

STATUS OF PROJECTS IN EXECUTION – FY08

LATIN AMERICA AND CARIBBEAN REGION

COUNTRY: PERU

**Operations Policy and Country Services
October 11, 2008**



Introduction

The Status of Projects in Execution (SOPE) Report for FY08 provides information on all IBRD/IDA projects that were active as of June 30, 2008. For the first time, the SOPE report will include recipient-executed projects (over US\$ 5 million). 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 FY08 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.
- Graphs of original estimates for some recipient-executed projects might not exist since they are not required in the project document.
- 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.

Project Name (ID): PE IRRIGATION SUBSECTOR PROJECT (P008037)

Country: Peru

Board Approval Date: 07/25/1996

Midterm Review Date: 04/23/1998

Closing Date: 06/30/2009

Loan/Credit/Grant Number: IBRD-40760, IBRD-73080, TF-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:

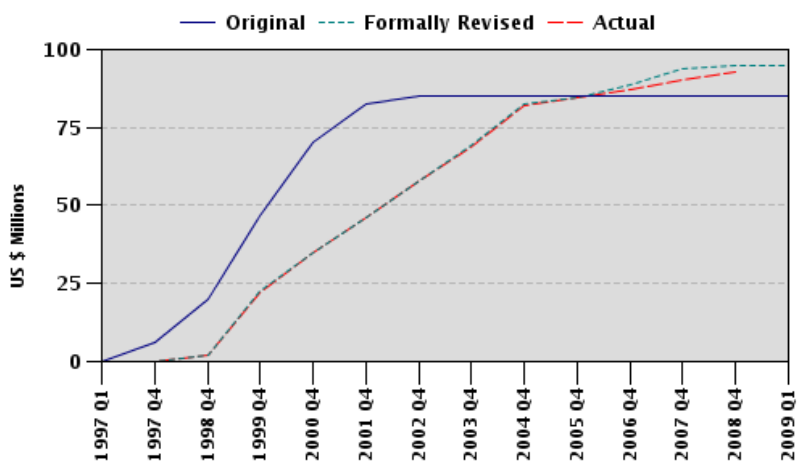
The objective of the project is to increase the productivity of irrigated agriculture in the coastal and sierra territory in order to improve the well being of farmers and contribute to poverty alleviation. The project was restructured to extend the project area to the Sierra Region, in order to support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

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 outcome indicators for components A and B (off-farm and on-farm irrigation improvement). To date, the Project has issued 116,560 water licenses (target: 190,000); 49 WUAs are eligible for Project financing (target: 47); 12,000 farmers families have benefited from component A (target: 19,000)and 300 ha have benefited from on-farm irrigation improvements (target: 770). A second formal restructuring has been requested by the Government is being processed. It will revise the Project outcome targets and reallocate funds between components.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-40760	Effective	85.00	84.50	0.00	0.50
IBRD-73080	Effective	10.26	7.75	2.51	0.00
TF-22473	Closed	0.47	0.58	0.00	0.00



Project Name (ID): PE 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: TF-29535, TF-25503, IBRD-72090

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:

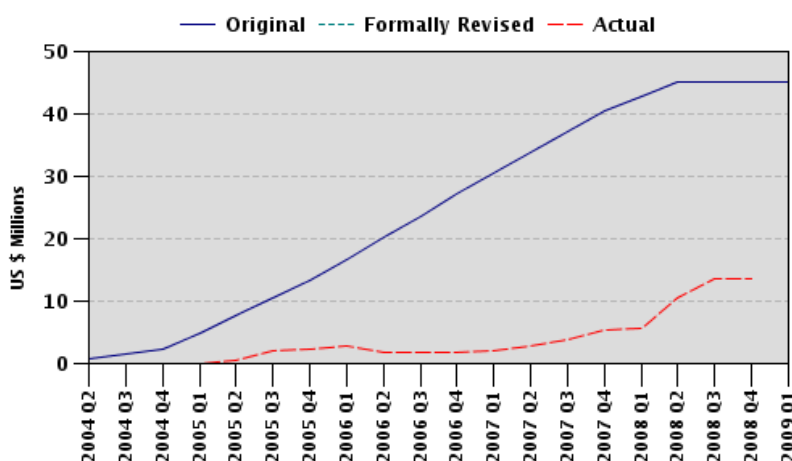
The objective is to assist the Municipality of Metropolitan Lima (MML) to enhance the economic productivity and quality of life within the Lima Metropolitan area.

Progress toward achieving development objective(s):

During Fiscal Year 2008 the implementation of the Lima Transport Project accelerated. Construction of the bus rapid transit corridors advanced significantly, with partial completion of the South segment (stations remain to be built during FY09). Construction of the Center segment started and the North segment will be built during FY09, as well as the stations. The concession of the bus services was delayed, but this did not translate into an overall delay in the project completion date. Safeguard issues were handled well by the Project Implementation Unit, Protransporte. The project is picking up pace and advancing toward the achievement of its Project Development Objective.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-29535	Closed	1.30	1.30	0.00	0.00
TF-25503	Closed	1.33	1.20	0.00	0.13
IBRD-72090	Effective	45.00	13.72	31.28	0.00



Project Name (ID): PE NATIONAL RURAL WATER SUPPLY AND (P065256)

Country: Peru

Board Approval Date: 08/29/2002

Midterm Review Date: 09/24/2005

Closing Date: 12/31/2008

Loan/Credit/Grant Number: TF-54228, TF-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:

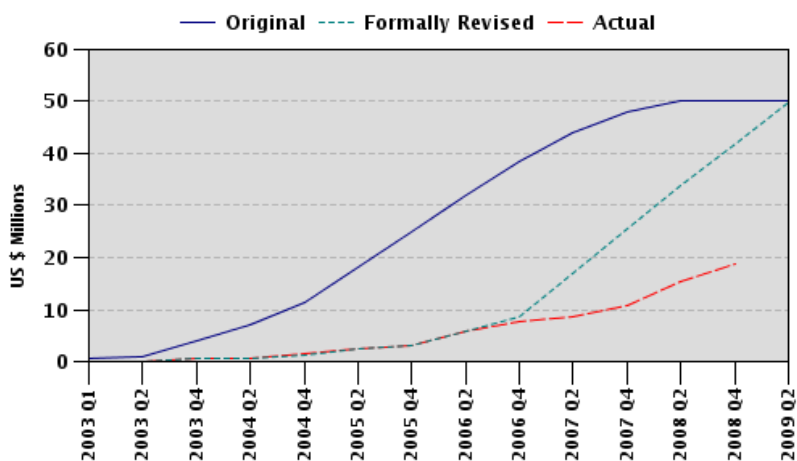
The objective is to increase coverage and sustainable use of water and sanitation services in rural areas and small towns while adopting improved hygiene practices and training. The Project was restructured on March 23, 2006. The main objective of the restructuring is to speed up implementation while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

Progress toward achieving development objective(s):

During last year the project has gained some momentum with the restructuring and the second call for bids. Disbursements during last year increased 150% with relation to the previous year which was a very important achievement. The third (and largest) call for bids, involving 6 additional regions is under preparation. With this new bidding process the loan will be fully committed. The Government of Peru will be requesting a 2 year extension of the project closing date to achieve the Project Development Objectives.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-54228	Effective	0.85	0.85	0.00	0.00
TF-25899	Closed	0.60	0.53	0.00	0.07
IBRD-71420	Effective	50.00	18.77	31.23	0.00



Project Name (ID): GEF PE PARTICIPATORY MGMT PROT 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: TF-51285, TF-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:

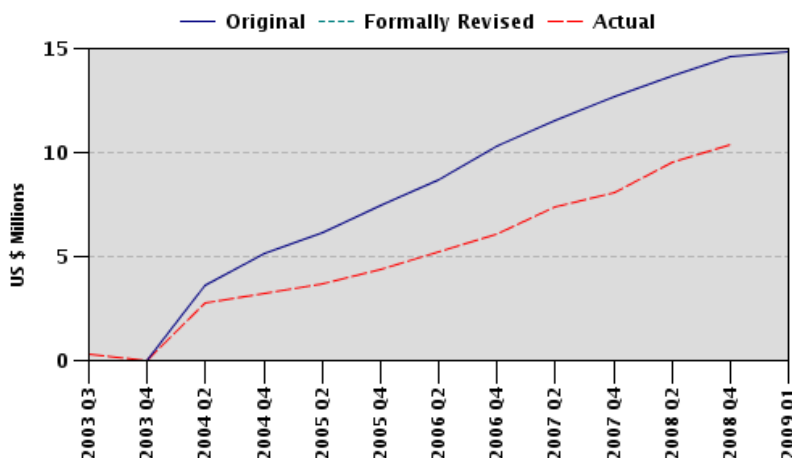
The objective is to preserve biodiversity.

Progress toward achieving development objective(s):

Project implementation continues to be progressing well. The project is moving forward with good attainment of the development objective. Two Co-Management Agreements for Protected Areas have been signed, the Salinas y Aguada Blanca National Reserve and the Manglares de Tumbes, with the first one already under implementation and the second one to be signed in August 2008. The construction of the Inter-Oceanic highway between Brazil and Peru continues to pose a threat to the project protected areas (PAs) since it will cross through two of the PA buffer zones. Work is underway on the highway's mitigation plan.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-51285	Effective	14.80	10.41	4.39	0.00
TF-24108	Closed	0.35	0.25	0.00	0.10



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

Country: Peru

Board Approval Date: 03/04/2004

Closing Date: 06/30/2009

Loan/Credit/Grant Number: TF-26738, IBRD-72190, TF-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:

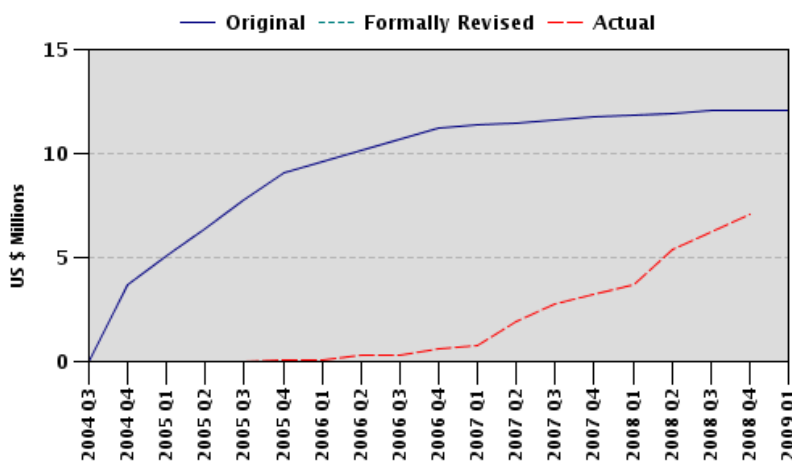
The objective is to establish the foundation for a long-term, participatory and sustainable reform process in the justice sector.

Progress toward achieving development objective(s):

The Project has made significant progress toward establishing the foundation for long-term reform process in Peru, and was recently recognized by the Ministry of Economy and Finance (MEF). Progress include: (a) enhanced sector coordination among 4 key agencies the Judiciary; Ministry of Justice; Judicial Council and Judicial Academy; to strengthen joint reform actions in the sector including regular planning sessions and implementing policies. (b) Established human resources management systems that are more transparent, the 4 above-mentioned agencies have worked together in support of legislative reform for a Ley de Carrera Judicial (Judicial Career Law, which is pending in Congress), as well as greater coordination between the Judiciary’s Anti-corruption Office and external Judicial Council on the review of judicial misconduct and the criteria for evaluation of judicial candidates or promotions. (c) Enhanced access to justice, the Ministry of Justice has established, with Bank support, legal aid and legal education centers called Centros ALEGRA (Asistencia Legal Gratuita) so that users of the legal 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, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-26738	Closed	0.50	0.48	0.00	0.02
IBRD-72190	Effective	12.00	7.08	4.92	0.00
TF-54758	Effective	0.71	0.31	0.40	0.00



Project Name (ID): PE Trade Facil. and Prod. Improv. T. A. (P077788)

Country: Peru

Board Approval Date: 06/05/2003

Midterm Review Date: 10/05/2006

Closing Date: 11/30/2008

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:

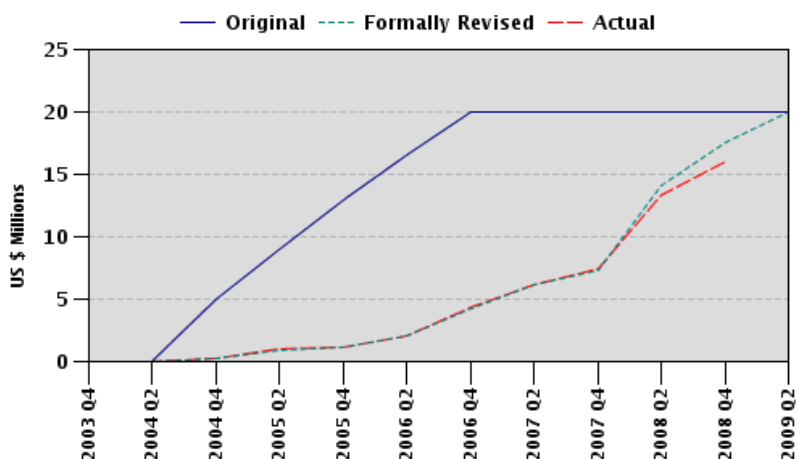
The objectives are to: (a) establish a more streamlined, integrated and effective institutional and policy framework to increase nontraditional exports; and (b) develop and implement initiatives designed to foster the entrance of new export market participants, especially small and medium producers.

Progress toward achieving development objective(s):

The project continued with the efficient execution of last year. Out of the 117 tasks included in the operational plan, 67 (57%) have already been finished, and all the rest (43%) are under execution. Among the activities finished this fiscal year, it is worth noting the launch of the mail export system (Exporta Facil), the strengthening of sanitary processes through the completion of 1 new toxic waste lab, and the continuous improvement of the 13 technological innovation centers (CITEs). Moreover, the market information system (SIGICOM) and the second phase of the Periferico Vial Lima review are expected to be finished by the project closing of November 2008.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-71770	Effective	20.00	15.97	4.03	0.00



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

Country: Peru

Board Approval Date: 07/12/2005

Closing Date: 06/30/2010

Loan/Credit/Grant Number: IBRD-73220, TF-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:

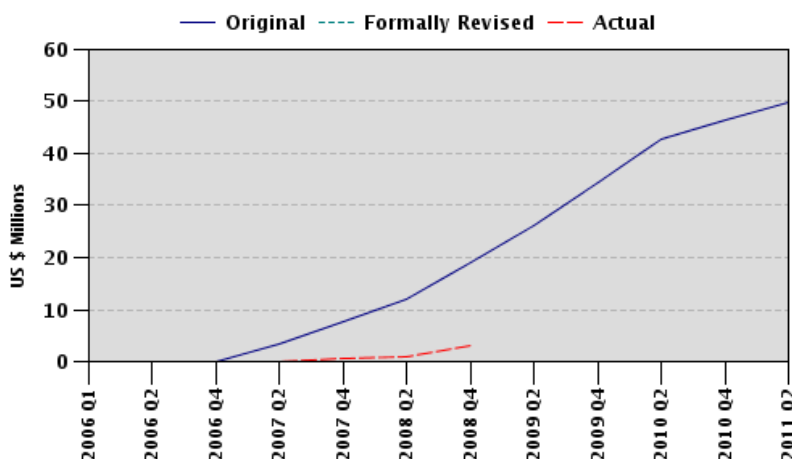
Improve, through decentralization at the regional level, the prioritization, efficiency and effectiveness of regional transport interventions in Peru.

Progress toward achieving development objective(s):

The project has completed its second year of implementation after effectiveness and is still progressing more slowly than expected. As a result, there is a limited number of actual road works under execution: only less than 1% of the rehabilitation works and about 16% of the periodic maintenance works have been finalized to date. To speed up implementation, an action plan has been agreed with Government agencies, including: (i) increased flexibility to make low-cost paving standards eligible; (ii) improved coordination with other sources of financing for infrastructure; (iii) sustained implementation of the aggressive institutional strengthening activities which have been implemented over the past year; (iv) optimized procurement processes; and (v) a limited restructuring to simplify procurement methods. With the current pipeline of road studies, implementation should accelerate in 2009. However, a one-year extension of the closing date will most likely be needed in order to fully achieve initial project's objectives.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-73220	Effective	50.00	2.98	47.02	0.00
TF-53335	Closed	0.41	0.39	0.00	0.02



Project Name (ID): PE 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:

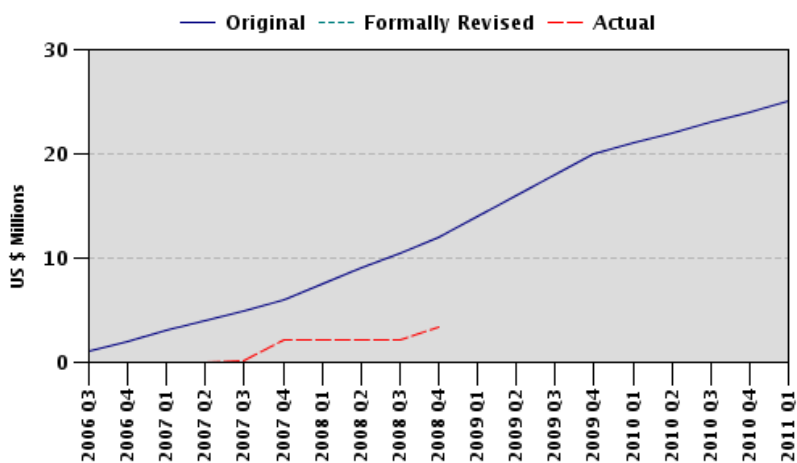
The objective is to consolidate a decentralized and sustainable quality real property rights system that facilitates access for the Peruvian population.

Progress toward achieving development objective(s):

Project execution has improved significantly after December 2007. During the first quarter of CY 2008 most of the programmed activities were executed. To date, approximately 22,084 titles have been issued and registered. Participation Agreements between COFOPRI and six (06) District Municipalities have been entered into for the provision of cadastre services. 42,720 cadastre units have been registered by these Municipalities. Project components related to property rights policies and registry and credit culture benefits have been strengthened and prioritized.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-73680	Effective	25.00	3.39	21.61	0.00



Project Name (ID): PE- (CRL1)ACCOUNT. F/ DECENT. SOC.SCTR (P078953)

Country: Peru

Board Approval Date: 07/15/2004

Midterm Review Date: 11/09/2006

Closing Date: 06/30/2009

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

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:

To support the Government in developing institutional capacities for strengthening results-oriented and participatory planning and monitoring and evaluation with emphasis on decentralized social programs.

The project was restructured, or received Additional Financing during FY 08

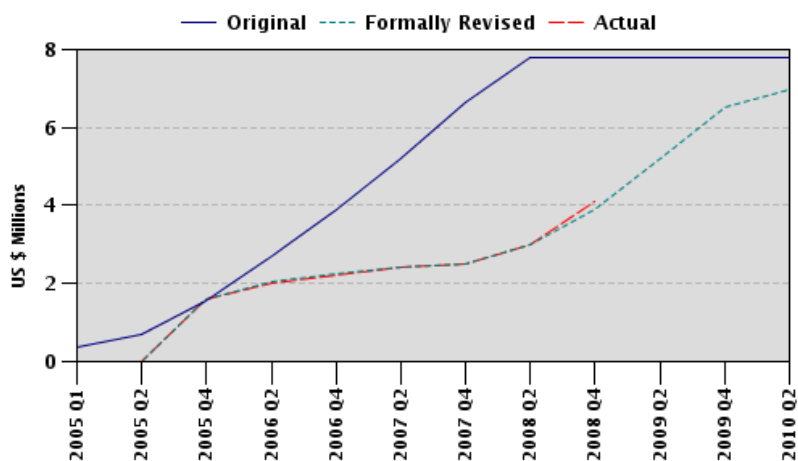
The Ministry of Economy and Finance (MEF) restructured the Project and extended it for 18 months (until June 2009). The objective of the restructuring was to support the new government's policies on results based budgeting (RBB).

Progress toward achieving development objective(s):

The RBB process was 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. As part of the RBB process, emphasis has been given to strategic budget programming. In addition, efforts are being made towards the implementation of an RBB-focused Administrative Management Integrated System (Sistema Integrado de Gestión Administrativa) at the regional level. Finally, the Project is providing support for the strengthening of the Inter-ministerial Commission for Social Affairs-CIAS.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72540	Effective	7.80	4.09	2.81	0.90
IBRD-P3980	Closed	1.50	0.00	0.00	1.50



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

Country: Peru

Board Approval Date: 04/24/2007

Closing Date: 12/31/2012

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

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:

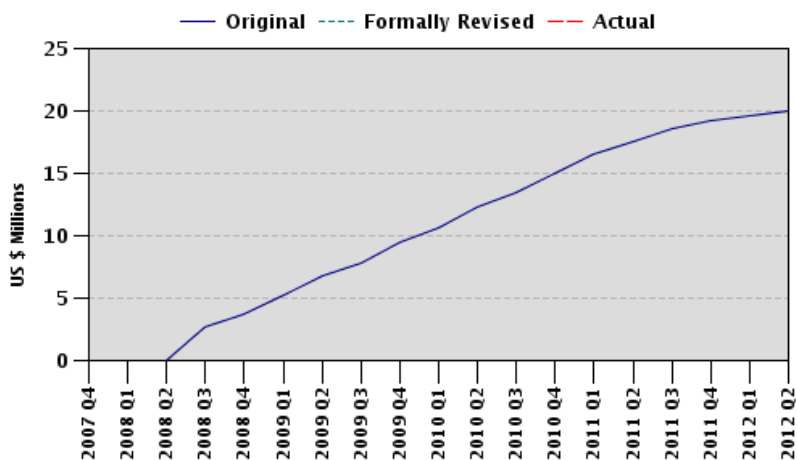
The project's objectives are to: (a) improve the assets and economic conditions of approximately 45,000 rural families in the project's selected areas; (b) strengthen regional and local capacities for rural development; and (c) strengthen government capacity to implement an integrated Sierra development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

Progress toward achieving development objective(s):

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

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-74430	Effective	20.00	0.00	20.00	0.00
TF-51888	Closed	1.10	1.09	0.00	0.00



Project Name (ID): PE Lima Water Rehab Add'l Financing (P081834)

Country: Peru

Board Approval Date: 02/25/2003

Closing Date: 03/31/2009

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:

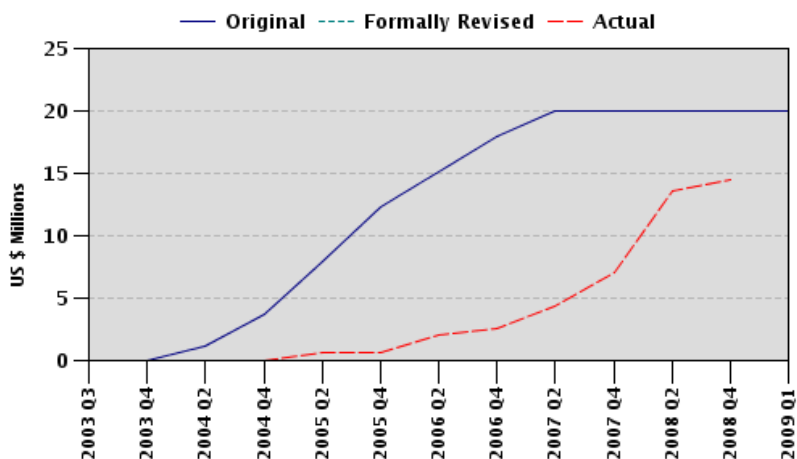
The objective is to extend first-time water and sanitation services to 130,000 people in the peri-urban neighborhoods of Lima.

Progress toward achieving development objective(s):

Project implementation is well advanced. Recently, the Loan closing date was extended by 9 months to allow for completion of project works.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-71600	Effective	20.00	14.29	5.71	0.00



Project Name (ID): PE (APL2)Agric Research and Extension (P082588)

Country: Peru

Board Approval Date: 03/31/2005

Midterm Review Date: 02/25/2008

Closing Date: 06/30/2009

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

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:

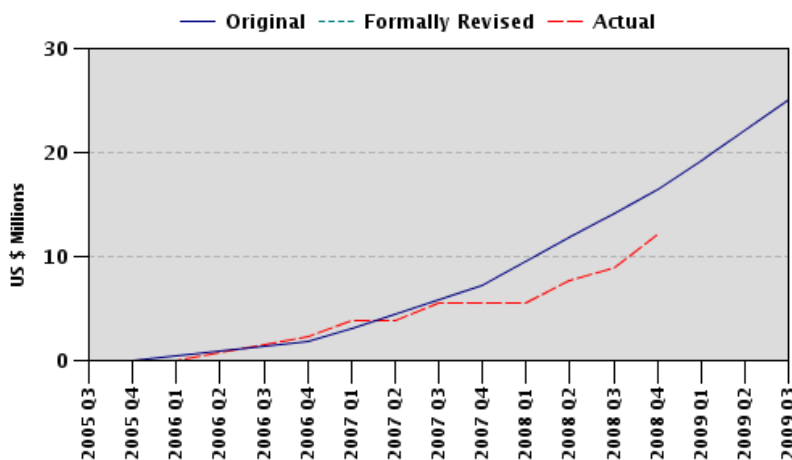
The objective is to contribute to expansion, strengthening, and institutional development of the rural agricultural technology and innovation system so it is pluralistic, decentralized, demand driven, and led by the private sector.

Progress toward achieving development objective(s):

The project progressed well in FY 2008. In Component 1 a total of 298 sub-project are being funded, thereby surpassing the target of 267. In Component 2, 7 strategic sub-projects are under implementation, surpassing the target of 6. Component 3 has implemented a proposal to transfer major responsibilities to the Decentralized Units. 8 of these units are now in place, covering the whole territory of the country, and establishing strategic partnerships between regional and central governments.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-52813	Closed	0.44	0.44	0.00	0.00
IBRD-72850	Effective	25.00	9.66	15.34	0.00



Project Name (ID): PE Vilcanota Valley Rehab & Mgmt Project (P082625)

Country: Peru

Board Approval Date: 09/14/2004

Midterm Review Date: 06/08/2007

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:

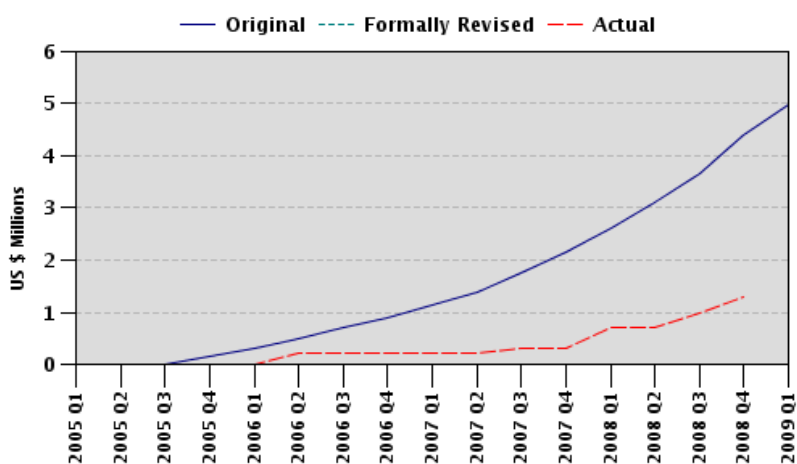
The objective is to alleviate poverty with sustainable preservation and development of human, social, cultural, historical and natural assets of the Vilcanota Valley.

Progress toward achieving development objective(s):

During FY 2008, work with the Government on Project restructuring took place side by side with measures to simplify implementation and strengthen the capacity of the implementing agency, Mincetur. As a result, several contracts were signed, and the rate of disbursement has improved. A further improvement is expected once the restructuring process is completed, with the execution of several important subcomponents by the Regional Government of Cuzco. The final details of the restructuring were agreed upon with the Government in June 2008, and the amendment to the Loan Agreement is expected to be signed by end-September 2008.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72570	Effective	4.98	1.29	3.69	0.00



Project Name (ID): PE Inst. Capacity for Decent. TAL (P088809)

Country: Peru

Board Approval Date: 07/15/2004

Midterm Review Date: 01/26/2007

Closing Date: 12/31/2009

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.

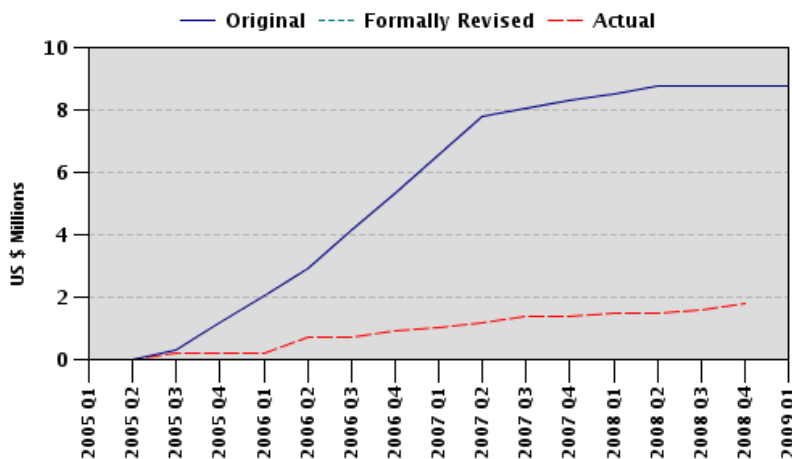
Progress toward achieving development objective(s):

Progress towards achieving the development objectives has been positive in spite of slow disbursements due to the change in the Government administration. a) 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. A new chapter covering Regional and Local Governments borrowing was included in the debt legal framework. b) The project supported the review of the fiscal decentralization law, which is expected to be approved in November 2008. 100% of regional governments were trained in the application of the legal framework for subnational borrowing and strategic debt management. c) The training of civil servants in the elaboration of strategic planning for public investment surpassed the target value. d) A new module to enable debt recording and reporting by subnational governments has been developed within the Financial Management System (SIAF), and is ready for implementation. e) The Public Investment System was decentralized and several offices opened in different provinces. f) The project has supported the design of a phased approach to the implementation of results based budgeting (RBB).

The project is likely to be restructured and the closing date extended.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-72550	Effective	8.80	1.78	7.02	0.00



Project Name (ID): PE Rural Electrification (P090116)

Country: Peru

Board Approval Date: 03/07/2006

Closing Date: 12/31/2011

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

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.

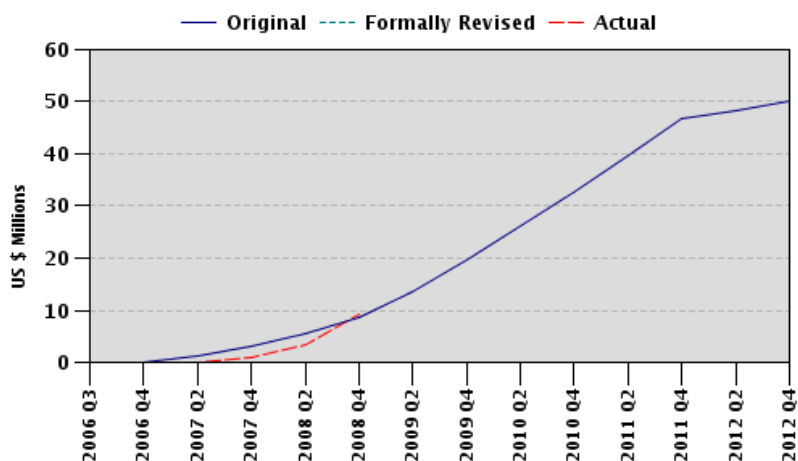
Progress toward achieving development objective(s):

The project is progressing very well: 14,685 rural electricity connections are in an advanced state of construction on June 30, 2008. Additionally, 26 sub-projects representing 36,200 rural connections were approved by the Steering Committee and the Sistema Nacional de Inversion Publica (SNIP) and are in various stages of implementation.

The Project has initiated the preparation of a wind map and also of the first rural electrification sub-projects with renewable energy.

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-54624	Closed	0.33	0.22	0.00	0.11
IBRD-73660	Effective	50.00	8.18	41.82	0.00



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

Country: Peru

Board Approval Date: 12/19/2006

Closing Date: 03/31/2012

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

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 became effective on July 12, 2007. Implementation is progressing satisfactorily: The institutional development component is very successful with 155 Provincial Road Institutes (PRIs) created to date of which 34 have been "fully accredited" by the Ministry of Finance. The PRI model remains the institutional reference in Peru to build capacity for infrastructure management at the municipal level. The preparation of the Participatory Road Plans is also progressing faster than expected. The Project Implementing Agency (Provias) has designed a detailed implementation plan for the Local Development Window and is carefully monitoring the implementation of the Rural Infrastructure Pilot. This pilot is part of an initiative aiming at piloting, in 15 selected provinces, specific incentives to promote the bundling of rural infrastructure services. On the other hand, road works are being performed with some delays and Provias is trying to optimize its procurement processes and to generate a larger pipeline of design studies. Provias is also reactivating the "road monitors" program to monitor routine maintenance activities and to provide technical assistance to the microenterprises for road maintenance. Finally, the project's monitoring and evaluation arrangements are being refined with guidance from the Bank's research department (DEC).

Lending Information/Disbursement Summary (USD millions, as of June 30, 2008)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
TF-56582	Closed	0.76	0.21	0.00	0.55
IBRD-74230	Effective	50.00	0.97	49.03	0.00

