

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PERU

**IMPROVEMENT OF CRIME PREVENTION SERVICES
IN THE POPULATION MOST VULNERABLE TO CRIME AND VIOLENCE IN PERU**

(PE-L1224)

LOAN PROPOSAL

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LINKS
REQUIRED
1. Multiyear execution plan and annual work plan
2. Monitoring and evaluation plan
3. Environmental and social management report
4. Procurement plan
OPTIONAL
1. Program economic analysis:
A. Cost/benefit analysis
B. Cost/benefit calculations
2. Itemized budget
3. Financial plan
4. Institutional Capacity Assessment Report
5. Draft program Operations Manual
6. Selection criterion for targeted areas
7. Selection of police precincts
8. Government Plan 2016-2021
9. Gender plan
10. Consultation report
11. Safeguard policy filter and safeguard screening form

ABBREVIATIONS

CENACOM	Censo Nacional de Comisarías [National Census of Police Precincts]
CGR	Contraloría General de la República [Office of the Comptroller General of the Republic]
CONASEC	Consejo Nacional de Seguridad Ciudadana [National Citizen Security Council]
DGSC	Dirección General de Seguridad Ciudadana [Citizen Security Administration]
DIRIN	Dirección Inteligencia de la Policía Nacional [National Police Intelligence Office]
DPIPBS	Diagnóstico Perfil de Inversión Pública Barrio Seguro [Public investment assessment of the Barrio Seguro strategy]
ENFPF	Escuela Nacional de Formación Profesional Policial [National Police Training Academy]
ESMR	Environmental and social management report
ICB	International competitive bidding
INEI	Instituto Nacional de Estadísticas e Informática [National Statistics and Informatics Institute]
LIBOR	London Interbank Offered Rate
MININTER	Ministry of the Interior
PNP	Peruvian National Police
SIAF	Sistema Electrónico de Adquisiciones y Contrataciones del Estado [Integrated Financial Management System]
SIECSC	Sistema Integrado de Estadísticas de la Criminalidad y Seguridad Ciudadana [Integrated Statistical System on Crime and Citizen Security]

PROGRAM SUMMARY

PERU IMPROVEMENT OF CRIME PREVENTION SERVICES IN THE POPULATION MOST VULNERABLE TO CRIME AND VIOLENCE IN PERU (PE-L1224)

Financial Terms and Conditions					
Borrower: Republic of Peru			Flexible Financing Facility ^(a)		
			Amortization period:	10 years	
Executing agency: Ministry of the Interior (MININTER)			Disbursement period:	5 years	
			Grace period:	6 years ^(b)	
Source	Amount (US\$)	%	Interest rate:	LIBOR-based	
IDB (Ordinary Capital):	40,000,000	91	Credit fee:	^(c)	
			Inspection and supervision fee:	^(c)	
Local:	16,593,000	9	Weighted average life:	7.97 years ^(b)	
Total:	56,593,000	100	Approval currency:	United States dollar	
Program at a Glance					
Program objective/description: The program’s general objective is to enhance the effectiveness of MININTER’s crime prevention services for urban dwellers who are most vulnerable to crime and violence. Its specific objectives are to: (i) improve police effectiveness at preventing crime; (ii) improve the effectiveness of police intelligence; and (iii) enhance community-based prevention.					
Special contractual conditions precedent to the first disbursement of the loan: (i) MININTER will have formed the program coordination committee and the program execution unit in accordance with the terms and conditions previously agreed upon with the Bank; and (ii) MININTER will have submitted evidence that the program Operations Manual has been approved and entered into force under the terms and conditions previously agreed upon with the Bank (see paragraph 3.3). Also see the special contractual conditions in Annex B of the environmental and social management report (ESMR).					
Special contractual conditions for execution: See the special contractual conditions in Annex B of the ESMR .					
Exceptions to Bank policies: None					
Strategic Alignment					
Challenges: ^(d)	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(e)	GD	<input checked="" type="checkbox"/>	CC	<input type="checkbox"/>	IC <input checked="" type="checkbox"/>

^(a) Under the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Bank's lending charges, in accordance with the relevant policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

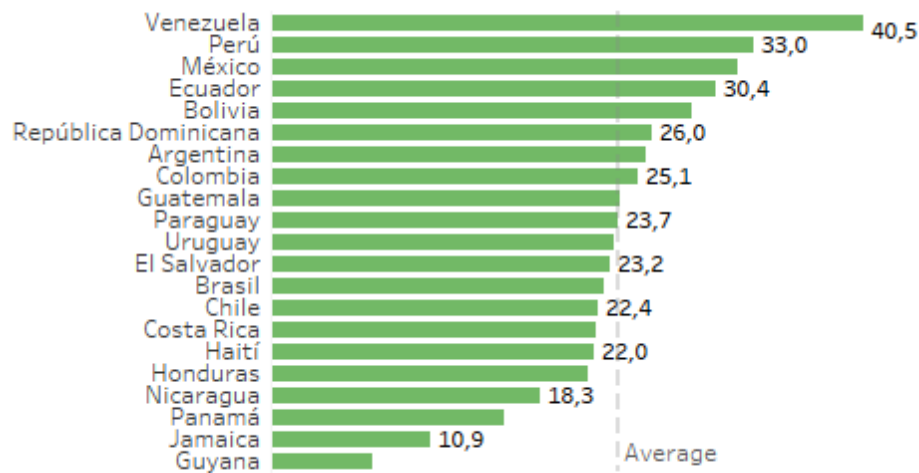
^(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROGRAM DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 Peru has significantly improved its socioeconomic indicators in the past 15 years, as measured by GDP growth and the reduction of poverty and indigence.¹ These improvements, however, stand in contrast to the country's high victimization rates and criminal activity trends. Crime costs the Peruvian economy an estimated 2.7% of GDP on average.² While high, this cost is below the average of 3.5% of GDP for Latin America and the Caribbean.

Figure 1. Percentage of persons who have been the victim of a crime in the last 12 months



Source: Barometer of the Americas, Public Opinion Project of Latin America 2017/2018.

- 1.2 Peru's crime victimization rate in 2017 was 33%, the second highest in the region.³ In terms of violent crime, the 2011-2017 period saw increases in: (i) the homicide rate increased 44%, from 5.4 to 7.8 per 100,000 population;⁴ (ii) crimes committed with firearms increased 32%, from 6.6 to 8.7 crimes per 100,000 population; and

¹ Peru achieved unprecedented economic growth between 2002 and 2014, with average annual growth of 5.9% of GDP. GDP per capita grew an estimated 2.9% in 2018. The monetary poverty rate, which was 55% in 2001, had fallen by more than 50% to 20.5% in 2015, and income inequality (Gini index) decreased from 0.51 in 2005 to 0.43 in 2017. Source: National Statistics and Informatics Institute (INEI).

² Peru has the region's second-highest victimization cost for nonlethal crimes (assaults, rapes, and robberies). Source: *The Costs of Crime and Violence: New Evidence and Insights in Latin America and the Caribbean*, IDB, 2017.

³ A victim is defined as a person age 15 or older in an urban area who has been subjected to at least one criminal act in the past 12 months. Source: *Latin American Public Opinion Project*, 2016.

⁴ According to the United Nations Office on Drugs and Crime's Global Study on Homicide 2019, Peru's homicide rate is much higher than the global average (6.1%) but below the regional average for the Americas (14.1%).

(iii) reports of domestic violence increased by 58%, to stand at 187,000.⁵ This has exacerbated the public perception of insecurity, which was measured at 90% in 2017.⁶ About 50% of Peruvians believe that a lack of security is the country's biggest problem, more concerning than corruption and unemployment.⁷

- 1.3 **Geographic concentration of crime.** According to 2017 data,⁸ 50% of homicides were concentrated in four departments—Lima, Puno, La Libertad, and Callao. The department of Lima alone accounted for 33% of all homicides in Peru. The departments with the highest and fastest-growing homicide rates are: Madre de Dios, whose rate is up 240%, from 13.7 to 46.6 per 100,000 population; Tumbes, up 487%, from 4.9 to 28.8 per 100,000 population; Pasco, up 291%, from 3.4 to 13.3 per 100,000 population; and Lima province, up 137%, from 5.9 to 14 per 100,000 population. Robberies are even more concentrated than homicides: more than 50% of robberies in 2018 occurred in Lima province. With the exception of that province, where crimes against property decreased by 16%, such crimes increased by nearly 60% in the remaining provinces of the department of Lima. In the department of Madre de Dios, crimes against property increased by 525%, while in the departments of Loreto, Tacna, Puno, and Huánuco, the corresponding rates increased by more than 200%.
- 1.4 Crime is particularly concentrated in only 5.3% of Peru's urban districts (100 of a total 1,874). According to 2017 data, these districts account for 56% of homicides and 62% of robberies and thefts, and their crime victimization rate is 30% higher than in the rest of the country. Sixty three percent of Peru's prison population hail from these 100 districts,⁹ which account for 60% of the total population and 44% of the population from 15-29 years of age.
- 1.5 This situation is compounded by the institutional weakness of law enforcement agencies and the criminal justice system, especially the Peruvian National Police (PNP). This has led to low levels of public confidence: 70% of Peruvians reported having little or no trust in the PNP, and only 8% reported having a high level of trust.¹⁰
- 1.6 To address these problems, the Peruvian government has pursued a number of legislative and public policy initiatives. It created the National Citizen Security System;¹¹ reactivated the National Citizen Security Council (CONASEC); formed the Citizen Security Administration (DGSC) within the Ministry of the Interior (MININTER); and approved the Bicentennial Plan 2021, in which citizen security is

⁵ The number of reported cases of sexual violence against women rose by 28% to 1,588, and the number of reported cases of human trafficking increased by 120% to 889. Source: [Integrated Statistical System on Crime and Citizen Security \(SIECSC\)](#).

⁶ Urban residents age 15 or older who reported fearing that they would be victimized by a crime in the next 12 months. Source: *Victimización en el Perú*, INEI, 2010-2017.

⁷ Source: National Household Survey, 2017.

⁸ Source: [SIECSC](#).

⁹ Source: Prison system statistics, National Penitentiary Institute (INPE), 2017.

¹⁰ Source: *Inseguridad ciudadana, confianza interpersonal y confianza en las instituciones*, Public Opinion Institute, Pontifical Catholic University of Peru. May 2017.

¹¹ The National Citizen Security System was created by Law 27,933 (11 February 2003) to coordinate the government's efforts to prevent high-risk situations and threats to people's physical and psychological integrity. Its lead entity is CONASEC, which is chaired by the interior minister.

identified as a priority,¹² as well as the National Citizen Security Plan 2013-2018, one of the strategic objectives of which is to strengthen the PNP as an effectively and efficiently managed modern institution that is highly trusted by the public. Lastly, the [Government Plan 2016-2021](#) calls for developing a multisector strategy known as “Barrio Seguro” [Safe Neighborhood]¹³ in order to improve citizen security and coexistence in urban districts and in areas most vulnerable to violence (see paragraph 1.11).

- 1.7 **The problem and its causes.** The main problem that this program aims to address are high rates of crime (homicide, robbery, and theft) and victimization, which are concentrated in approximately 100 urban districts in Peru. The factors underlying this problem include (i) limited capacity of MININTER, and of the PNP in particular, to prevent crime and violence; (ii) limited effectiveness of police intelligence¹⁴ in preventing and solving crimes; and (iii) insufficient measures to prevent violence at the community level.
- 1.8 The limited capacity of MININTER, and of the PNP in particular, to prevent crime and violence is related to the following:
 - a. Low levels of training and specialization among PNP personnel in the community policing model.¹⁵ Despite an increase in the number of police officers in the past five years,¹⁶ training and management have deteriorated due to a lack of: (i) an effective model for police training;¹⁷ (ii) a curriculum specializing in community policing to facilitate a constructive relationship with the community;¹⁸ and (iii) qualified trainers.¹⁹

¹² Source: *Plan Bicentenario. Perú hacia el 2021*. National Center for Strategic Planning, 2011.

¹³ Source: *Peruanos por el Kambio* [Peruvians for Change], 2016.

¹⁴ In view of the evolving and transforming nature of criminal activity in urban areas and technological advances, intelligence is an effective tool in crime prevention as it helps identify challenges and risk factors related to citizen security and coexistence. Source: *Dilema entre la inteligencia y el proceso decisonal*, Police Intelligence Division, Colombian National Police, 2010.

¹⁵ The community policing model, as defined by the PNP, entails a police force in close proximity to the public, with resources concentrated in police stations in order to more effectively address security needs. This includes (i) preventive activities within a geographic area, (ii) close relations with the community, (iii) efforts to mobilize the community to carry out joint preventive activities, and (iv) a study of conditions conducive to crime, including a statistical analysis. Source: public investment assessment of the Barrio Seguro strategy (DPIPBS), Trans100d, 2017.

¹⁶ The number of police officers has increased from about 7,000 to 8,000 since 2012. The number of patrol officers (on foot or in vehicles) has increased by 17.2%. Property crimes, however, have risen by more than 43%. This shows that a mere police presence is not enough to address crime and must be accompanied by quality training.

¹⁷ Nearly 100% of the graduates (senior- and junior-level officers) of the National Police Training Academy (ENFPP) obtained a poor or fair score on community policing in their latest evaluations. Source: MININTER-ENFPP, 2017.

¹⁸ The ENFPP lacks a structured curriculum with a community-policing approach to develop competencies in forging ties with the community (*Inseguridad en el Perú. ¿Qué hacer?* Costa and Romero, 2011). Only 120 senior- and junior-level PNP officers received training in community policing between 2012 and 2014. Source: DPIPBS, Trans100d, 2017.

¹⁹ The ENFPP has no selection process and no training for trainers. A recent analysis of ENFPP competencies found that only 37% to 44% of training credits for senior and junior officers are related to the basic training curriculum for community policing. Source: MININTER-ENFPP, 2017.

- b. Limited technical and technological capacity for generating, managing, and analyzing crime data, which hinders police effectiveness and the planning of local crime-prevention efforts.²⁰ This is mainly due to the following deficiencies or limitations: (i) unspecific, untimely, and fragmented crime data;²¹ (ii) technological and functional limitations in available information systems at police stations;²² (iii) limited ability to effectively record and store crime data, and to perform quality crime analyses;²³ (iv) lack of efficient mechanisms for decision-making and monitoring the use of police resources, and an inability to deploy such mechanisms in the field and plan responses to community problems;²⁴ and (v) inadequate infrastructure in police stations to assist in gathering, storing, and analyzing data.²⁵
- c. A lack of resources to assist in making decisions and designing evidence-based public policies. This is primarily due to the lack of an information system at MININTER to consolidate information from multiple databases.²⁶

1.9 Limited effectiveness of police intelligence in preventing and solving crime.²⁷
Quantitative problems aside,²⁸ there are weaknesses in intelligence efforts related to high-impact crimes affecting urban residents, such as robberies. The robbery rate in the prioritized jurisdictions rose to 475 per 100,000 population in 2018—a rate 30% higher than the national average. This is attributable to a lack of professional,

²⁰ A survey conducted in neighborhoods found that 43% of all people believe that there is no police vigilance, and 40% of those who acknowledged some level of police vigilance rated it as poor or very poor. Source: "Barrio Seguro" survey, 2017.

²¹ Crime records are kept on paper in many police stations and are subject to errors in interpretation and consolidation. Moreover, connectivity problems hinder access to police information systems for consultation or investigative purposes.

²² The Police Report System (SIDPOL) automates processes related to police reports. This system is not interconnected with other information systems available at police stations, such as the query and background check system (persons and vehicles), the civil registry, and information systems of the judicial branch and the immigration authority. Source: National Census of Police Precincts (CENACOM), 2016.

²³ There are no personnel trained to analyze crime data and statistics in order to help target patrol efforts, carry out predictive analyses of criminal activity, and evaluate local crime-prevention programs and policies. Source: CENACOM, 2016.

²⁴ The Police Report System does not allow for automatic generation of georeferenced crime maps; such maps can only be prepared manually and are not properly updated. This, in turn, hinders real-time access to crime and incident reports. Nationwide monitoring of patrol efforts is also performed manually and without planning. Source: CENACOM, 2016.

²⁵ Police stations currently lack dedicated space for monitoring and analyzing data, and they have equipment deficiencies as well. Some 20% of police laptops are owned by police personnel. Source: CENACOM, 2016.

²⁶ MININTER currently has no information system to integrate and consolidate different types of data (police, intelligence, investigation, immigration, border control, etc.) with other data on socioeconomic and judicial matters, the criminal justice system, victimization surveys, and others. This hinders the development of security-related public policies and the strategic planning of targets. Source: DPIPBS, Trans100d, 2017.

²⁷ The National Police Intelligence Division (DIRIN) is responsible for police intelligence activity with a focus on dynamic processing of data (search, collection, processing, and analysis) to generate detailed knowledge on crime-related matters and to guide strategic, tactical, and operational preventive decision-making at police precincts. Source: *Dilema entre la inteligencia y el proceso decisional*, Police Intelligence Division, Colombian National Police, 2010.

²⁸ Only 12% of DIRIN's 909 employees are involved in intelligence operations.

technical, and scientific personnel. The following challenges are related to this problem: (i) a lack of specialization among police officers for police intelligence work;²⁹ (ii) ineffective information systems for recording, analyzing, and processing police intelligence;³⁰ and (iii) a lack of equipment for units tasked with generating intelligence.³¹

- 1.10 **Insufficient community-based prevention measures.** MININTER, and the PNP in particular, face significant constraints in managing community-based prevention initiatives and in serving the public effectively.³² This has a negative effect on public perception and on people's willingness to report crimes. For example, 17.3% of crime victims filed a police report in the prioritized jurisdictions in 2016, while the reporting rate among victims of domestic violence was 28.2%. The factors behind this problem are: (i) limited citizen involvement in citizen security (monitoring, setting, and implementing priorities for police efforts);³³ (ii) inadequate space in police stations for public service and citizen involvement;³⁴ (iii) a lack of community-based prevention programs to address social risk factors that especially impact children,

²⁹ Only 32% of police officers in DIRIN's specialized divisions attended some form of in-service training in 2016, and only 9% received training in police intelligence. In addition, the ENFPP has no career path specializing in police intelligence. Source: DPIPBS, Trans100d, 2017.

³⁰ DIRIN has an integrated intelligence platform for accessing, integrating, storing, and using data. The platform only records data at this time. It does not allow for data processing or automatic reporting, nor does it facilitate information searches. There is no way to control the downloading of intelligence documents, and the platform lacks information security features. Source: DPIPBS, Trans100d, 2017.

³¹ An evaluation of DIRIN's information and communication equipment found that 50% of its operational and tactical equipment (video and photographic cameras, GPS and audio devices, etc.) is obsolete, 21.4% is out of service, 47.4% is in fair condition, and 18% lacks accessories. Source: DPIPBS, Trans100d, 2017.

³² The citizen engagement offices at police stations promote and lead citizen engagement programs in close coordination with local governments.

³³ Through community programs (neighborhood councils, school brigades, cooperation networks), members of the public work with the PNP in developing and implementing citizen security plans in their jurisdictions. However, a significant number of police stations lack these programs; carry out such activities on an ad hoc basis; lack organizational, operational, and procedural structures; and lack channels for ongoing coordination and communication with authorities. This has a negative effect on citizen engagement, with only 0% to 5% of the population participating in such programs. Source: CENACOM, 2016. It also impacts the public's assessment of service quality at police stations: 31.8% of respondents rated their precinct's performance as poor in 2016, while 14.5% described it as very poor. Only 25.7% rated it good. Source: "Barrio Seguro" census. INEI, 2016.

³⁴ An important consideration at police stations is the availability of space for effective engagement with the public. Of the 107 police stations in the intervention area, 89 have a public information area, 78 have a waiting room, and 22 have a public information desk. This has a negative effect on citizen engagement in prevention programs such as neighborhood councils, which have only a 4.47% participation rate, and self-protection brigades, with a 0.23% participation rate.

young people, and women³⁵ (e.g. domestic violence, dropout rate, gangs, underprivileged or violent neighborhoods, antisocial or criminal elements, a lack of job opportunities, and a lack of recreational opportunities);³⁶ and (iv) limited mechanisms for monitoring, public accountability, internal control, and transparency.³⁷

- 1.11 **The government's priorities.** One of the priorities of the Peruvian government is to enhance citizen security, as reflected in its Government Plan 2016-2021. The proposals in this plan include the "Barrio Seguro" multisector strategy, which calls for efforts to improve citizen engagement, protect civil rights, and ensure citizen coexistence in vulnerable neighborhoods. This strategy focuses on urban districts where crime and violence are most prevalent.
- 1.12 This initiative includes three strategic pillars to be supported by the program:
 - a. **Police-based prevention.** This pillar works through police precincts to integrate community policing into the institutional framework and ensure effective police patrols in critical areas. This pillar will strengthen criminal investigations and police intelligence efforts. The program will support these three areas by building PNP institutional capacity, including officer training and the provision of technological and management tools to help prevent and deter crime more effectively.
 - b. **Social-based prevention.** Programs targeted to vulnerable populations will address the risk factors that increase the likelihood of crime and violence. The program will help enhance the effectiveness of social-based, violence-prevention programs targeted to young children, teenagers, young adults, and women.
 - c. **Community-based prevention.** This pillar promotes citizen engagement and organization in designing, planning, and executing prevention programs. The program will help train local actors in preventing violence in the communities and help adapt infrastructure in police stations to foster community participation.

³⁵ Risk factors: (i) school violence: according to data from the Ministry of Education, cases of school violence increased 75% in the 2015-2016 period. In addition, a recent survey of schoolchildren 9-11 years of age found that more than half of respondents reported experiencing some form of violence at school (78% psychological and 53% physical violence). Source: Benavides, M., León, J., and Espezúa, L, 2015; (ii) opportunities for young people: 1.8 million young people, or 22% of that population, are neither working nor attending school. Source: Ministry of Labor and Employment Promotion, 2017; (iii) youth violence: PNP data show an 80% increase in crimes committed by children ages 12 and 13 who are recruited by gangs and organized crime; and (iv) domestic violence: 68% of women nationwide have been subjected to some form of violence by their intimate partner (64% verbal, 31% physical, and 6% sexual violence). Source: Demographic and Family Health Survey. INEI, 2016.

³⁶ Citizen Security and Justice Framework Document (GN-2771-7). IDB, 2017.

³⁷ According to a report by the Office of the Ombudsman titled *Fortalecimiento de la PNP: Cinco áreas de atención urgente* (2009), MININTER and the PNP lack an information system or website to provide access to public information, ensure transparency in the institution's work, and carry out effective internal control. The National Administrative Disciplinary Panel of the PNP investigated 928 complaints of misconduct in 752 cases in 2006-2007, which resulted in the sanctioning of 179 senior officers and 511 junior officers.

- 1.13 The “Barrio Seguro” strategy is headed by the MININTER’s DGSC, which in turn serves as the technical secretariat of CONASEC and works in coordination with the PNP and local governments.
- 1.14 **Program target areas.** In order to provide differentiated responses to crime, and in view of the objectives of the “Barrio Seguro” strategy, some 100 of Peru’s 1,874 urban districts have been identified as [priority areas for intervention](#)³⁸ since they are the ones most vulnerable to crime and violence.³⁹ They were selected on the basis of a combination of indicators for each precinct, including: (i) homicide rate (per 100,000 pop.);⁴⁰ (ii) crime victimization rate (per 10,000 pop.); and (iii) incarceration rate (per 100,000 pop.).⁴¹ Districts in drug trafficking or illegal mining areas were excluded since these areas call for a different approach than the one used in this program. Because the “Barrio Seguro” strategy is being implemented through police precincts,⁴² the following [selection criteria](#) were used: (i) basic precincts, i.e., those in closest proximity to the public which carry out basic efforts to promote citizen security and coexistence;⁴³ (ii) type “A” or type “B” basic precincts located in densely populated, high-crime urban districts;⁴⁴ and (iii) precincts with the highest rates of reported and actual crime.⁴⁵
- 1.15 This targeting process identified a total of 107 police precincts in approximately 100 high-crime urban districts located in eight coastal departments. These precincts will be specifically financed with program proceeds.
- 1.16 **The Bank’s interventions in the sector.** This program will leverage the Bank’s experience on other operations aimed at reducing robberies and homicides, as well as its experience strengthening violence prevention programs, such as the Comprehensive Citizen Security Program (operation 3875/OC-UR), the Integrated Local Management Program for Citizen Security (operation 2770/OC-UR), the Citizen Security and Inclusion Program in Argentina (operation 2210/OC-AR), the Citizen Security Program: Strengthening of Police Effectiveness Through Improvements in the Management and Use of Criminological Information (operation 2584/OC-EC), the Program of Support for the Implementation of the Comprehensive Civic Coexistence and Public Safety Policy (operation 2745/BL-HO), the Citizen Security and Justice Program III

³⁸ These are districts with more than 20,000 residents.

³⁹ The 100 prioritized districts account for more than 56% of all homicides and nearly 63% of the prison population.

⁴⁰ This is an intentional homicide indicator; it was developed by the INEI’s Datacrim statistical tool.

⁴¹ This variable is from the 2016 National Census of the Prison Population (most recent home address).

⁴² Police precincts are responsible for maintaining public order through preventive and investigative efforts, maintaining a close relationship with the community and with local and regional governments, and promoting community participation in their respective jurisdictions (source: CENACOM, INEI, 2016).

⁴³ Examples include foot or vehicle patrols, investigation of crimes or infractions, response to traffic accidents, promotion of citizen participation, and relations with local governments (source: CENACOM, INEI, 2016).

⁴⁴ Police precincts differ by size and capacity. Type “A” precincts have 121 to 240 officers and cover 80,000 to 160,000 residents; type “B”: 61 to 120 officers and 40,001 to 80,000 residents; type “C”: 31 to 60 officers and 20,001 to 40,000 residents, type “D”: 16 to 30 officers and 10,001 to 20,000 residents; and type “E”: 8 to 15 officers and 5,000 to 10,000 residents (source: CENACOM, INEI, 2016).

⁴⁵ Of the 207 police precincts in the districts targeted in this intervention, 100 accounted for 80% of the police reports of crimes against property, life, bodily safety, and health.

(operation 3191/OC-JA), and the Violence Prevention Strategy Comprehensive Support Program (operation 2881/OC-ES).

- 1.17 **Lessons learned and relationship to other Bank operations.** The program's design draws on the latest thematic evaluations by the Bank's Office of Evaluation and Oversight (documents RE-456 and RE-455-1) and lessons learned from similar projects in the region, including: (i) Components 1 and 2 reflect the need to modernize the police force and to make it an efficient institution that is in close contact with the public and provides better service to the community (learned from operations 2745/BL-HO, 2770/OC-UR, and 3785/OC-UR), as well as the need for improved tools for preventing and reducing crime through quality data and criminological analysis (learned from operations 2584/OC-EC and 2210/OC-AR); and (ii) Component 3 reflects the need to manage and target effective social-based, violence-prevention programs at the community level (learned from operations 3191/OC-JA, 2745/BL-HO, and 2881/OC-ES).
- 1.18 **Complementarity with other Bank operations in Peru.** This operation will promote synergies with the specific investment project aimed at improving the interoperability of the administration of justice system, which is currently in preparation. That project aims to improve management of the administration of justice system by: enhancing the efficiency of the criminal justice system services; improving the quality of criminal investigations; and increasing access to the services of the criminal justice system. The proposed program includes technical cooperation support services provided through technical-cooperation operation ATN/OC-16298-PE, which has financed the technical documents necessary to sustain the process of identifying, formulating, and evaluating projects of Peru's public investment system (Invierte.pe), as well as other diagnostic assessments and studies to support the program's design and implementation.
- 1.19 **International good practices.** The program's design and proposed solutions are based on regional and international practices that have proven effective in preventing crime and violence. These include: (i) community policing programs such as Colombia's National Quadrant-based Community Watch Plan, which achieved a 22% reduction in homicides, home robberies, and street fights in the most crime-ridden areas (Mejía et al., 2013); (ii) patrolling strategies in "hot spots," which have had a moderate effect in deterring crime and have helped reveal crime patterns; 3% of the addresses in Minneapolis accounted for 50% of the city's crimes (Weisburd and Green, 1995); and (iii) interventions to reduce risk factors in children, teenagers, young adults, and women. For example, the "Classrooms in Peace" program in Colombia reduced aggressive behavior by as much as 10% and achieved better social integration of children (Chaux, 2012). The "Becoming a Man" program in Chicago, which provides psychosocial therapy to teenagers, resulted in reductions of up to a 44% in arrests for violent crime (Heller et al., 2013). Lastly, interventions aimed at modifying social norms related to intimate partner violence, such as the "SASA!" program, help to reduce social acceptance of intimate partner violence and help to reduce physical and sexual abuse (Abramsky et al., 2014).
- 1.20 **Intervention rationale and strategy.** The program aims to strengthen MININTER's capacities to prevent crime and effectively serve those vulnerable to crime and violence, with a view to: (i) reducing homicide, robbery, theft, and crime victimization rates; (ii) boosting public confidence in the PNP; (iii) strengthening the coordinated

- crime-prevention efforts of the PNP, civil society, and local governments; and (iv) addressing risk factors in the vulnerable population by implementing and evaluating evidence-based interventions. A comprehensive approach will be used at the local level, with actions to improve police work in precincts by forging ties with the community, combined with actions to strengthen social capital by empowering the public to prevent crime. The program has two pillars of intervention: (i) actions to make the PNP and its intelligence capacities more effective in preventing crime at the local level, and (ii) social-based efforts to prevent violence in order to address risk factors in vulnerable populations (young people and women) in targeted areas with active community involvement. The interventions in these two pillars will be targeted to the jurisdictions of prioritized police precincts (see paragraph 1.14). Lastly, this intervention is in line with Peru's National Citizen Security Plan 2013-2018 and the Government Plan 2016-2021.
- 1.21 The first pillar of intervention will strengthen the community policing model and the police intelligence career path through development of curricula, training, specialization, and train-the-trainer initiatives. It also aims to improve the availability and quality of data on crime and violence by strengthening technical and technological capacities for data generation, analysis (crime mapping), and processing, as well as interconnection of multiple data sources. This will help lead to better diagnostic assessments, intelligence analyses, and trend reports, as well as help target police patrols and social-based prevention efforts. The second pillar will provide technical assistance and advisory services to community organizations for designing neighborhood safety plans and developing pilot initiatives for violence prevention among young people and women, including evaluation components for measuring the interventions' effectiveness. Training will also be provided to police personnel in the Citizen Engagement Office to help them promote and coordinate these initiatives.
- 1.22 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is aligned with the challenge of social inclusion and equality inasmuch as it aims to reduce victimization, homicides, and robberies in the country's 100 most vulnerable urban districts as well as to strengthen community participation mechanisms and violence prevention social programs that target children, adolescents, young people, and women. It is also aligned with the crosscutting themes of: (i) institutional capacity and the rule of law, by building MININTER capacity in its role as Peru's lead agency responsible for citizen security, as well as building police capacity with the aim of preventing and solving crime; and (ii) gender equality and diversity, through actions aimed at strengthening domestic violence reporting mechanisms in the prioritized jurisdictions and improving programs to prevent violence against women by changing community norms and cultivating positive male role models. All of these actions are aimed at improving the institutional capacity of MININTER and the PNP to prevent and reduce crime. This operation is also included in the Update of Annex III of the 2019 Operational Program Report (document GN-2948-2) and is aligned with the IDB Group Country Strategy with Peru 2017-2021 (document GN-2889), which identifies "improv[ing] citizen security" as a strategic objective and "institutional strengthening and basic service delivery" as a strategic area, since it prioritizes efforts to address the challenges of high victimization, violence, and crime rates in Peru.

1.23 The program is also aligned with the Corporate Results Framework 2016-2019 (document GN-2727-6) through the indicators: (i) subnational governments benefited by citizen security projects, by helping approximately 100 prioritized districts; (ii) crime information systems strengthened, by improving equipment and information systems to bolster the PNP's crime solving capacity; and (iii) government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery, as it will improve the management of MININTER and police forces for crime prevention. It is aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2) through its components of reducing insecurity and violence and its pillar of support for public policy through the strengthening of institutional capacities of sector entities. It is also consistent with the Citizen Security and Justice Sector Framework (document GN-2771-7).⁴⁶ Specifically, the program is aligned with pillar "d" on prevention and service delivery for violence against women and development of skills among marginalized, socially excluded, and impoverished populations.

1.24 **Safeguards employed in working with the PNP.** In accordance with the provisions of the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), the following safeguards have been established: (i) mechanisms for civilian oversight to be exercised through the program coordination committee; (ii) instruments that facilitate civil society involvement in program monitoring, as spelled out in the activities of Component 3 (paragraph 1.28); and (iii) opportunities for South-South cooperation with countries of the region, as specified in the operational support technical cooperation project (technical cooperation project ATN/OC-16298-PE), specifically, as regards strengthening of: (i) police force professionalization; (ii) criminal investigation; (iii) information analysis and patrolling; and (iv) transparency within police institutions. The program will also comply with the [IDB Risk Mitigation Guidelines for Engaging with Police and Corrections Services](#), and its components will finance activities to improve the community policing curriculum, including ethics training with modules on gender, diversity, and human rights.

B. Objectives, components, and cost

1.25 The program's general objective is to enhance the effectiveness of MININTER's crime prevention services for urban dwellers who are most vulnerable to crime and violence.⁴⁷ Its specific objectives are to: (i) improve police effectiveness at preventing crime; (ii) improve the effectiveness of police intelligence; and (iii) enhance community-based prevention. The program is structured in three components:

1.26 **Component 1. Improving police effectiveness in crime prevention (US\$17.7 million).** The PNP police precincts capacity to prevent and address crime will be strengthened in the 100 or so urban districts most vulnerable to crime and violence in Peru targeted by the program. The following activities, among others, will

⁴⁶ The financed activities are consistent with the dimensions of success identified in this sector framework document because they: (i) provide access to comprehensive programs for crime and violence prevention for at-risk youth; (ii) enhance the management capacities of police in a close relationship with the public; and (iii) strengthen the leadership, coordination, and management of institutions in the sector.

⁴⁷ By increasing the rate at which crimes are reported, particularly in domestic violence cases.

be financed: (i) training and awareness-raising of police officers in how to identify, analyze, and address security problems using a community policing approach;⁴⁸ (ii) design and implementation of a modern curriculum for the PNP based on a community policing approach; (iii) design and implementation of an information system⁴⁹ for generating, analyzing, and monitoring crime prevention data in precincts for patrolling and community policing efforts;⁵⁰ (iv) adaptation of physical spaces for generating, analyzing, and monitoring crime prevention data in police stations;⁵¹ and (v) procurement of equipment (e.g. information and communication equipment and licenses) for generating, analyzing, and monitoring crime prevention data in MININTER and in police stations.

- 1.27 **Component 2. Improving the effectiveness of police intelligence (US\$12.1 million).** This component will support activities to strengthen the intelligence efforts of the National Police Intelligence Office (DIRIN) at the local level, with the aim of preventing and solving crime.⁵² Financing will be provided to (i) develop guidelines for intelligence within the program framework; (ii) provide specialized training for police officers in the DIRIN, strategic analyses, and tactical/operational analyses;⁵³ (iii) design and implement information-technology systems to record, analyze, and process data for decision-making; and (iv) procure equipment (e.g. electronics and audiovisual devices) for units tasked with generating intelligence.
- 1.28 **Component 3. Improving community-based prevention (US\$21.6 million).** This component aims to strengthen public services and community involvement programs in police precincts with the aim of improving the perception of the PNP and for social-based prevention of violence. Financing will be provided to: (i) strengthen the DGSC;⁵⁴ (ii) improve precinct-provided prevention programs

⁴⁸ An impact evaluation of the Colombia's National Quadrant-based Community Watch Plan, which promotes a community policing model, found that the number of homicides, home robberies, and street fights had been reduced by 22%, which was especially significant in highest-crime areas (Mejía et al., 2013).

⁴⁹ This system is based on progress achieved by the INEI in the SIECSC, with Bank support through technical cooperation operation ATN/OC-14631-PE.

⁵⁰ Patrolling strategies in "hot spots" have a moderate deterrent effect on crime. A 1986 study in Minneapolis found that 3% of the city's addresses accounted for 50% of the city's crimes (Weisburd and Green, 1995).

⁵¹ Koper et al. (2015) suggest that technological changes may not lead to substantial improvements in police performance without effective planning and without infrastructure and policies to help agencies maximize the benefits of technology.

⁵² The Metropolitan Police Service in London, England, launched Operation Eagle Eye to address street robbery in 1995. This operation combines a proactive, intelligence-led approach with improved investigative practices and the concentration of resources—e.g. personnel, vehicles, surveillance equipment, and information technology—in the divisions most affected by the problem. The number of reported robberies held relatively static in the first year, while the clearance rate increased from 12% to 21%. The number of reported robberies decreased by 5% in 1996 and 1997, with a 20% clear-up rate in both years.

⁵³ Garicano and Heaton (2010) found that reforms in the United States that combine improved information, technology, and investigation reduce crime by 5%.

⁵⁴ This will entail development of an information system, training, adaptation of physical spaces, and procurement of equipment.

aimed at community organization for citizen security;⁵⁵ (iii) strengthen community-based prevention programs aimed at children,⁵⁶ teenagers, young adults,⁵⁷ and women,⁵⁸ with a view to addressing risk factors for crime; this includes methodologies, protocols, equipment, evaluation, and technical capacity; (iv) improve mechanisms for accountability, transparency, and citizen engagement; and (v) adapt physical spaces in police stations for community-based prevention services.

- 1.29 **Beneficiaries.** The program's main beneficiaries will be the residents of the 100 selected districts who live in and pass through high-crime areas. Components 1 and 2 will benefit MININTER—and the PNP in particular, including DIRIN—through training, equipment upgrades, and adaptation of infrastructure for preventing and addressing high-impact crimes, as well as through improved citizen coexistence. Component 3 will benefit the community organizations, young people, and women who participate in the programs of the targeted precincts.

C. Key results indicators

- 1.30 **Expected outcomes.** The program's main expected impact is a decrease in violent crime (i.e. homicide, robbery, and theft) and in the crime victimization rate in the 100 districts most vulnerable to crime and violence. This impact will be achieved through the following outcomes, the indicators for which are listed in the results matrix: (i) lower homicide, theft, and victimization rates in prioritized jurisdictions; (ii) lower robbery rates in prioritized jurisdictions through improved police intelligence; and (iii) increased reporting of crimes, particularly those involving domestic violence, in selected jurisdictions.
- 1.31 **Economic evaluation.** A preliminary cost/benefit analysis showed that the proposed program is economically viable, with an estimated net present value of US\$11.2 million for 2020-2024 and US\$89.6 million for 2020-2039. In terms of crime, the program's benefits will begin to materialize in the first year of program implementation. Beginning that year and through 2024, it will be distributed linearly until the target in the results matrix is achieved. In a conservative scenario, the discount rate holds steady until after the program has been implemented. Moreover, the cost/benefit ratio is US\$1.20 per dollar invested during the first period, with an internal rate of return of 57%, and US\$2.78 per dollar invested for the second period,

⁵⁵ These programs include citizen security neighborhood councils, school self-protection brigades, and cooperation networks.

⁵⁶ Investments in the first three to five years of life, through early childhood stimulation programs, have shown promising results in terms of reducing aggressive and criminal behavior over the long term. The results of the Community Welfare Homes Program in Colombia have been promising in terms of children's cognitive development. Andean Development Corporation, 2014.

⁵⁷ The "Classrooms in Peace" program in Colombia reduced aggressive behavior by up to 10% and achieved better social integration of children through a random experiment in targeted schools (Chaux, 2012). The "Becoming a Man" program in Chicago, which provides cognitive behavioral therapy and psychosocial therapy to teenagers, achieved up to a 44% decrease in arrests for violent crime (Heller et al., 2013).

⁵⁸ Interventions aimed at preventing violence against women by altering social norms related to intimate partner violence. An experimental evaluation of the "SASA!" program found a lower level of social acceptance of intimate partner violence among both men and women, as well as a lower prevalence of physical and sexual abuse in intimate relationships during the 12 months prior to the survey (Abramsky et al., 2014).

with an internal rate of return of 150%. A sensitivity analysis was also conducted using alternative scenarios, under which the possibility was explored that some of the program's assumptions may not fully materialize. A scenario was calculated under which 50% of the results matrix targets would be achieved—but even under this scenario the program would still be economically viable for Peru. The change in the benefits' monetary value was also evaluated against the change under more conservative assumptions, and the program's viability was again confirmed (see [economic analysis](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The total cost of the program is US\$56.593 million, to be financed with a US\$40 million specific investment loan from the Bank's Ordinary Capital and a US\$16.593 million local cash contribution (see Table 2). The disbursement period will be five years (see Table 3).

Table 2. Estimated program cost (US\$)

Component	IDB	Local contribution	Total	%
Component 1. Improving police effectiveness in crime prevention	14,529,580	3,189,420	17,719,000	31.3
Component 2. Improving the effectiveness of police intelligence	9,979,400	2,190,600	12,170,000	21.5
Component 3. Improving community-based prevention	14,514,005	7,103,995	21,618,000	38.2
Program administration (includes evaluations and audits)	977,015	4,108,985	5,086,000	9.0
Total	40,000,000	16,593,000	56,593,000	100

Table 3. IDB annual disbursement flow (US\$)

Year 1	Year 2	Year 3	Year 4	Year 5	Total
5,255,363	15,327,987	10,200,529	4,411,910	4,804,211	40,000,000
13.1%	38.3%	25.5%	11.1%	12%	100%

B. Environmental and social risks

- 2.2 The program has been classified as a category "B" operation in accordance with the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703, paragraph B.5). The operation's social risks are related to police work, including the risk that police may not be prepared to provide differentiated services to vulnerable populations (e.g. women who are victims of domestic violence, immigrants, and at-risk youth). However, the operation is designed precisely to address these social concerns and offers valuable opportunities to do so and to strengthen police integrity. Experience has been gained since 1999 in Bank-financed operations in this area, such as the citizen security program in Honduras (operation 2745/BL-HO), with favorable results.⁵⁹ The possibility of minor

⁵⁹ Lessons learned in managing social risks in Honduras include the need to strengthen: (i) the integrity unit of the Honduran National Police, and (ii) the training plan for newly inducted police officers, including a module on human rights and culture of legality.

environmental impacts due to small-scale remodeling works has also been identified. See the [ESMR](#) for more information.

- 2.3 A social analysis examined the possibility that the operation's activities may entail risks or negative impacts related to gender violence. First, official statistics were used to assess the prevalence and causes of gender violence and revictimization, as well as deficiencies in police capacity to address gender violence. The activities financed by the operation were then analyzed to determine whether they pose a risk of exacerbating the situation in the intervention areas, but the financed activities were found instead to mitigate this risk: training for active police on how to respond to gender violence, adaptation of curriculum for officers-in-training on how to respond to gender violence, and development of a standardized protocol for responding to gender violence. These activities are part of the gender plan that has been prepared on the basis of the social analysis, which includes measures to mitigate social risks. See the [gender plan](#) for more information.
- 2.4 The operation also includes a mechanism for handling complaints and claims as part of Component 3, "Improving mechanisms for accountability, transparency, and citizen involvement," and adaptation of community spaces in police stations, including space for providing effective services for domestic violence, the "Family Section."
- 2.5 In accordance with policy OP-703 for category "B" operations, a round of public consultations—a "stakeholder workshop"—was held on 2-3 November 2017 and was attended by representatives of nongovernmental organizations that work on gender violence, with young people, and on citizen security, as well as people from neighborhood councils of the neighborhoods benefiting from the operation. The main objective of both consultations was to validate the problems identified in the program (e.g. police revictimization of women who are victims of violence) and to receive feedback on the mitigation measures planned for the loan operation. The consultations resulted in an active exchange of ideas and suggestions among attendees for improving and fine-tuning the activities to mitigate the identified problems. The neighborhood councils and civil society organizations working on citizen security and gender reached a consensus that police revictimization of women who are victims of violence is a determining factor in deterring women from reporting such crimes. See [consultation report](#) for more information.

C. Fiduciary risks

- 2.6 In view of the executing agency's incipient capacity for fiduciary management using Bank policies, the risk assessment identified a fiduciary risk of delays related to timely fulfillment of fiduciary requirements for procurement and financial management, resulting in higher costs and a longer time frame for program implementation. To mitigate this fiduciary risk, which was found to be "high," the following actions were identified: (i) formation of a program execution unit with necessary and qualified personnel, (ii) Bank-provided training of program execution unit and executing agency personnel, (iii) hiring of qualified national or international consultants with knowledge of the Bank's fiduciary policies, and (iv) fiduciary supervision by the Bank.

D. Other key issues and risks

- 2.7 Six risks related to public management and governance were identified in preparing the operation. Two of these were classified as high-level risks: (i) a lack of coordination between the beneficiary units of MININTER for reaching agreements during the program's implementation; and (ii) delays in forming the program execution unit due to potential delays in MININTER's administrative coordination and management. To mitigate these risks: (i) a program coordination committee will be formed, consisting of the deputy minister of citizen security (to serve as chair), the director of security information, the director of citizen security, and the director of the PNP; and (ii) steps will be taken to formally establish the program execution unit, develop the job profiles for the program execution unit, and hire the program coordinator. Four of the risks identified were "medium": (i) a loss of interest or lack of commitment among MININTER and PNP officials due to delays in implementing the new information systems; (ii) resistance among MININTER and PNP officials to adapting the new work processes generated by the new information systems; (iii) a failure to approve the program's budgetary allocation; and (iv) turnover among MININTER's political officeholders (minister, deputy ministers, and DGSC). To mitigate these risks: (i) a program communication and coordination strategy will be implemented; (ii) an internal process for change management, in the form of training for PNP and MININTER officials on the new information systems, will be included; (iii) MININTER's General Budget and Planning Office will take the appropriate steps with the Ministry of Economy and Finance; and (iv) efforts will be carried out to familiarize new officials with the program on a continuous basis, as well as to document program procedures.
- 2.8 **Sustainability.** The program's sustainability is ensured because it is part of the [government's "Barrio Seguro" strategy approved by executive order](#). This program will help establish the intervention model to be used in approximately 100 districts so that it may be scaled and replicated nationwide. As for program-financed investment in equipment, financial resources have been earmarked for equipment maintenance in order to guarantee the investment during the program's execution period.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Executing agency.** MININTER will be the executing agency. A program coordination committee consisting of the Deputy Minister of Citizen Security (who will serve as chair), the Director General of Information for Security, the Director General of citizen Security, and the PNP Commander will be responsible for the program's strategic coordination. The program coordinator will serve as technical secretary of the program coordination committee. The duties and responsibilities of the program coordination committee will be spelled out in the program Operation Manual.
- 3.2 **Execution arrangements.** The program will be executed through an ad hoc program execution unit and will receive strategic guidance from the program coordination committee. The program execution unit will be housed in the DGSC and have financial and administrative autonomy. This will enable the program

execution unit to carry out its administrative and financial duties (related to planning/budgeting, accounting, treasury, and particularly procurement, using Bank policies and procedures) and to coordinate on technical matters and for program planning, execution, monitoring, and evaluation. The program execution unit will work in close coordination with the beneficiary units involved in the program.

- 3.3 **Special contractual conditions precedent to the first disbursement of the loan:** (i) MININTER will have formed the program coordination committee and the program execution unit in accordance with the terms and conditions previously agreed upon with the Bank; and (ii) MININTER will have submitted evidence that the [program Operations Manual](#) has been approved and entered into force under the terms and conditions previously agreed upon with the Bank, in view of the involvement of several divisions of MININTER, which requires strategic leadership and operational coordination to execute the operation. These conditions will also help mitigate the fiduciary risk described in paragraph 2.7.
- 3.4 The program coordinator will lead and monitor all planned activities as well as serve as liaison with the Bank. He or she will also be responsible for: (i) general and technical coordination and administration of the program in accordance with the strategic orientation provided by the program coordination committee; (ii) planning of program execution, including preparation, consolidation, and monitoring of annual work plans and procurement plans; (iii) preparation of semiannual progress reports; and (iv) coordination to prepare the terms of reference and technical specifications for relevant processes. To this end, the program coordinator will be assisted by the designated technical liaisons from the beneficiary units.
- 3.5 Details on program implementation, including coordination and detailed responsibilities of all units participating therein, such as program execution unit job profiles and descriptions, will be included in the [program Operations Manual](#). For the above-cited purposes, the program execution unit will implement a management model that incorporates the most efficient methodologies with the aim of ensuring that the expected results are achieved. These methodologies will be spelled out in the [program Operations Manual](#).
- 3.6 **Procurement of works, goods, and services.** Procurement processes will be conducted in accordance with the Bank's procurement policies of March 2011 (documents GN-2349-9 and GN-2350-9). The threshold for international competitive bidding (ICB) will be posted on the IDB's [procurement portal](#). The selection method for this threshold will be specified in the Bank-approved procurement plan. ICB processes will use the standard bidding documents issued by the Bank. National competitive bidding process will use documents agreed upon with the Bank (or satisfactory to the Bank if not yet agreed upon). The program coordinator will be responsible for reviewing technical specifications.
- 3.7 Disbursements will be made in accordance with the program's actual liquidity needs (financial planning). The program execution unit will submit the disbursement request to the Bank along with a financial plan to initially cover projected expenses for a period of 180 days. Disbursements will be justified for at least 80% of all cumulative balances pending justification. The executing agency will submit the program's annual and final audited financial statements, in accordance with specific terms of reference acceptable to the Bank, within 120 days after the end of each fiscal period of the borrower during the original disbursement period or any

extensions thereof. The final audit report will be submitted within 120 days after the end of the original or extended disbursement period.

B. Summary of results monitoring arrangements

- 3.8 **Monitoring.** The program's monitoring system will consist of: (i) the results matrix; (ii) the multiyear execution plan; (iii) the annual work plan; (iv) the monitoring and evaluation plan; (v) the procurement plan; (vi) progress monitoring reports; (vii) semiannual progress reports; (viii) audited financial statements; and (ix) terms of reference for consulting contracts. The program execution unit will prepare the semiannual progress reports for the Bank to review. MININTER, as the executing agency, agrees to use the results matrix and the activities set forth in the progress monitoring report.
- 3.9 **Midterm and final evaluation.** A midterm and final evaluation will be commissioned, both of which will cover technical, administrative, and financial considerations. The results matrix will be continuously monitored as well. These evaluations will focus on fulfillment of impacts, outcomes, and outputs, and they will also attempt to identify the highest-impact inputs. The midterm evaluation will be commissioned when at least 50% of the program's funds have been disbursed or 30 months after the loan contract entered into effect, whichever occurs first. The final evaluation will be commissioned when at least 95% of the program's funds have been disbursed. The monitoring process for both evaluations will constitute a mechanism for verifying the change theory (or theories, depending on the component) and will allow for readjustments, if needed. These mechanisms and instruments will be used to report on monitoring efforts, which will be a source of information for preparing the project completion report.
- 3.10 **Impact evaluation.** An impact evaluation of "hot spot" patrol strategies and community policing will be carried out using the difference-in-differences method with statistical pairing, as described in the [monitoring and evaluation plan](#).

Development Effectiveness Matrix		
Summary		PE-L1224
I. Corporate and Country Priorities		
1. IDB Development Objectives		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Subnational governments benefited by citizen security projects (#)* -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)* -Crime information systems strengthened (#)*	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2889	Improve Citizen Security.
Country Program Results Matrix	GN-2948-2	The intervention is included in the 2019 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.1
3.1 Program Diagnosis		2.4
3.2 Proposed Interventions or Solutions		4.0
3.3 Results Matrix Quality		2.7
4. Ex ante Economic Analysis		9.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		0.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		7.6
5.1 Monitoring Mechanisms		2.2
5.2 Evaluation Plan		5.4
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		B
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting. Procurement: Information System.
Non-Fiduciary	Yes	Strategic Planning National System, Monitoring and Evaluation National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	The Program has support from technical cooperation resources ATN/OC-16298-PE

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

Data from the Americas Barometer 2016 indicates that the level of crime victimization in Peru increased to 30.9%, the third-highest in the region. The perception of insecurity of the population reached 90%. About 50% of Peruvians believe that insecurity is the main problem in the country, overcoming concerns about corruption, inflation, and unemployment (INEI 2017).

In this context, the project identifies as the general problem to be addressed the high incidence of crimes (homicides, robberies, and thefts), and high levels of victimization, concentrated in 100 urban districts of the country. Associated with this general problem, three specific problems were identified: (a) low capacity of the Ministry of the Interior of Peru (MININTER) and in particular of the National Police of Peru (PNP) to prevent crime and violence; (b) low effectiveness of police intelligence for the prevention and resolution of crime; and (c) insufficient actions to prevent violence at the community level. The problems and their determinants are adequately specified and quantified.

The main objective of the project is to improve the effectiveness of crime prevention services offered by MININTER to the urban population most vulnerable to crime and violence. This main objective will be achieved through the following specific objectives: (i) improve police effectiveness in crime prevention, (ii) improve the effectiveness of police intelligence and (iii) improve community-based prevention programs (by increasing the reporting of crime, in particular by victims of domestic violence). The objectives proposed are aligned with the problems identified.

The loan proposal identifies the potential beneficiaries of the project. The vertical logic of the project is clear and well-specified; the proposed solutions are linked to the problems identified and their determinants. The project presents adequate evidence of internal validity of the proposed solutions. The Result Matrix contains all its required elements for the monitoring of the project, and correspondence between products and results is shown.

The documentation includes an ex-ante Economic Analysis where the economic benefits have been quantified, and the costs reflect real resource costs to the economy. The estimated Net Present Value (NPV) is US\$ 89 million, and the Internal Rate of Return (IRR) 150%. The assumptions used are presented, and sensitivity analysis has been performed undertaking variations in key assumptions. An ex-post economic evaluation proposal using the same methodology to recalculate the IRR and the NPV is proposed.

The loan proposal includes a satisfactory monitoring and evaluation plan (MEP). The project has identified and adequately addressed the monitoring and evaluation requirements and data availability. The project proposes a before and after evaluation for measuring the change in crime rates (robbery, victimization, domestic violence) in the intervention areas.

RESULTS MATRIX

Program objective:	The program's general objective is to enhance the effectiveness of MININTER's crime prevention services for urban dwellers who are most vulnerable to crime and violence. Its specific objectives are to: (i) improve police effectiveness at preventing crime; (ii) improve the effectiveness of police intelligence; and (iii) enhance community-based prevention. ¹
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EXPECTED IMPACT

Indicators	Unit of measure	Baseline year	Baseline	Final target year	Final target	Means of verification	Evaluation method
I.1. Homicides in the 100 most vulnerable districts ²	Homicides per 100,000 population	2018	9.32 ³	2024	8.8	National Statistics and Informatics Institute (INEI), Integrated Statistical System on Crime and Citizen Security (SIECSC)	In view of the fact that the 100 jurisdictions contain 236 police precincts, of which 107 will be targeted by the program, we estimated the final target by extrapolating the effects discussed in the outcomes section. We assumed no impact on nontargeted precincts for the purposes of this estimation.
I.2. Robberies in the 100 most vulnerable districts	Robberies per 100,000 pop.	2018	475	2024	427.5	INEI, SIECSC	In addition to the method explained in comment I.1, robbery data was adjusted for the average reporting rate to reflect the high rates of unreported robbery. The average reporting rate at the district level is 12% and in the "Barrio Seguro" jurisdictions is 17%. We used a 17% adjustment for the sake of consistency and for a conservative impact estimate.
I.3. Thefts in the 100 most vulnerable districts	Thefts per 100,000 pop.	2018	693	2024	623.7	INEI, SIECSC	See comment I.2.
I.4. Victimization in the 100 most vulnerable districts	% crime victims in the district	2018	33.7	2024	30.3	INEI, National Survey of Strategic Programs, Citizen Security Section	In accordance with the methodology discussed in comment R.1.1, we calculated the reduction in victimization in the jurisdictions targeted in the intervention and then estimated the impact at the district level using the method described in comment I.1.

¹ By increasing the rate at which crimes are reported, especially cases of domestic violence.

² The program's targeting methodology identified the 100 districts with Peru's highest crime, victimization, and incarceration rates.

³ Due to a lack of data on the absolute number of homicides in Lima department, these values were estimated using population data and homicide data from other sources. This estimate was then used to determine the baseline for the 100 districts.

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline year	Baseline	Final target year	Final target	Means of verification	Evaluation method
1. Reduced homicide, theft, and victimization rates in prioritized jurisdictions as a result of more effective policing							
R.1.1 Homicides reported in the prioritized jurisdictions	Homicides per 100,000 pop.	2017	2.6 ⁴	2024	2	INEI, SIECSC	García, Mejía, and Ortega (2013) found that a community policing initiative in Bogotá, Colombia, achieved a significant (22%) reduction in homicide, home robberies, and street fighting, especially in the most crime-ridden areas. One of the reasons for this is higher motivation levels among police officers who felt more in touch with the community (García, F., D. Mejía, and D. Ortega (2013). Police Reform, Training and Crime: Experimental Evidence from Colombia's Plan Cuadrantes. Unpublished manuscript.)
R.1.2. Thefts reported in the prioritized jurisdictions	Thefts per 100,000 pop.	2018	979 ⁵	2024	764	INEI, SIECSC	See comment R.1.1.
R.1.3. Victimization rate in the prioritized jurisdictions	% crime victims in the district	2016	16.95 ⁶	2024	13.2	INEI, "Barrio Seguro" survey	See comment R.1.1.
2. Reduced robbery rate in prioritized jurisdictions as a result of more effective police intelligence							
R.2.1. Robbery in prioritized jurisdictions	Robberies per 100,000 pop.	2018	597	2024	567	INEI, SIECSC	A panel data study by Garicano and Heaton (2010) estimates that the combination of improved data and improved investigative work can reduce the number of robberies by 5% (Information Technology, Organization and Productivity in the Public Sector: Evidence from Police Departments Journal of Labor Economics, 2010, Vol.28, No. 1). ⁷

⁴ The baseline was calculated using available crime data for each jurisdiction. For the cost/benefit analysis, these baseline rates were applied to jurisdictions with missing data using with population reports in order to obtain absolute values.

⁵ Idem.

⁶ The baseline was obtained from the survey administered in jurisdictions targeted by the "Barrio Seguro" program in 2016 and will be updated when data on other jurisdictions becomes available.

⁷ This percentage is conservative because other activities likely to affect outcome O.2.1 will be implemented at the national and community level. However, due to a lack of evidence on the cumulative effects of the proposed solutions and of the impact indicators being measured, the program will use this conservative figure for robberies.

Indicators	Unit of measure	Baseline year	Baseline	Final target year	Final target	Means of verification	Evaluation method
3. Increased reporting of crimes, especially cases of domestic violence, in prioritized jurisdictions as a result of improved community-based prevention							
R.3.1. Percentage of victims reporting crime in prioritized jurisdictions	%	2016	17.34 ⁸	2022	18.1	INEI, “Barrio Seguro” survey	Tolsma et al. (2012) found that a one percentage point increase in the rate of public confidence in police correlates to a 0.084 of a percentage point increase in the reporting rate. The estimates by Mazerolle et al. (2013) of increased confidence due to police initiatives for closer community relations and improved public interactions were used to estimate the increased confidence level and reporting rate. ⁹
R.3.2. Percentage of victims reporting domestic violence in prioritized jurisdictions	%	2016	28.2 ¹⁰	2022	28.9	INEI, “Barrio Seguro” survey	See comment O.3.1. above Pro-gender indicator

⁸ The baseline was obtained from the survey administered in precincts targeted by the “Barrio Seguro” program in 2016 and will be updated when data on other precincts becomes available.

⁹ Mazerolle et al. (2013) used a meta-analysis of 29 impact evaluations of police initiatives for closer community relations and improved public interaction to find a significant increase in public confidence in police with a 95% confidence rate, determining a weighted odds ratio of 1.75 for the 29 combined evaluations using the random effect model. Conservatively, an odds ratio effect of 1.35 applied to the baseline confidence rate of 25.5% implies an 8.9% increase in confidence.

¹⁰ The baseline was obtained from the survey administered in precincts targeted by the “Barrio Seguro” program in 2016 and will be updated when data on other precincts becomes available.

OUTPUTS

Outputs	Unit of measure	Baseline 2016	2020	2021	2022	2023	2024	Final target	Means of verification
Component 1: Improving police effectiveness in crime prevention									
P.1.1. Personnel trained to identify, analyze, and address security problems using a community policing approach (includes design and implementation of curricula and procurement of hardware for selection, monitoring, and development of trainers)	# personnel	0	0	3,745	0	3,745	0	7,490	Reports generated by the National Police Training Academy (ENFPP)
P.1.2. Information system for generating, analyzing, and monitoring crime prevention data in police precincts for patrol service and community policing, designed and implemented (includes adaptation of physical spaces and procurement of equipment)	# systems	0	0	0	0	1	0	1	Peruvian National Police (PNP) reports
P.1.3. Information system for generating, analyzing, and monitoring crime prevention data in MININTER's National Citizen Security Observatory, designed and implemented (includes adaptation of physical spaces and procurement of equipment)	# systems	0	0	0	1	0	0	1	Reports from the Information Division on the Ministry of the Interior (MININTER)
Component 2: Improving the effectiveness of police intelligence									
P.2.1. DIRIN personnel specializing in intelligence, strategic analysis, special operations, and operational tactical analysis (includes training guidelines, design, and implementation)	# personnel	81	260	777	515	186	0	1,738	National Police Intelligence Office (DIRIN) and PNP reports

Outputs	Unit of measure	Baseline 2016	2020	2021	2022	2023	2024	Final target	Means of verification
P.2.2. Information system for recording, analyzing, and processing police intelligence in DIRIN, designed and implemented (includes training and procurement of equipment)	# systems	0	0	0	0	1	0	1	DIRIN-PNP reports
Component 3: Improving community-based prevention									
P.3.1. Citizen Security Administration strengthened	# divisions strengthened	0	0	1	0	0	0	1	Reports from MININTER's Information Division
P.3.2. Preventive community-organization programs for citizen security using developed methodologies and protocols, implemented in prioritized jurisdictions	# programs implemented	0	0	0	0	0	3	3	PNP and Citizen Security Division (DGSC) of MININTER reports
P.3.3. Community-based prevention programs targeted to children, teenagers, young adults, and women to address crime risk factors using developed methodologies, protocols, equipment, evaluations, and technical capacity, implemented in prioritized jurisdictions	# programs implemented	0	0	0	0	0	3	3	PNP and DGSC (MININTER) reports
P.3.4. Physical spaces in the police station for community-based prevention services, conditioned and equipped	# rooms	0	0	20	22	0	0	42	PNP and DGSC (MININTER) reports
P.3.5. Pilot mechanism for accountability, transparency, and citizen engagement, implemented	# systems	0	0	1	0	0	0	1	Reports from MININTER's Information Division

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Peru

Project number: PE-L1224

Project name: Improvement of Crime Prevention Services in the Population Most Vulnerable to Crime and Violence in Peru

Executing agency: Ministry of the Interior (MININTER)

Fiduciary team: Andrés Suárez and Gabriele del Monte (FMP/CPE)

I. EXECUTIVE SUMMARY

- 1.1 MININTER's fiduciary position was analyzed and its institutional capacity was reviewed using the Institutional Capacity Assessment System.

II. COUNTRY FIDUCIARY CONTEXT

- 2.1 Peru's country financial management systems are suitable and reliable. As for the country procurement system, the electronic reverse auction subsystem and the electronic catalog subsystem for framework agreements in Peru's public procurement system, approved in document GN-2538-11, are currently being used.

III. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY AND THE ADMINISTRATIVE EXECUTION UNIT FOR PROGRAM BENEFICIARIES

- 3.1 The executing agency will be MININTER, acting through the program execution unit. As a budgetary entity, the program execution unit will manage the program with administrative and financial autonomy and will perform functions related to administration (particularly in budgeting, programming, accounting, treasury, and procurement, using the Bank's policies and procedures and, eventually, country system policies); economic and financial matters; coordination of technical aspects; and program planning, execution, monitoring, and evaluation.
- 3.2 The program execution unit will be formed via MININTER ministerial resolution. Its duties and responsibilities will be specified as part of the IDB loan operation. In terms of organizational hierarchy, it will be established as part of the National Citizen Security Administration and will answer to the Office of the Deputy Minister of Public Safety. The program will be executed with technical support from MININTER units associated with the program's components. The program execution unit's organizational structure will consist of individual consultants working on the program on a full-time basis, whose duties related to procurement and financial management will be set forth in the program Operations Manual.

- 3.3 MININTER uses the government's electronic procurement system to post the procurement plan for dissemination of procurement processes.
- 3.4 MININTER uses the Integrated Financial Management System (SIAF) as its financial management operating system for accounting records of program operations. MININTER personnel have no experience in or knowledge of the Bank's fiduciary procedures.

IV. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 4.1 In view of the executing agency's incipient capacity for fiduciary management in accordance with Bank policies, the risk assessment identified as a fiduciary risk delays associated with the timely fulfillment of fiduciary requirements for procurement and financial management, resulting in higher costs and a longer time frame for program implementation. To mitigate this fiduciary risk, for which a high level of risk was identified, the following actions were prescribed: (i) formation of a program execution unit with the necessary and qualified personnel; (ii) Bank training of program execution unit and executing agency personnel; (iii) hiring of qualified national or international consultants with knowledge of the Bank's fiduciary policies; and (iv) Bank fiduciary supervision.

V. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

- 5.1 The executing agency or program execution unit will submit the program's annual and final audited financial statements, in accordance with specific terms of reference acceptable to the Bank, within 120 days after the end of each fiscal year of the borrower during the original disbursement period or any extensions thereof. The final audit report will be submitted within 120 days after the end of the original or extended disbursement period.
- 5.2 To determine the equivalent amount in the disbursement or approval currency of an eligible expenditure incurred in the local currency of the borrower, the exchange rate to be used for purposes of reconciling accounts and justifying expenditures will be the exchange rate in effect on the date of conversion from the approval currency or disbursement currency to the borrower's local currency (paragraph b(i) of Article 4.10 of the general provisions of the loan contract). To determine the equivalent amount of an expenditure incurred in local currency and charged to the local contribution or reimbursed against the loan, the exchange rate will be the rate in effect on the actual date on which the borrower, the executing agency, or any other person or entity authorized to make expenditures issues the corresponding payment to the contractor, provider, or beneficiary.

VI. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 6.1 **Procurement execution.** Procurement processes will be conducted in accordance with the Bank's procurement policies of March 2011 (documents GN-2349-9 and GN-2350-9). The threshold for international competitive bidding (ICB) will be posted on the IDB's [procurement portal](#). The selection method for this threshold will be specified in the Bank-approved procurement plan.

- 6.2 **Procurement of works, goods, and nonconsulting services.** ICB processes will use the standard bidding documents issued by the Bank. National competitive bidding process will use documents agreed upon with the Bank (or satisfactory to the Bank if not yet agreed upon). The program coordinator will be responsible for reviewing technical specifications.
- 6.3 **Selection and contracting of consultants (consulting firms).** These processes will be conducted in accordance with document GN-2350-9, using the standard request for proposals issued by or agreed upon with the Bank regardless of the contract amount (or satisfactory to the Bank if not yet agreed upon). The program coordinator will be responsible for reviewing the terms of reference.
- 6.4 **Selection of individual consultants.** These processes will be conducted in accordance with Bank policy (document GN-2350-9).
- 6.5 **Prior review of procurement processes.** Prior review of procurement processes will be set forth in the procurement plan, but the review method may be changed at any time during the program upon prior notice to the borrower or executing agency. Any changes approved by the Bank will be reflected in the procurement plan.
- 6.6 **National preference.** No national preference provisions will apply.
- 6.7 **Use of country procurement system.** The Bank's Board of Executive Directors has approved the use of the electronic reverse auction subsystem and the electronic catalogs of framework agreements subsystem in Peru, subject to the conditions established for this purpose and upon timely amendment of the procurement plan. The country procurement system may eventually be used for Bank-financed operations executed by entities included in this system, but only after the Bank's Board of Executive Directors has approved such use and subject to any recommendations.
- 6.8 See the itemized [procurement plan](#) for the first 18 months. The executing agency will post the procurement plan on the Procurement Plan Execution System and will update it on at least a semiannual basis or as requested by the Bank.
- 6.9 **Procurement supervision.** The Bank's ex post supervision will use a sample of contracts on the basis of technical and professional criteria and will be performed by consultants or external auditors. After use of the country procurement system is implemented, the approach may be updated in view of fiduciary risks.¹
- 6.10 **Records and files.** Records and files will be located at the offices of the executing agency under conditions that ensure document integrity and security.
- 6.11 **Retroactive financing and recognition of expenditures.** None anticipated.

¹ After the reverse auction and framework agreement subsystems are put into use in the operations as part of the strategy of using country systems, procurement processes will be systematically monitored and supervised monitoring and verifying the stability of Peru's country system.

VII. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

- 7.1 **Programming and budget.** Program-related expenditures must be viable within the framework of guidelines issued by the Ministry of Economy and Finance. The National Multiyear Programming and Investment Management System (Invierte.pe) is currently in place to expedite the approval of investment projects and provide for flexibility in execution at all three levels of government. Annual programming and the budget will be based on the guidelines of the Ministry of Economy and Finance's budget division.
- 7.2 MININTER's budget includes regular Ministry of Economy and Finance resources for partial financing of a specific program. The program's local contribution will finance part of the costs related to the general sales tax as well as program administration costs.
- 7.3 The multiyear execution plan will be prepared and, in turn, serve as the basis for preparing the annual budget in view of the program's disbursement schedule. The program budget will be approved by the Ministry of Economy and Finance and the National Congress, and it will be reported to the Bank on an annual basis. The SIAF will be used to administer the budget.
- 7.4 **Accounting and information system.** The SIAF's integrated Project Execution Module, which provides transparency and specific budget execution controls, will be used for accounting and reporting. This module can be used for financial reporting, including disbursement requests, exchange rate monitoring, and other purposes. Accounts will be prepared on a cash basis, in accordance with international accounting standards, and following the guidelines of the National Public Accounting Office (DNCP).
- 7.5 **Disbursements and cash flow.** The country treasury system will be used in accordance with the guidelines issued by the National Debt and Treasury Office. Expenditures are subject to the budget and financial execution process, and information must be entered into SIAF's project execution module on the processing of expenditures within the regulatory framework applicable to each stage: commitment, liquidation, authorization, and payment. The program execution unit will maintain a specific bank account in U.S. dollars and another account in soles (monetization) for loan proceeds. The possibility of switching to the use of a treasury single account (TSA) for loan operations is being considered with the Ministry of Economy and Finance. In view of current activities entailing coordination with the Ministry, this option may be implemented in the short term.
- 7.6 Disbursements will be made in accordance with the program's actual liquidity needs. The program execution unit will submit the disbursement request to the Bank along with a financial plan to initially cover projected expenses for 180 days. Disbursements will be justified for at least 80% of the total cumulative balance of disbursements pending justification.
- 7.7 The external auditors will conduct ex post reviews of records and supporting documentation of completed activities and transactions. All documents and records must be kept for at least three years after the date of the last disbursement. Expenditures that are not Bank-eligible may be reimbursed from the local contribution.

- 7.8 **Internal control and internal audit.** The control environment, control activities, communication and reporting, and monitoring of activities of the executing agency and program execution unit are governed by the country's rules and regulations, which are based on the National Control System and Office of the Comptroller General of the Republic Organizational Act.
- 7.9 The institutional control unit will be responsible for internal and external control of MININTER in accordance with the aforementioned act. This unit will receive a copy of the external audit reports through a system designed by the Office of the Comptroller General of the Republic (CGR), which may carry out inspections.
- 7.10 **External control and reports.** Within the framework of the CGR's role and requirements, the external auditing of projects is outsourced to Bank-eligible independent auditing firms. These firms are periodically evaluated by the Bank. The CGR authorized the executing agency/program execution unit to select and hire the auditing firm in accordance with Bank policies through the program's execution period, including any extension to the final disbursement period. The auditing firm selected will have level I or level II eligibility.
- 7.11 The program's financial statements include cash flow statements, cumulative investment statements, notes on the financial statements, and the statement by project management (executing agency/program execution unit). The audit report will include an evaluation of the internal control system. The cost of external audits, estimated at US\$200,000 over the expected five-year execution period for the loan operation, will be paid with the loan proceeds.
- 7.12 **Financial supervision plan.** This plan may be adjusted in view of program execution and external audit reports.

Table 1. Supervision plan

Activities	Nature/scope	Frequency
Financial	Portfolio review with executing agency and Ministry of Economy and Finance	Semiannually
	Financial audit and submittal of financial statements	Annually and at the end of the program
	Review of disbursement requests and attached reports	Four or five times annually
	Inspection visit/program review/analysis of control environment in the executing agency	Annually

DOCUMENTO DEL BANCO INTERAMERICANO DE DESARROLLO

PROYECTO DE RESOLUCIÓN DE-___/19

Peru. Loan ____/OC-PE to the Republic of Peru
Improvement of Crime Prevention Services
in the Population Most Vulnerable to
Crime and Violence in Peru

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Peru, as borrower, for the purpose of granting it a financing to cooperate in the execution of a project for the "Improvement of Crime Prevention Services in the Population Most Vulnerable to Crime and Violence in Peru". Such financing will be for the amount of up to US\$40,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on __ _____ 2019)