FY08, based on the substantial pipeline of sub-projects selected or presented for approval in the first and second rounds.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-73660	Effective	50.00	0.77	49.23	0.00
JPN-54624	Closed	0.33	0.22	0.00	0.11



Status of Projects in Execution - FY07
LATIN AMERICA AND THE CARIBBEAN REGION



Project Name (ID): Decentralized Rural Transport Project (P095570)

Country: Peru

Board Approval Date : 12/19/2006

Closing Date : 03/31/2012

Loan/Credit/Grant Number : IBRD-74230, JPN-56582

Sector(s): Roads and highways(83%), Sub-national government administration(12%),
Central government administration(4%), General transportation sector(1%)

Theme(s): Rural services and infrastructure(P), Decentralization(S), Municipal
governance and institution building(S), Rural non-farm income generation(S), Legal
institutions for a market economy(S)

Project Development Objectives:

The objective is to contribute to territorial development and to the fight against rural poverty, by improving access of rural entrepreneurs to goods, social services and income generating opportunities through reduced transport costs and better rural transport infrastructure.

Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-74230	Not Effective	50.00	0.00	50.00	0.00
JPN-56582	Closed	0.76	0.15	0.61	0.00



Project Name (ID): Results and Accountability (REACT) DPL (P101086)

Country: Peru

Board Approval Date : 06/05/2007

Closing Date : 06/05/2008

Loan/Credit/Grant Number : IBRD-74550

Sector(s): Health(40%), Other social services(20%), Primary education(20%), Central government administration(20%)

Theme(s): Other public sector governance(P), Nutrition and food security(P), Child health(P), Education for all(P), Managing for development results(S)

Project Development Objectives:

The Peru REACT Development Policy Loan is the first in a three-part DPL series designed to strengthen results and accountability in education, health and nutrition. The series supports actions in primary education, health and nutrition to define standards and set goals for the outcomes which families should expect for their children.

Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-74550	Not Effective	150.00	0.00	150.00	0.00



Project Name (ID): Prog. Fiscal Management and Competitiveness DPL (P101335)

Country: Peru

Board Approval Date : 12/19/2006

Closing Date : 12/31/2007

Loan/Credit/Grant Number : IBRD-74190

Sector(s): Central government administration(62%), General industry and trade sector(23%), Sub-national government administration(15%)

Theme(s): Public expenditure, financial management and procurement(P), Managing for development results(P), Debt management and fiscal sustainability(S), Export development and competitiveness(S), Tax policy and administration(S)

Project Development Objectives:

The objective of the DPL, first in a series of possibly three or four loans supporting the Government's reform plan, are to improve the functioning of Peru's public sector institutions and business environment in order to achieve increased efficiency and quality of fiscal management.

Progress toward achieving development objective(s):

The project was not effective before the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2007)

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-74190	Not Effective	200.00	0.00	200.00	0.00

