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R2019-0123/1

May 16, 2019

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<p><b>Closing Date: Wednesday, June 5, 2019 at 6:00 p.m.</b></p>
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FROM: Vice President and Corporate Secretary

**Peru - Improving the Performance of Non-Criminal Justice Services Project**

**Project Appraisal Document**

Attached is the Project Appraisal Document regarding a proposed loan to Peru for an Improving the Performance of Non-Criminal Justice Services Project (R2019-0123), which is being processed on an absence-of-objection basis.

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Report No: PAD2837

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT  
ON A  
PROPOSED LOAN

IN THE AMOUNT OF  
US\$85 MILLION

TO THE  
REPUBLIC OF PERU

FOR  
IMPROVING THE PERFORMANCE OF NON-CRIMINAL JUSTICE SERVICES

May 10, 2019

Governance Global Practice  
Latin America And Caribbean Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective May 11, 2018)

Currency Unit = Sol

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S/. 3.259 = US\$1

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## FISCAL YEAR

January 1 - December 31

Regional Vice President: Axel van Trotsenburg

Country Director: Alberto Rodríguez

Senior Global Practice Director: James Brumby

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## ABBREVIATIONS AND ACRONYMS

ADR	Alternate Dispute Resolution
ALEGRA	Free Legal Assistance Centers ( <i>Centros de Asistencia Legal Gratuita</i> )
AMAG	Judicial Training Academy ( <i>Academia de la Magistratura</i> )
ANJ	National Accord for Justice ( <i>Acuerdo Nacional por la Justicia</i> )
CEM	Women Emergency Center ( <i>Centro de Emergencia Mujer</i> )
CERIAJUS	Special Commission for an Integrated Reform of the Administration of Justice ( <i>Comisión Especial para la Reforma Integral de la Administración de Justicia</i> )
CNM	National Council of Magistrates ( <i>Consejo Nacional de la Magistratura</i> )
CPF	Country Partnership Framework
DA	Designated Account
DB	Doing Business
DFIL	Disbursement and Financial Information Letter
EJE	Judicial Electronic File ( <i>Expediente Judicial Electrónico</i> )
FM	Financial Management
FMA	Financial Management Assessment
GDP	Gross Domestic Product
GoP	Government of Peru
IDB	Inter-American Development Bank
IBRD	International Bank of Reconstruction and Development
ICR	Implementation Completion Report
IFR	Interim Financial Report
INEI	National Institute for Statistics and Informatics ( <i>Instituto Nacional de Estadística e Informática</i> )
IPF	Investment Project Financing
IPPF	Indigenous Peoples Planning Framework
IRR	Internal Rate of Return
IT	Information Technology
JNJ	National Justice Board ( <i>Junta Nacional de Justicia</i> )
LAC	Latin America and the Caribbean
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance ( <i>Ministerio de Economía y Finanzas</i> )
MINJUSDH	Ministry of Justice and Human Rights ( <i>Ministerio de Justicia y Derechos Humanos</i> )
MP	Attorney General's Office ( <i>Ministerio Público-Fiscalía de la Nación</i> )
NPV	Net Present Value
OCI	Internal Control Office ( <i>Órgano de Control Institucional</i> )
OECD	The Organisation for Economic Cooperation and Development
OM	Operational Manual
PDO	Project Development Objective
PEIR	Public Expenditure and Institutional Review
PIU	Project Implementation Unit
PJ	Judiciary ( <i>Poder Judicial</i> )
PPSD	Project Procurement Strategy for Development

SAJ	System for the Administration of Justice ( <i>Sistema de Administración de Justicia</i> )
SCD	Systematic Country Diagnostic
SIAF	Integrated Financial Management System ( <i>Sistema Integrado de Administración Financiera</i> )
SIGE	Integrated Case Management System ( <i>Sistema Integrado de Gestión de Expedientes</i> )
SIJ	Integrated System of Justice ( <i>Sistema Integrado de Justicia</i> ).
SINOE	Electronic Notification System ( <i>Sistema de Notificación Electrónica</i> )
STEP	Systematic Tracking of Exchanges in Procurement
TC	Constitutional Tribunal ( <i>Tribunal Constitucional</i> )
UE	Executing Unit ( <i>Unidad Ejecutora</i> )
WB	World Bank



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## DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
Peru	Improving the Performance of Non-Criminal Justice Services	
Project ID	Financing Instrument	Environmental Assessment Category
P162833	Investment Project Financing	B-Partial Assessment

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
05-Jun-2019	30-Sep-2024

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

The Project's development objective is to improve efficiency, access, transparency, and user satisfaction, in the delivery of adequate non-criminal justice services.

**Components**

Component Name	Cost (US\$, millions)
----------------	-----------------------





Component 1: Strengthening the institutionality of the non-criminal justice administration system	107.17
Component 2: Improving the production, analysis and use of information of the justice administration system	7.10
Component 3: Reducing socio-economic, cultural and geographic barriers to access to justice for vulnerable populations.	17.85
Component 4: Improving efficiency and efficacy of the justice administration system institutions.	26.01

### Organizations

Borrower:	Republic of Peru
Implementing Agency:	Ministry of Justice and Human Rights Judiciary of Peru

### PROJECT FINANCING DATA (US\$, Millions)

#### SUMMARY

Total Project Cost	158.13
Total Financing	158.13
of which IBRD/IDA	85.00
Financing Gap	0.00

#### DETAILS

##### World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	85.00
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##### Non-World Bank Group Financing

Counterpart Funding	73.13
Borrower/Recipient	73.13

### Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2019	2020	2021	2022	2023	2024
Annual	0.00	8.50	12.12	20.00	25.00	19.38



Cumulative	0.00	8.50	20.62	40.62	65.62	85.00
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**INSTITUTIONAL DATA****Practice Area (Lead)****Contributing Practice Areas**

Governance

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**Gender Tag****Does the project plan to undertake any of the following?**

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)****Risk Category****Rating**

1. Political and Governance	● High
2. Macroeconomic	● Low
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Substantial
9. Other	



10. Overall

● Substantial

## COMPLIANCE

### Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

### Safeguard Policies Triggered by the Project

Yes

No

Environmental Assessment OP/BP 4.01

✓

Performance Standards for Private Sector Activities OP/BP 4.03

✓

Natural Habitats OP/BP 4.04

✓

Forests OP/BP 4.36

✓

Pest Management OP 4.09

✓

Physical Cultural Resources OP/BP 4.11

✓

Indigenous Peoples OP/BP 4.10

✓

Involuntary Resettlement OP/BP 4.12

✓

Safety of Dams OP/BP 4.37

✓

Projects on International Waterways OP/BP 7.50

✓

Projects in Disputed Areas OP/BP 7.60

✓

### Legal Covenants

#### Sections and Description

Section I.A.1. of Schedule 2. Institutional Arrangements

The Borrower shall promptly transfer the proceeds of the Loan to the PJ through its budgetary mechanisms and in a manner acceptable to the Bank.

#### Sections and Description

Section I.A.2. of Schedule 2. Project Committee



The Borrower, through the Participating Institutions, shall, not later than thirty (30) days after the Effective Date, create and thereafter maintain, at all times, until the completion of the Project, a steering committee (Steering Committee), with membership, structure, functions and responsibilities as set forth in the Operational Manual.

#### Sections and Description

##### Section I.A.3. of Schedule 2. Project Implementing Units

- (a) The Borrower, through MINJUSDH, shall maintain, at all times until the completion of the Project, a Project executing unit (UE-MINJUSDH), within MINJUSDH, responsible for the implementation of MINJUSDH's, TC's and JNJ's respective activities under the Project.
- (b) The Borrower, through MINJUSDH, shall take all necessary measures to maintain the UE-MINJUSDH staffed, at all times throughout Project implementation, by qualified and experienced technical and administrative staff in adequate numbers, with the core functions required for the effective implementation of the Project.
- (c) The Borrower, through MINJUSDH, shall ensure that, not later than ninety (90) days after the Effective Date, a procurement and a financial management specialist are hired to work full time within UE-MINJUSDH, under terms of reference acceptable to the Bank.
- (d) The Borrower, through the PJ (acting through the UE-PJ) shall maintain, at all times until the completion of the Project, a Project executing unit (UE-PJ), within the Judiciary, responsible for the implementation of PJ's and AMAG's respective activities under the Project.
- (e) The Borrower, through the PJ (acting through the UE-PJ) shall maintain the UE-PJ staffed, at all times throughout Project implementation, by qualified and experienced technical and administrative staff in adequate numbers, with the core functions required for the effective implementation of the Project.
- (f) The Borrower through the PJ (acting through the UE-PJ) shall hire, not later than ninety (90) days after the Effective Date, a procurement and a financial management specialist to work full time within UE-PJ, under terms of reference acceptable to the Bank.

#### Sections and Description

##### Section I.A.4. of Schedule 2. Project Operational Manual

The Borrower, through the UE-MINJUSDH and through the PJ (acting through the UE-PJ) shall carry out the Project in accordance with the provisions of a manual satisfactory to the Bank (the Operational Manual).

#### Sections and Description

##### Section I.B. of Schedule 2. Institutional Agreements.

1. To facilitate the carrying out of Part 1.2., Part 1.3., Part 2.2., Part 2.3., Part 4.1., and partially Parts 4.2 and 4.3 of the Project, the Borrower, shall:



- (a) not later than ninety (90) days after the Effective Date, through MINJUSDH, enter into an agreement with the TC (the TC Cooperation Agreement), under terms and conditions acceptable to the Bank.
- (b) not later than thirty (30) days after all the JNJ members have been appointed, through MINJUSDH, enter into an agreement with the JNJ (the JNJ Cooperation Agreement), under terms and conditions acceptable to the Bank.
- (c) not later than ninety (90) days after the Effective Date, through the PJ (acting through the UE-PJ) shall enter into an agreement with the AMAG (the AMAG Cooperation Agreement), under terms and conditions acceptable to the Bank.

#### Sections and Description

##### Section I.C. of Schedule 2. Safeguards

1. The Borrower, through the UE-MINJUSDH and through the PJ (acting through the UE-PJ) shall implement the Project in accordance with the Environmental Management Framework and the Indigenous Peoples Planning Framework, and any environmental management plans or indigenous peoples plans as applicable.
2. The Borrower, through the UE-MINJUSDH and through the PJ (acting through the UE-PJ) shall ensure that the terms of reference for any consultancies related to the technical assistance provided under the Project, shall be acceptable to the Bank and, to that end, such terms of reference shall require that the advice conveyed through such technical assistance be consistent with the requirements of the Bank's Safeguard Policies.

#### Conditions



## I. STRATEGIC CONTEXT

### A. Country Context

1. **Peru remains one of the fastest growing economies in the Latin America and Caribbean region.** After expanding strongly during the boom in commodity prices (2004-2013), the Peruvian economy entered a deceleration period that lowered its GDP growth rate to 2.5 percent in 2017. Currently, the economy is going through a cyclical recovery driven by domestic demand, which raised its growth rate to 4 percent in 2018, a pace that is expected to be maintained over the medium term. Higher private investment is being driven by new capital in mining, improved business confidence, job creation and an accommodative monetary policy. Public revenues have strongly increased in the context of stronger corporate profits and higher sales, allowing for an expansion in public spending, on the one side, and the commencement of fiscal consolidation, on the other. The fiscal deficit decreased from 3.1 percent in 2017 to 2.5 percent in 2018, and is expected to reach one percent in 2021, in compliance with fiscal rules. The current account deficit was 1.5 percent of GDP in 2018, and is expected to slightly increase, due to an investment-related boost in imports. Foreign direct investment and other long-term capital inflows are expected to over-finance the external gap, allowing for some accumulation of reserves. Peru has built fiscal and external buffers that can mitigate external shocks to its economy. As of December 2018, gross (net) public debt stands at 25.7 (11.4) percent of GDP and international reserves are at US\$60.1 billion, equivalent to 27 percent of GDP.

2. **Poverty and inequality have fallen dramatically over the last decade, although they increased in 2017, for the first time this century.** For most of the 2000s, Peru's rapid economic growth, coupled with well-targeted social policies, boosted income growth among the bottom 40 percent at rates much higher than mean growth. As a result, poverty rates halved from 42.4 percent in 2007 to 20.7 percent in 2016, and inequality fell substantially (from 0.50 to 0.44 in that period). More recently, modest economic growth, stagnation in the labor market, and a halt in the expansion of social spending stopped the long-term trend of poverty reduction. The total national poverty rate increased from 20.7 percent in 2016 to 21.7 percent in 2017 (statistically significant), while the extreme poverty rate stagnated. While Metropolitan Lima was the most affected area by the recent increase, rural areas still have higher poverty rates, overall, than urban areas (around 30 percentage points higher). Beyond the recent trends, inequalities in assets and access to quality services and markets remain a challenge, including spatial inequalities, by sex and between ethnic groups. For instance, a relative absence of government services in isolated regions has fueled a lack of trust in the State that is visible in generally low compliance with rules and regulations. In addition, women face disadvantages in the labor market, and rates of domestic violence are high. Indigenous and Afro-Peruvians, who make up around 45 and 3 percent of the population, respectively, face further disadvantages in living conditions. Of the total population, around 16 percent speak a language other than Spanish as their native tongue.

3. **Authoritarian rule and the violence of the 1990s weakened institutions, which had to be rebuilt with the return to democracy.** This process has been slow and has not always been linear. After almost two decades of high growth and strong poverty reduction, Peru found itself caught in the "*lava jato*" corruption scandals, which affected successive administrations and contributed to the resignation of the President of the Republic in March, 2018. Within this overall context, the justice system is commonly perceived to be outdated, slow and corrupt, though the system performs well in some areas. In July 2018, audio recordings of corrupt practices in the judicial system were made public, leading to a major institutional crisis and the resignation of the President of the Supreme Court, and the Minister of Justice (among others). Following this political and institutional turmoil, the



President of the Republic appointed a Consultative Commission for the Reform of the Justice System, which made a series of profound recommendations for reform (the Wagner Commission Report).<sup>1</sup>

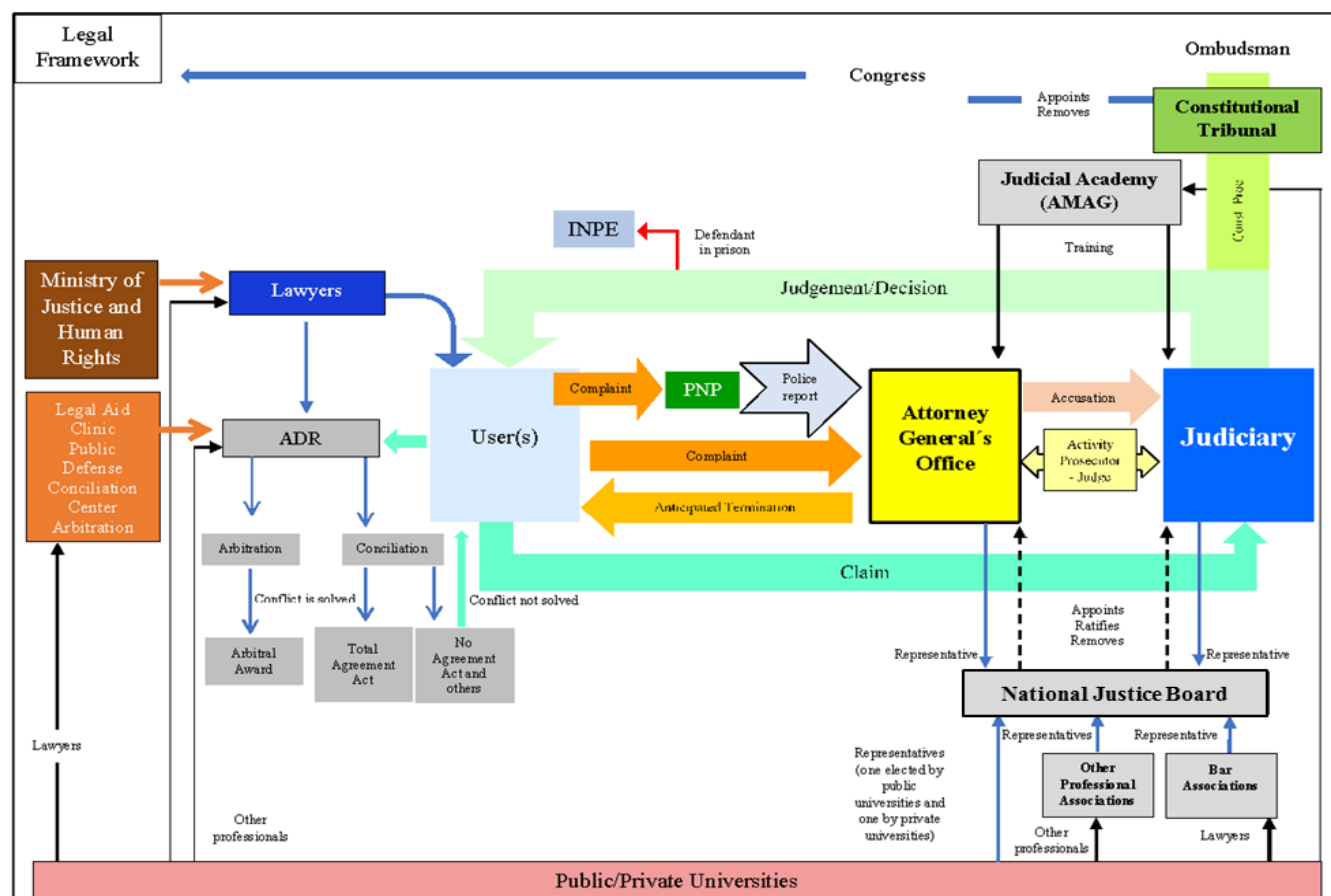
## **B. Sectoral and Institutional Context**

4. **The Peruvian System for the Administration of Justice (SAJ) is composed of multiple agencies.** The principal institutions are: (i) the Judiciary (*Poder Judicial*, PJ), which includes all courts except the Constitutional Tribunal; (ii) the Ministry of Justice and Human Rights (*Ministerio de Justicia y Derechos Humanos*, MINJUSDH), responsible for protecting human rights and access to justice and for developing public policies in the justice sector; (iii) the Attorney General's Office (*Ministerio Público-Fiscalía de la Nación*, MP) responsible for investigation and prosecution of criminal cases; (iv) the Constitutional Tribunal (*Tribunal Constitucional*, TC), responsible for deciding questions of constitutional law; (v) the National Justice Board (*Junta Nacional de Justicia*, JNJ) (formerly the National Council of Magistrates - *Consejo Nacional de la Magistratura*, CNM), responsible for the selection, appointment, evaluation and removal of judges and prosecutors; and (vi) the Judicial Academy (*Academia de la Magistratura*, AMAG), responsible for providing training and capacity building for judges, prospective judges and prosecutors. Figure 1 shows the relationship among these and other institutions of the justice sector.

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<sup>1</sup> *Informe de la Comisión Consultiva para la Reforma del Sistema de Justicia*, July 25, 2018. See a summary in paragraph 6.

**Figure 1: Justice Sector Institutional Arrangement**



5. **Corruption and weak accountability are major problems affecting the quality and credibility of the judicial system and have led to the recent big push for reform.** The institutional crisis of July 2018 exposed corrupt networks within the Peruvian judicial system. It was precipitated by audio recordings of judges and members of the CNM, using their influence and soliciting bribes to obtain positions and alter sentencing decisions. Several judges were arrested, the entire council of the CNM was dismissed by Congress, and the body disbanded and replaced by the JNJ. Further revelations confirmed widespread trafficking of influence within the judicial system. As a response, the President, in consultation with Congress and civic and political players, established the Wagner Commission to analyze the underlying issue affecting the justice system and prepare recommendations to undertake a profound reform in the justice sector. The Wagner Commission Report noted: “The current crisis has exposed what was well known, but for which concrete evidence was lacking. This has opened a space for change.”

6. **The Wagner Commission Report consolidated past diagnostics to create a fresh blueprint for reform, which the Peruvian state is now implementing.** Prepared in a record time, the 10 main recommendations of the Wagner Commission Report (see box below) provide a sound basis for the Government's program for reform of the justice system. The Report draws heavily on the 2004 National Plan produced by the Special Commission for an Integrated Reform of the Administration of Justice (CERIAJUS<sup>2</sup>) and the 2016 National Accord for Justice

<sup>2</sup> Comisión Especial para la Reforma Integral de la Administración de Justicia, 2004





(*Acuerdo Nacional por la Justicia*, ANJ). The Wagner Commission Report recommendations command a broad consensus. One of the most significant changes recommended in the Report is the creation of the JNJ (Recommendation 2). This required constitutional reform, for which the President swiftly called a referendum in December 2018. The population overwhelmingly (86 percent) endorsed the creation of the new JNJ.

7. **The Wagner Commission Report also highlighted the need for stronger leadership to drive the required**

**Wagner Commission Report Recommendations**

1. Create a new National Integrity and Control Authority in the Judiciary and the Public Prosecutor's Office.
2. Reform the CNM to eliminate the corporate elections of council members and replace them with a council selected by public competition based on professional and ethical merit. [The new *Junta Nacional de Justicia*]
3. Create a national system of specialized justice for women and families, to deal with gender-based and family violence.
4. Oblige the pension office to develop an ethically sound administrative system to avoid the transfer of pension cases to the courts, as well as allowing courts to access necessary information to accelerate the processing of existing cases.
5. Eliminate the need for intervention of the Public Prosecutor's Office in all court cases for administrative disputes.
6. Merit-based public competition for all temporary judges and prosecutors.
7. Create a Supreme Anti-corruption Prosecutor's office within the Public Prosecutor's Office.
8. Introduce formal transparency and access to information requirements for the Judicial system.
9. Introduce a legal framework to promote ethics in the legal profession.
10. Create a Council for the Reform of the Justice System, headed by the President of the Republic.

**reforms and recommended the creation of a High-Level Council to oversee the Reform of the Justice System (Recommendation 10).** The Council, which was approved in a first ballot by Congress in January 2019, will be chaired by the President of the Republic and comprises the heads of the other powers, as well as the main judicial entities. Its key mandate is to focus the reform process as a priority project of the State and mobilize the necessary political capital and resources to implement the profound changes needed.

8. **Even prior to the July 2018 crisis, the justice sector's challenges were widely recognized.** An inability to overcome these challenges is reflected in low user satisfaction levels and trust. In 2017, only 18 percent of citizens reported trust in the judiciary<sup>3</sup>, the second lowest in the region, and further, most consider it inequitable.<sup>4</sup> The five

main challenges of the justice sector are:

- (i) **Inefficiency - reflected most evidently in the excessive length of time for resolving cases.** Delays are caused by high workloads but also by inefficient court processes, such as written proceedings, in-person notification, and the rotation of judges.<sup>5</sup> All these factors have a negative impact on the duration of cases and the non-criminal case backlog, which has by more 6 per cent per year since 2012.<sup>6</sup> Additionally, courts are full of cases that should not be the subject of legal proceedings. The Wagner Commission Report cites pensions for senior citizens, where the organization in charge of pension administration (*Oficina de Normalización Previsional – ONP*) routinely drives pensioners to court to obtain pension awards. There

<sup>3</sup> Corporacion Latinobarometro (2017) Informe (<http://www.latinobarometro.org/LATDocs/F00006433-InfLatinobarometro2017.pdf>). The level of mistrust is the same with the executive and parliament.

<sup>4</sup> Poder Judicial del Perú. Plan de Desarrollo Institucional 2009-2018. Lima: Poder Judicial del Perú, 2011.

<sup>5</sup> Gutiérrez, Walter. *La justicia en el Perú: Cinco grandes problemas*. Lima: Gaceta Jurídica, 2015.

<sup>6</sup> Poder Judicial del Perú. Evaluación del Programa de Inversión Pública: "Mejoramiento de los servicios de justicia no penales a través de la implementación del Expediente Judicial Electrónico", April, 2018.



are currently 70,000 ONP cases in the courts<sup>7</sup>, slowing down the system as a whole, but also placing a substantial burden on (largely older) citizens.

- (ii) **Limited accountability - reflected in inconsistent decision making, corruption and lack of public information.** The absence of clear a precedent system to guide judges contributes to unpredictable and inconsistent decisions.<sup>8</sup> This affects the credibility of the Judiciary, as it generates the suspicion of (and increases the room for) corruption.<sup>9</sup> While the public's general right to access information has been established by the TC, very limited information is shared by the justice system.
- (iii) **Poor access – especially for vulnerable populations.** Peru performs poorly in terms of access to, and the affordability of, civil justice compared to Latin American peers (see Figure 2). One of the biggest challenges is the cost of justice services. According to Doing Business (DB) 2019, the cost of a commercial case is 35.7 percent of the claim value, higher than the LAC average (31.4 percent) and well above the average for OECD high-income countries (21.2 percent). Additionally, discrimination for linguistic, cultural, and social reasons creates barriers to justice and Peru performs poorly compared to its Latin American peers in this regard (see Figure 3). Moreover, there are important geographical barriers, with most justice services provided only in established urban areas. Likewise, there is little coordination among institutions on where to place personnel (for example, there are locations with judges but no prosecutors), requiring users to travel to different places to resolve a problem.<sup>10</sup> Finally, the lack of access of vulnerable populations to justice services is being exacerbated by increased climate variability and observed climate change impacts, which has resulted in increased weather related natural disasters, such as *Huaycos* and frequent floods and landslides in coastal regions and mountainous areas. These climate change impacts have caused significant damage to roads and mobility infrastructure, and thereby have adversely impacted the access and delivery of justice services to the population.

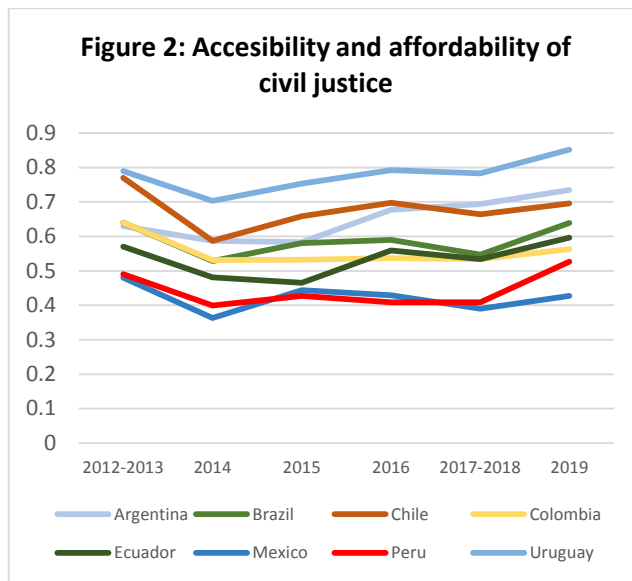
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<sup>7</sup> See: Informe de la Comisión Consultiva para la Reforma del Sistema de Justicia, 25 July, 2018 (Reform Report) page 17.

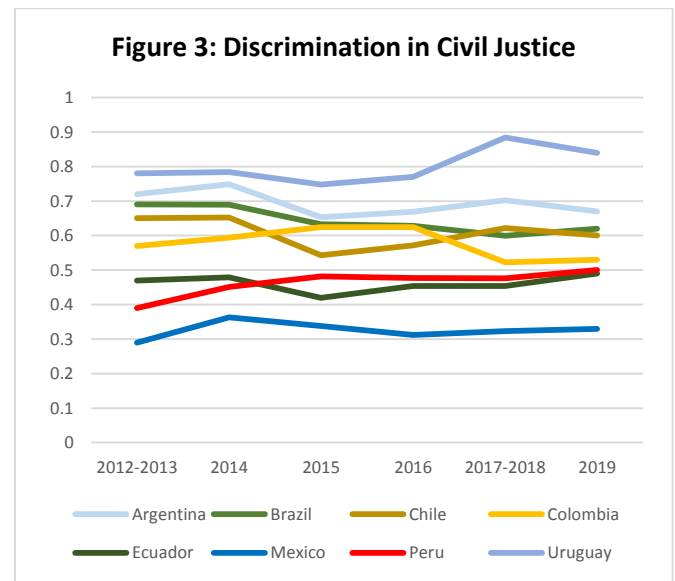
<sup>8</sup> Sistema peruano de Justicia. “Acuerdo Nacional por la Justicia”. Lima, 2016; Sistema peruano de Justicia. “Diálogo programático SAJ”. Lima, 2016; Ministerio Público-Fiscalía de la Nación. Plan Estratégico Institucional 2014-2017. Lima: Ministerio Público del Perú, 2014; Rodríguez, Duberlí. “Discurso de posesión: Presidente Corte Suprema de Justicia y del Poder Judicial del Perú”. Lima: Poder Judicial del Perú, 2017.

<sup>9</sup> Bazán Vásquez, Víctor y Sonia Pereira Noriega. Problemas y soluciones al derecho de acceso a la justicia en el Perú: Entrevista al Dr. Mario Reggiardo Saavedra. *Derecho & Sociedad*, 2012, No. 38, pp. 341-343.

<sup>10</sup> ANJ. Nota Conceptual. Lima, 2017.



Source: Rule of Law Index



(iv) **Gender gaps - notably in responding to gender-based violence.** Gender-based violence continues to be a major social issue and is an identified priority in the 2018 World Bank Gender Diagnostic for Peru. Institutions lack the necessary capacity to curtail this phenomenon, and enforcement of related regulations is poor. The Wagner Commission Report emphasized the importance of ensuring that women and children have full access to the legal system in cases of sexual and physical violence, and other kinds of abuse – and noted that such access has historically been absent. Barely a quarter of women victims of violence seek assistance (ENDES 2016/2012). A recent study in Peru found that providing better access to justice for women can reduce domestic violence, femicides and female hospitalizations for assault, as well as have positive spillovers on children’s human capital (Kavanaugh et al. 2017). Moreover, globally women face barriers to obtaining justice in their capacities as claimants, victims, witnesses or offenders, often driven by institutional, policy and legislative failure to remove discrimination, gender bias, stereotyping, stigma, indifference, corruption and impunity. For Peru, no specific data is available to document these gaps in access to justice for women compared to men. Hence, it is important to generate the knowledge needed to inform dedicated initiatives to address the gaps.

(v) **Lack of reliable information - to design policies that improve efficiency, accountability and access.** A lack of reliable data makes it difficult to design policies to improve services for users and know whether they are working. Policy decisions are often based solely on the perceptions of lawyers (who may also benefit from long and inefficient processes), judges and experts, rather than on quantitative, system-wide, data. Without data to track the performance of courts and judges, it is also difficult to build systems of accountability. The lack of quality data also makes it difficult to design new organizational structures and processes (including removing outdated procedures), properly hire, train and locate human resources, and intelligently adopt IT tools and invest in the right physical infrastructure. The Wagner Commission Report also affirms that one of the main obstacles to reform is “the lack of good empirical information and understanding of the real performance of the sector.”<sup>11</sup>

<sup>11</sup> See: Informe de la Comisión Consultiva para la Reforma del Sistema de Justicia, 25 July, 2018, p 5.



9. **Over the past several years, Peru has been taking measures to address these five challenges, which has now been reinvigorated by the Constitutional changes and other related reforms.** Notable reforms undertaken include:

- (i) **Inefficiencies:** Regulatory changes, alternative dispute resolution (ADR), and the introduction of IT tools has improved efficiency in some areas, having a positive impact on Peru's Doing Business ranking. On the enforcing contracts indicator, Peru improved from 114 in 2010 to 63 in 2017,<sup>12</sup> mainly because of the introduction of deadlines for filing evidence and contesting enforcement procedures, and by permitting electronic judicial notices in lieu of publication in the official gazette. Additionally, since 2010, Peru has made important improvements in conciliation mechanisms (which are required before certain claims are filed) and new procedural laws, which now include shorter time limits before closing inactive cases. Important advances towards e-services have also been achieved, through microforms and electronic files for labor and commercial cases. More recently, some advances have been made in the use of IT to accelerate certain judicial processes. These efforts include the implementation of an electronic notification system in courts.<sup>13</sup> The World Bank supported several of these reforms through the Justice Services Improvement Project II (P110752), closed in June 2016, including the design and implementation of oral proceedings in labor and civil cases, the implementation of e-filing and electronic notification systems and the improvement of ADR services. Together, these have improved the speed, security and access of services.
- (ii) **Limited accountability:** The Bank has supported various efforts to improve the Judiciary's Anticorruption Office (*Oficina de Control de la Magistratura*, OCMA)'s efficiency and transparency, including the implementation of management tools (electronic notification system, complaint management system and call center), which resulted in the reduction of average response times to complainants, from 21 months to 10 months. The number of disciplinary penalties imposed by these offices has also increased - from 2,128 in 2008 to 4,791 in 2017. However, despite these efforts, the Wagner Commission Report notes that the OCMA has not been successful in fighting corruption, in part because of fluidity in the rotation of judges across courts, and a presumption of leniency in most cases. Moreover, the CNM has been shown to be complicit in the corrupt activities of Supreme Court judges.
- (iii) **Poor access:** Several important initiatives to increase access to justice have also been implemented. The Judiciary has promoted the strengthening of regional courts, while MINJUSDH has implemented free legal services across the country for low-income populations (mainly through ALEGRA centers, *Centros de Asistencia Legal Gratuita* or Free Legal Assistance Services Centers). At a number of "MEGA" ALEGRA, integrated legal, social and psychological support is provided to women to respond to gender-based violence. With Bank support, MINJUSDH has implemented ALEGRA centers nationwide and provided training and technical assistance to staff and lawyers to provide better and more specialized services. In 2017, the 43 ALEGRA across the country provided 223,719 consultations, 11,327 conciliations and 28,726 public defense services.

<sup>12</sup> World Bank Group, Doing Business 2018, October 31, 2017.

<sup>13</sup> Since 2015, the PJ has implemented an electronic notification system to notify lawyers of any update of their processes. For this purpose, lawyers need to register at the *Sistema de Notificación Electrónica* (SINOE) and agree to receive any communication through this mechanism. However, in several courts, this is still a voluntary practice and still requires that the initial notification is done physically.

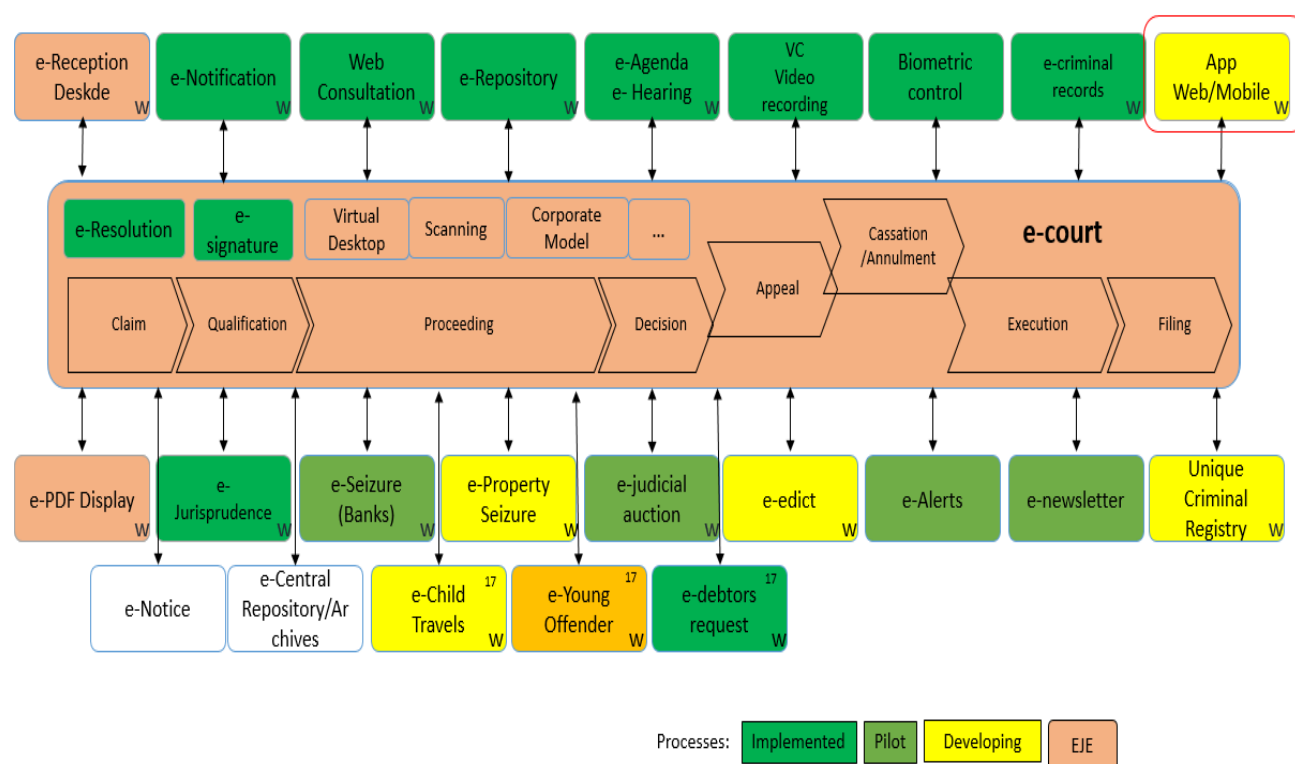


- (iv) **Gender gaps:** Over the last twenty years, Peru has implemented several services offering legal and related assistance to vulnerable women, especially victims of domestic violence and gender-based violence. The Women's Emergency Centers (*Centros Emergencia Mujer*, CEM) operated by the Ministry of Women and Vulnerable Populations, and the Municipal Defense Centers for Children and Adolescents (*Defensoría Municipal del Niño y el Adolescente*, DEMUNA) provide legal (information and conciliation), social and psychological support to vulnerable women. The ALEGRAs provide free services to all low-income populations, but their main users are vulnerable women (in 2017, 95.2 percent of users who received assistance were women). Some ALEGRAs also include daycare facilities for children to attend while their parents receive assistance. This has been beneficial especially for single mothers, for whom the cost of childcare was identified as a concern and an obstacle to accessing justice services.
- (v) **Lack of reliable information:** The Justice Services Improvement Project II supported the development of a data gathering, evaluation, and analysis system, including the implementation of an integrated system for the high courts' and Supreme Court's statistics and jurisprudence. Through a Reimbursable Advisory Services for the Development of Evidence-Based Performance Improvement Strategies (P149047), the World Bank also supported the Judiciary in developing a set of monitoring and control indicators, which emphasized on the importance of having reliable data and using it for performance management and decision making.

10. **The Judicial Electronic File (*Expediente Judicial Electronico*, EJE) is a major organizational reform in the Judiciary that is expected to underpin efforts to address the above five challenges.** The EJE is an automated case management system for non-criminal cases which the Judiciary launched as a pilot in 2017. The EJE is focused on assuring more expedited and transparent justice services using new IT tools. This service allows users to access and process their cases online, eliminating the need for most on-site appearances at courthouses. Figure 4 depicts a diagram of the EJE and its related modules. On top of the traditional aspects of e-courts, which mainly consist of the different stages of processing a claim inside a court, the PJ has also begun implementing various supporting modules as part of the pilot. These include mechanisms for: (i) access to information, such as web consultation, e-repository, e-agenda, e-jurisprudence, and e-newsletter, and publication of decisions of key stages of the process, including admission, notification, and sentence; (ii) presentation of documents or requests related to a case, such as the e-reception desk, e-child travels and e-debtors request; and (iii) quick execution of decisions or preventive measures ordered by the court, such as e-seizures, e-judicial auction, and e-edict.



Figure 4: EJE and its related modules



Note: "W" signifies web-based

11. **The Judiciary has already piloted the EJE in 60 courts in the Lima District (19 commercial courts, 29 labor courts, 7 customs court and 5 courts for market issues).** The implementation of the EJE in these courts has been an important first step to test the main framework for its effective operation. To date, 12,559 new cases have been initiated in the 60 pilot courts, the majority of which are commercial cases (59 percent) and labor cases (33 percent). The pilots have generated considerable savings in time and use of paper. Based on the estimate that each case file on average contains 650 pages of paper, over eight million sheets of paper have been saved. In terms of time savings, for commercial cases, the average number of days for the court to conduct an initial analysis of a claim reduced from 14.8 days in June 2017 to 6.6 days in March 2018; a 56 percent reduction in time. In labor courts, the reduction in initial analysis time is even greater, declining from 44.6 days in June 2017, to 8.5 in March 2018; an 81 percent reduction. The pilots adopted important lessons learnt from the design and implementation of e-filing system in the Lima Norte Court, which was supported by the Justice Services Improvement Project II (P110752). The World Bank also participated in the technical discussions for the development of the pilots and the exchange of experiences with other regional peers.

12. **The full implementation of the EJE requires the modernization of the other justice sector institutions, especially the TC, the AMAG, and the JNJ.** AMAG, as the institution responsible for training judges, will need to adapt its training program to cover skills related to the use of the new IT tools, as well as more user-oriented service strategies. Given that the EJE is a national reform, the AMAG will also need to strengthen its remote training tools to facilitate the timely implementation of educational modules across the country. The TC will also need to adapt the way in which it provides its services. Most of the workload of the TC consists of reviewing cases previously decided in the PJ. For the EJE to be complete, the TC will need to have a compatible platform to receive



cases from the Judiciary and return them for further determination. This will require close collaboration and coordination between the two entities and is expected to also make the operations of the TC more efficient and transparent.

### C. Relevance to Higher Level Objectives

13. **The proposed operation contributes to achieving the strategic objectives established in the Government's National Development Plan for 2016-2021.**<sup>14</sup> The Plan focuses on four strategic areas: (i) Jobs, Formalization and Economic Growth; (ii) Public Security and the Fight Against Corruption; (iii) Opportunities and Social Investment; and (iv) Bringing the State Closer to the Citizen. Central to the Plan, the Government aims to accelerate efforts to improve the efficiency, equity, transparency and accountability of the justice system. The Project directly supports three of the above strategic areas. The Project will assist in the first area by promoting more efficient and predictable resolution of commercial and labor disputes, thus contributing to a better business climate for economic growth and job creation. The Project will contribute to the second area by building systems that improve accountability and integrity within the justice sector, which itself will contribute to handling corruption cases from across the public and private sectors. The Project supports the fourth area by improving access to justice services, as well as increasing transparency and reducing opportunities for corruption.

14. **The proposed operation supports the implementation of the Government's reform plan, as reflected in the Wagner Commission Report.** The recommendations of the Report now form the core of the Government's strategy to reform the justice system. The relationship between the Commission's ten recommendations and support to be provided by the Bank under the Project and the Interamerican Development Bank (IDB), under a parallel project on criminal justice, is as follows:

Wagner Report Recommendation	WBG Support	IDB Support
1. Create a new National Integrity and Control Authority in the Judiciary and the Public Prosecutor's Office.	Subcomponent 2.1	IDB (for Prosecutor's Office)
2. Reform the CNM to eliminate the corporate elections of council members and replace them with a council selected by public competition based on professional and ethical merit. [The new <i>Junta Nacional de Justicia</i> ]	Subcomponents 1.3 & 2.3	
3. Create a national system of specialized justice for women and families, to deal with gender-based and family violence.	Subcomponent 3.1	
4. Oblige the pension office to develop an ethically sound administrative system to avoid the transfer of pension cases to the courts, as well as allowing courts to access necessary information to accelerate the processing of existing cases.	Subcomponent 1.1 <sup>15</sup>	
5. Eliminate the need for intervention of the Public Prosecutor's Office in all court cases for administrative disputes.		IDB
6. Merit-based public competition for all temporary judges and prosecutors.	Subcomponent 2.1	

<sup>14</sup> <http://www.presidencia.gob.pe/plan-de-gobierno>

<sup>15</sup> EJE will provide the Judiciary with better information on the performance of pension cases.





7. Create a Supreme Anti-corruption Prosecutor's office within the Public Prosecutor's Office.		IDB
8. Introduce formal transparency and access to information requirements for the Judicial system.	Subcomponents 1.1; 1.2; 1,3; 2.1; 2.2; 2.3	
9. Introduce a legal framework to promote ethics in the legal profession.	Subcomponent 2.3	
10. Create a Council for the Reform of the Justice System, headed by the President of the Republic.	Subcomponent 4.3 <sup>16</sup>	

15. **The proposed operation is aligned with the Country Partnership Framework (CPF) for the Republic of Peru for the Period FY17-FY21.** The quality of justice services was included in the World Bank's Systematic Country Diagnostic. Based on this, Improving the Quality of Justice Services was established as Objective 6 of the recently approved PLR, under Pillar 2 (Provide Services for Citizens Across the Territory). The CPF proposes support to the Government in a full reform of the justice system, including e-justice alternatives and ADR mechanisms, in order to increase efficiency and access. This operation has been specifically identified in the CPF and confirmed in the PLR.

16. **Lastly, the Project contributes to the WBG Climate Change Action Plan and recently announced new set of climate targets for 2021-2025.** Through the implementation of the EJE and other activities, the proposed operation is expected to have positive climate change mitigation co-benefits from reduced paper consumption (thanks to the transition from paper to electronic case files), and reduced consumption of fossil fuels (due to reduced needs to visit courts, as well as energy-efficient appliances, equipment and upgrades to infrastructure). At the same time, the Project is also expected to have climate change adaptation co-benefits by increasing the resilience of existing justice facilities to climate change impacts.

## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

17. **The Project's development objective is to improve efficiency, access, transparency, and user satisfaction, in the delivery of adequate non-criminal justice services.**

#### PDO Level Indicators

18. **The proposed operation seeks to improve the overall performance of non-criminal justice services in Peru.** The objective is to ensure that non-criminal judicial processes are quicker, more transparent and more accessible. As a result, it is expected to have a positive impact on overall user satisfaction. In addition, the operation seeks to improve access to justice for vulnerable populations, with an emphasis on women and indigenous people. Each one of the PDO-level indicators below measures one aspect of the PDO:

- (i) **Efficiency indicator:** reduced processing times, between the presentation of a claim and the decision that resolves the case, non-criminal EJE courts.<sup>17</sup>

<sup>16</sup> The Project Steering Committee will inform the High-Level Council once it is established.

<sup>17</sup> This measurement will not take into consideration the length of the enforcement stage.





- (ii) **Access to justice indicator:** increased satisfaction of female users with the services provided by the ALEGRAs.
- (iii) **Transparency indicator:** increased percentage of users accessing their case status online.
- (iv) **User satisfaction indicator:** increased percentage of users satisfied with services provided in a representative sample of non-criminal courts.

## B. Project Components

19. **The proposed five-year operation is estimated to cost US\$158 million. The WB will finance US\$85 million through an Investment Project Financing (IPF) loan.** The borrower will make available US\$73 million as counterpart funds. The proposed operation comprises four components.

20. **Component 1: Strengthening the institutionality of the non-criminal justice administration system.** This component supports more efficient and transparent justice services through new organizational frameworks and management processes. The main reform for achieving this is the implementation of the EJE, which will help reduce case processing times, and make the resolution process more transparent by providing users with real-time access to their case files and case status. The design and implementation of the EJE requires an organizational reform not only by the PJ - as the main body responsible for providing non-criminal justice services - but also by the TC and the JNJ, in order to ensure articulation and/or interoperability of processes and information systems. This component comprises three subcomponents that support the organizational reform in each of the involved entities.

In addition to the improvements in efficiency and transparency, the EJE will also generate environmental and climate-related benefits thanks to the substantial reduction in paper consumption. It is estimated that by the tenth year of operation, it could reduce in use a total of 5.6 billion pages of paper (11.1 million reams), which translates into savings of 665,405 trees, 1.7 billion liters of water, and 310.5 million kilowatt hours of energy.<sup>18</sup> At the same time, any potential increase in energy from increased use of technology is expected to be mitigated through a use and scale up of low-carbon and energy efficient equipment.

- i) **Subcomponent 1.1. Design and Implementation of EJE in the PJ.** This subcomponent supports the activities for the design and implementation of the EJE including: (i) a comprehensive review and redesign of existing jurisdictional and administrative processes (including the EJE pilots) based on data and in consultation with stakeholders (judges, lawyers and citizens participating in judicial processes), in order to identify and eliminate existing inefficiencies; (ii) design, development and implementation of a scale-up of the EJE to courts nationwide; (iii) training programs for judicial and administrative personnel on the new processes and operations of the EJE platform; (iv) design and implementation of a legal framework for the interoperability of processes and information systems with other institutions; and (v) an impact evaluation and user satisfaction surveys to measure the reform's results, including gender disaggregated information to identify gender gaps and inform specific actions to enhance women's experience when seeking justice.

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<sup>18</sup> Based on estimates of the amount of paper that could be reduced by the automation of new administrative processes within the EJE (consistent with the calculation of benefits in the economic analysis), it is estimated that the EJE could reduce paper use by 31 million pages (62,291 reams) in the second year. As implementation progresses, paper consumption will be further reduced. Based on estimates that each ream requires 6 percent of a tree, 150 liters of water, and 28 kilowatt hours of energy to produce.



This subcomponent will also support (vi) the design and implementation of a strategy for improving transparency and access to information in the judiciary including: (a) publication of all judicial decisions in an easily accessible format to be produced by the EJE; (b) the creation of an indexed and systematic body of jurisprudence; (c) publication of information about judges and prosecutors, such as CVs and financial and interest declarations; and (d) publication of annual reports with information on the performance and activities of the court system.

- ii) **Subcomponent 1.2. Improving processes and information systems of the TC.** This subcomponent supports the TC to enhance its management model to adapt procedures to the EJE, increasing the efficiency and transparency of its service delivery. Since a large part of the TC's workload consists of reviewing cases previously decided in the PJ, emphasis will be placed on ensuring a clear articulation between the TC's new model and processes and the new EJE processes at the PJ. Specific activities to be supported under this subcomponent include: (i) a review and redesign of processes and strengthening of information systems – especially the Integrated Case Management System (*Sistema Integrado de Gestion de Expedientes- SIGE*) – within the TC to ensure interoperability with the EJE platform; and (ii) a review and adaptation of technological infrastructure and office space in the TC according to the renewed organizational model and including energy efficiency improvements in existing facilities through the installation of more efficient lighting and equipment.
- iii) **Subcomponent 1.3. Improving processes and information systems of the JNJ.** This subcomponent supports the newly established JNJ to enhance its management model, processes and information systems to increase its efficiency and transparency and better adapt to the reform of the justice sector. Specific activities to be supported under this subcomponent include: (i) the development of management processes for the efficient, transparent and accountable operations of the JNJ; and (ii) strengthening of information systems of the JNJ to support the new processes.

21. **Component 2: Improving the production, analysis and use of information of the justice administration system.** This subcomponent aims to strengthen performance management, accountability, integrity and internal control mechanisms in the justice sector. Monitoring and evaluation mechanisms to support performance management and decision making are currently weak. Moreover, management lacks good quality information – ranging from judicial opinions to administrative data – to make informed decisions. For instance, due to the lack of information on the progress and results of cases and institutional performance, it is difficult to identify inefficient courts and judges, which weakens the accountability of the Judiciary as a whole. In addition, recent corruption scandals reveal significant weaknesses in accountability and internal control mechanisms, which is now one of the most important challenges to be addressed. This component comprises the following three subcomponents:

- i) **Subcomponent 2.1. Strengthening mechanisms of monitoring, control, and performance management in the justice administration system institutions.** This subcomponent supports the PJ to strengthen its performance management processes and systems through: (i) improving the quality of information and developing indicators to monitor and evaluate performance in the Judiciary (including allocation of budgets, human resources and infrastructure); and (ii) developing data analytics capacity in the PJ to use and analyze data from the EJE and other sources to inform decisions and improvements in courts and other areas; and (iii) developing the operational model and processes for improved integrity and control.



- ii) **Subcomponent 2.2. Strengthening performance management of the TC.** This subcomponent supports the TC to strengthen performance management through: (i) the design and implementation of a monitoring and evaluation system with good quality information; and (ii) the enhancement of the SIGE as the supporting tool to monitor case processing and staff performance in the TC.
- iii) **Subcomponent 2.3. Strengthening performance management of the JNJ.** This subcomponent supports the newly established JNJ to deliver on its mandate as the institution responsible for the selection, appointment, evaluation, and sanctioning (including removal) of judges, and for establishing a disciplinary framework and integrity standards for the justice sector as a whole. The design of these activities will promote principles of transparency and accountability. This subcomponent will support: (i) technical assistance on applying processes for the selection, appointment, and sanctioning of judges; and (ii) the development and application of protocols and management tools for the performance evaluation of judges, including the use of performance information from the EJE.

22. **Component 3: Reducing socio-economic, cultural and geographic barriers to access to justice for vulnerable populations.** This component supports vulnerable citizens to access support for resolving legal disputes and conflict, including administrative claims with the State. This component supports the enhancement and scaling up of existing programs and initiatives that provide justice services to vulnerable populations, particularly the ALEGRAs and the mobile justice delivery mechanism, which will be supported by each of the two subcomponents. The ALEGRA centers – operated by the MINJUSDH — provide free legal, social and psychological support to low income populations. In 2017, 95.2 percent of users who received legal assistance at ALEGRAs were women, including 83 percent of the users who received victim defense services. ALEGRAs seek to improve access by lowering costs and by providing multiple services in one location. A Social and Gender Assessment conducted jointly by the Bank and the Government has identified several weaknesses that have limited the coverage and quality of services provided by the ALEGRAs, such as inconvenient hours of operation, lack of appropriate physical facilities, disruption in service delivery due to natural disasters, overlap of services with other institutions, lack of standardized processes and lack of appropriate instruments for monitoring and decision making. This component builds on two previous Bank operations but will support different types of activities. This operation will not finance the construction and implementation of *new* ALEGRAs, but rather seeks to improve the management model, existing physical space, and overall capacities of the existing ALEGRAs, in order to increase the quality of their services, as well as the number of people served.

In addition, the component also supports the scale up of an existing mobile justice service program [*Justicia Itinerante*]. Through this initiative, judges travel regularly to remote areas – including indigenous communities – to provide services. Claims are collected and reviewed beforehand, to allow decisions to be made *in situ*. By bringing justice institutions to citizens living in remote areas – many of whom are indigenous – the mobile justice mechanism aims to lower cost, linguistic, cultural and geographic barriers for beneficiaries. This initiative is led by the PJ, in conjunction with several other institutions such as the Ministry of Justice, the Ministry of Housing, Construction and Sanitation, the Ministry of Women and Vulnerable Populations, the Attorney General's Office, National Registry of Identification and Civil Status, and local governments.

- i) **Subcomponent 3.1: Improving the capacity of the justice administration system in the provision of free legal services and representation through the ALEGRAs.** This subcomponent strengthens the management and capacity of the ALEGRAs to improve the quality of their services, as well as the number of people served. Over 90 percent of cases managed by ALEGRAs are related to child support. Better management of these cases would benefit vulnerable women. Improvements need to focus on



access barriers, service shortcomings, and interinstitutional coordination. Given that many of these cases originate from cases of gender-based and domestic violence, and that eliminating gender-based violence is a priority for Peru, increasing the quality and coverage of services to violence survivors is also required. At the moment, only a limited number of MEGA ALEGRAs (ALEGRA centers with bigger space and multidisciplinary teams) provide services related to these issues, providing an opportunity for improving coverage to other ALEGRAs. The Project will also support better coordination with other institutions such as the National System of Specialized Justice for the Protection and Punishment of Violence against Women.

This subcomponent includes the following activities: (i) conducting an in-depth and detailed analysis of existing barriers and shortcomings affecting the coverage and quality of services, especially in relation to cases of child support, gender-based violence and domestic violence (including from non-traditional factors such as climate change impacts and gender of service providers); (ii) the design and implementation of a demand-driven management model to address the barriers and shortcomings identified in the analysis above, including the improvement of relevant information systems and the design and implementation of strategies for increasing the coverage and quality of services; (iii) rehabilitation or refurbishment of existing physical facilities to enhance services for a larger clientele, including meeting universal accessibility standards for persons with disabilities, making them climate-resilient and using energy-efficient appliances and equipment; (iv) provision of training and capacity building activities for ALEGRA personnel; (v) coordination and interoperability with other institutions providing similar services, including centers run by the Ministry of Women and Social Development and the National System of Specialized Justice for the Protection and Punishment of Violence against Women; and (vi) an impact evaluation and user satisfaction surveys to monitor and enhance the quality of services.

- ii) **Subcomponent 3.2: Improving the design and implementation of alternative mechanisms of justice service delivery.** The PJ delivers mobile justice services in all 34 judicial districts through the superior courts. However, the implementation of this initiative is based largely on the goodwill of the judges and staff of the courts, as well as other collaborating institutions. For this reason, and also due to the lack of proper management mechanisms, the coverage and quality of the services varies significantly between districts. This subcomponent seeks to support the PJ and other participating institutions to improve the design and implementation of alternative mechanisms of justice service delivery, especially through the mobile justice delivery mechanism, in order to increase the coverage and improve the quality of services. This subcomponent consists of the following activities: (i) documenting and analyzing the ongoing initiative to improve the design of a national mobile justice delivery mechanism; (ii) developing the normative framework, guidelines and tools to scale up the program and deliver more effective services; (iii) providing training and capacity building for relevant personnel in the PJ and associated bodies; and (iv) supporting the implementation, monitoring and evaluation of the program.

23. **Component 4: Improving efficiency and efficacy of the justice administration system institutions.** The objective of this component is to support the justice sector entities in capacity building, change management and program management of the reform process. It includes improving the skill profiles (qualifications and competencies) of justice sector personnel. This component comprises the following three subcomponents:



- i) **Subcomponent 4.1: Improving the training programs of the AMAG.** This subcomponent will support the AMAG – as the institution responsible for provision of training for the justice sector – to enhance its management model and training programs through: (i) a review and modernization of the AMAG’s management model and processes to adapt to the organizational reform of the justice sector, including through improving the planning, monitoring and evaluation of the AMAG’s activities; (ii) the review, redesign and putting online of training and knowledge management programs, based on diagnoses and needs assessments aimed at all levels of staff in both judicial and administrative functions; (iii) the enhancement of the AMAG’s information systems, technological infrastructure, and office space to deploy the renewed training programs; and (iv) implementation of an impact evaluation of the training programs.
- ii) **Subcomponent 4.2: Change management.** This subcomponent consists of the following activities: (a) implementation of change management activities in the Judiciary to facilitate the implementation of the EJE; (b) implementation of change management activities in the TC and provision of training to the TC’s staff on the new processes and the use of information systems; (c) implementation of change management activities in the AMAG; (d) implementation of change management activities and training in the JNJ to facilitate the reforms; and (e) support to the JNJ for the improvement of profiles of judges.
- iii) **Subcomponent 4.3: Project management.** This subcomponent provides operational support to the Project Implementation Units in MINJUSDH and PJ, undertaking planning, financial management, procurement, safeguards, and monitoring and evaluation activities.

## C. Project Beneficiaries

24. **The direct beneficiaries of the Project are the users of the justice system.** The Project will improve the functioning of the system for all civil cases. Improvements in areas of law such as commercial and labor cases will benefit firms and banks in contract and debt disputes, as well as employees and employers in unfair dismissal cases. The Project contributes to reducing poverty reduction through economy-wide impacts in improving the business climate. The Project boosts shared prosperity by supporting justice services to vulnerable populations, including citizens living in remote areas, indigenous populations, and citizens with low income (especially women). Increasing the ability of poor citizens to expeditiously and fairly resolve their legal disputes (such as land, labor, family and state administrative cases) enhances their opportunities to move out of poverty. The ALEGRAs will particularly benefit women facing gender-based violence, divorce, alimony and custody issues. The enhancement of ALEGRAs, including the rehabilitation of the physical facilities to meet minimum universal accessibility standards, will improve services to citizens with disabilities. Other areas of the law, with potential to generate benefits for the State will also be covered by the Project, such as administrative and tax disputes. State institutions, both at the central and subnational level, are frequently parties to administrative suits and stand to benefit from lower legal costs from more efficient proceedings. The mobile justice program will particularly benefit Indigenous populations and those living in remote areas. Finally, even those citizens and businesses who do not use the courts will benefit from the externalities of a more efficient, transparent and fair judicial system, which boosts investment, growth and employment, as well as assists in the reduction of malicious law suits.

25. **This Project has identified project-relevant service gaps between men and women, includes specific activities to address these gender gaps and includes results framework indicators to monitor the outcomes.** In Peru, women suffer from higher rates of gender-based violence than men, and disproportionately bear the physical, psychological, social and economic consequences that flow from this violence. To respond to this, the



Project is supporting improved legal and psycho-social service delivery to vulnerable women via the ALEGRAs. The existing Social and Gender Assessment revealed areas of improvement (such as improving the number of women *providing* services and expanding the availability of integrated legal, social and psychological services beyond a small number of MEGA ALEGRAs). In order to further define the specific areas for improvement, an in-depth analysis of the ALEGRAs will be conducted at the outset of project implementation, including specific consultations with vulnerable women. Improvements in service delivery will be measured via improved satisfaction of women using the ALEGRAs (PDO Indicator 2). Furthermore, an intermediate results indicator will measure whether more women are seeking the services provided by the ALEGRAs. In addition to the focus on gender under the ALEGRAs, the Project will undertake gender-related activities and monitoring in relation to the use of court services. Gender-disaggregated court-user satisfaction surveys will be developed to identify specific barriers women face when accessing courts (in areas such as speed of service, security, understanding and participation in the process and quality of the outcomes) (PDO Indicator 4). These user surveys will be complemented by gender-disaggregated administrative data from systems supported by the Project (e.g. the EJE) (PDO Indicator 1). This information will form the basis of analysis to generate specific actions to enhance women's experience when seeking services in court (IRI3). The impacts of implementing these reforms will subsequently be monitored (using PDO Indicators 1 and 4, among others) to map progress in closing the identified gender gaps. Further, under subcomponent 3.2 on mobile justice delivery, an in-depth study will be conducted to inform the design of a national mobile justice delivery mechanism, which will include a focus on identifying barriers facing women (including Indigenous women) in accessing justice in rural and remote areas. Specific activities to address barriers facing women in rural communities will be included in the design of the national mechanism. In particular, the Project will monitor the increased number of cases resolved through mobile justice delivery mechanisms in a gender-disaggregated manner.

26. **The Project includes a series of citizen engagement mechanisms to create two-way interactions between Government entities and citizens (sharing information, giving feedback, and taking action on the basis of feedback) and monitors progress through beneficiary feedback indicators in the Results Framework.** During preparation, the Project carried out consultations with Civil Society Organizations (CSOs), through the Social and Gender Assessment, to guide the design of activities. Feedback provided by CSOs regarding areas of improvements for the ALEGRAs, such as the lack of coordination between multiple state institutions, was taken into account in the design of Component 3. Further consultation with citizens is built into the Project through reviews to be conducted on the EJE pilots, ALEGRA management model and enhancements to mobile justice service delivery. This will allow citizens (and beneficiaries) to further influence the design of project activities. During project implementation, user satisfaction surveys will be conducted on the quality of court services and the quality of services provided by the ALEGRAs. These surveys will provide actionable information in areas such as the speed of service, the quality of facilities, security, whether citizens are treated with respect and the availability of information. The feedback collected will be made public and inform the performance management system of each institution so that citizen feedback is taken into account in the operations of these institutions. Two indicators are incorporated in the results framework to ensure the government conducts these regular user satisfaction surveys. Finally, the Judiciary and the ALEGRAs already have established grievance redress mechanisms comprising online, telephone-based and in-person channels. The Social and Gender Assessment and the Indigenous Peoples Planning Framework proposed an option for project grievance redress for beneficiaries that uses, and enhances, the grievance mechanisms already available.





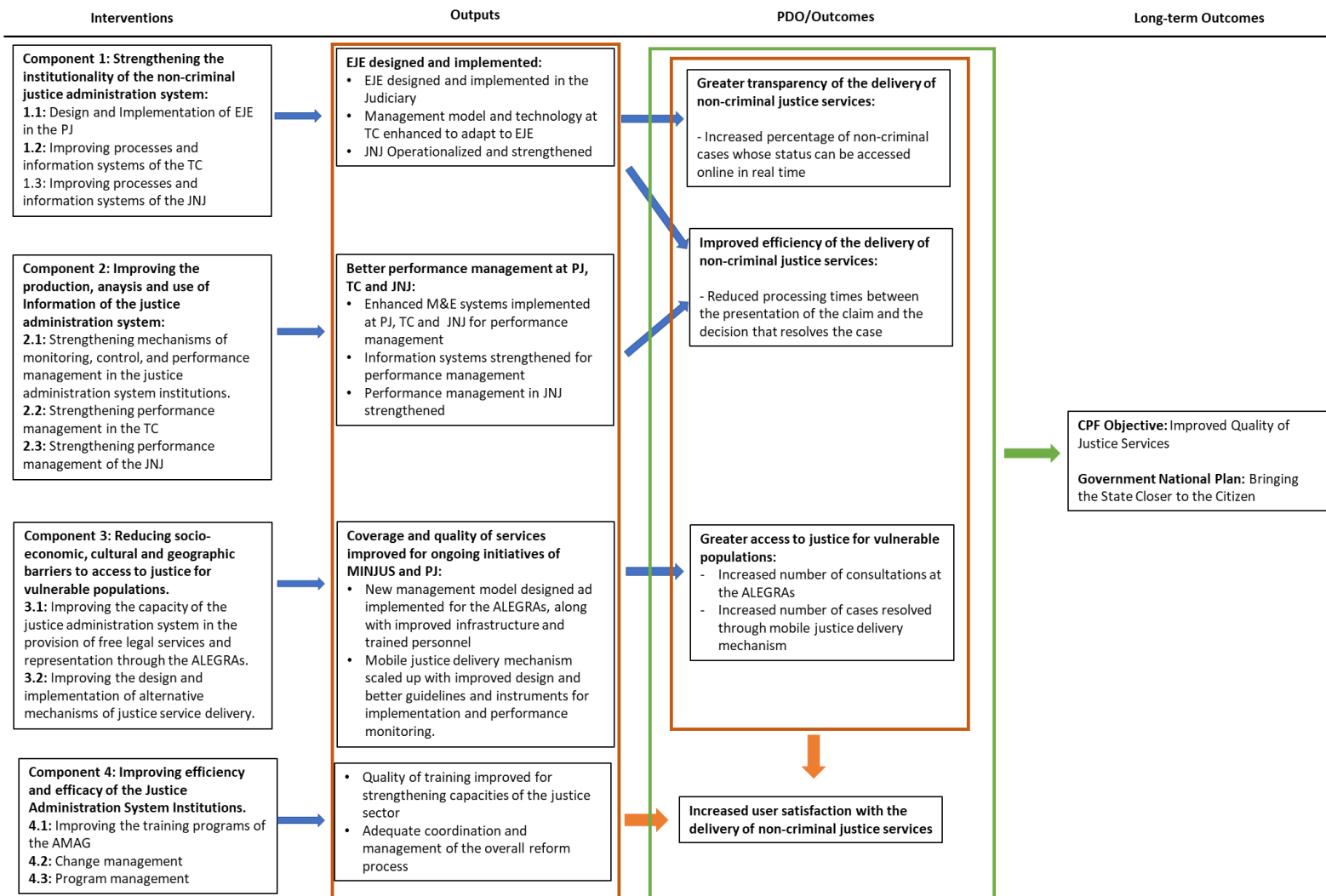
#### **D. Results Chain**

27. **The Project's Development Objective focuses on improving four aspects of the delivery of adequate non-criminal justice services, namely efficiency, access, transparency and user satisfaction.** The results chain, as illustrated in Figure 5, explains the links between the interventions, outputs, PDO, and long-term outcomes.

- (i) Activities in Component 1 and Component 4, by facilitating the implementation of the EJE, are expected to contribute to improved efficiency in the delivery of non-criminal justice services. Activities of Component 2, by improving institutions' capacity to monitor and evaluate performance as well as make policy decision based on data, will also contribute to improved efficiency in the delivery of justice services.
- (ii) Activities of Component 3 will improve vulnerable populations' access to justice through two interventions: the mobile justice delivery mechanism and the ALEGRA centers.
- (iii) Activities in Components 1 and 2 will contribute to greater transparency. Firstly, the EJE will provide users with real-time electronic access to their cases. Secondly, the improved integrity and control and the renewal of the JNJ will introduce new transparency and accountability mechanisms in the justice sector.
- (iv) All project activities, including Component 4, will contribute to increased user satisfaction by improving the overall performance of non-criminal justice services.
- (v) In the long-term, the Project will contribute to achieving the CPF objective of improving quality of justice services, and the Government's National Plan objective of bringing the state closer to the citizen.



**Figure 5: Project Results Chain**







28. **Main assumptions for achieving the outcomes are as follows:**

- (i) **Sustained coordination among all participating institutions is critical to achieving the Project objectives.** A Steering Committee, consisting of the heads of all the agencies involved in the Project, will be established. The Steering Committee will provide policy guidance on project implementation and will report regularly to the High-Level Council.
- (ii) **Active outreach and communication to stakeholders is crucial to satisfactory project implementation.** Participating agencies will make efforts to reach out to and communicate actively with stakeholders and with the general public to build constituencies to support the proposed reforms.
- (iii) **Changes in management models will need to be accompanied by change management initiatives.** A dedicated sub-component on change management ensures active change management strategies will be developed and implemented, to ensure buy-in and facilitate the implementation of proposed activities, most notably implementation of the EJE.

**E. Rationale for Bank Involvement and Role of Partners**

29. **An efficient and effective judicial system is a central function of any State and has wide externalities to the whole of society and the economy.** Every country has some system of state-provided non-criminal dispute resolution. Weak enforcement of the rule of law in the justice system was identified as a key priority area in the Peru Systematic Country Diagnostic (SCD) in 2017. As mentioned in the SCD, improving law enforcement and access to justice for all citizens would increase public trust and enhance levels of compliance<sup>19</sup>. The proposed investments in this core public sector function could not be provided solely by the private sector in a neutral, objective and equity-inducing fashion. While there are different models of basic legal service provision, it is not possible to provide effective legal services for the poorest and most vulnerable citizens without some form of state support or cross-subsidy from other services.<sup>20</sup> Peru's model of state-employee provided advice (as opposed to state purchase from private lawyers) is well recognized and understood to be cost-effective. Through the review of the ALEGRA management model, the Project will share international experience of other models for Peru to consider. The main value added of the Bank support is to provide knowledge and experience on the reform of justice systems from other countries. The Bank will also be able to provide advice and support to the process of change management, which will be essential for the success of the proposed operation.

30. **The proposed operation will build on the WB's previous support to Peru's justice system, as the third operation in the sector.** The first operation (P073438) – with a total amount of US\$11.8 million fully financed by the Bank – became effective in 2005 and closed in 2010. The main objective was to set the foundations for a long-term, participatory and sustainable reform process of Peru's justice system. This operation included the PJ, the CNM, the AMAG and the MINJUSDH. The outcomes, Bank performance and borrower performance were rated as satisfactory. The main results of the operation included: (i) the establishment of an inter-institutional body for joint policy arrangement; (ii) greater de-concentration within the PJ, which translated into higher administrative, budgetary, and planning autonomy of selected judicial districts; and (iii) improved management of legal aid centers in vulnerable communities, which translated into greater access to justice.

<sup>19</sup> World Bank Group (2017), Peru Systematic Country Diagnostic: P.25

<sup>20</sup> Law and Development Partnership (2015) *Developing a portfolio of financially sustainable, scalable basic legal service models*. Volume 1. Final Report



31. **The second operation (P110752) of US\$20 million – with US\$11 million counterpart funding – became effective in 2011 and closed in 2016.** The main objective was to improve the quality of justice services and to enhance access to justice with a focus on citizens' needs. The participating institutions included the PJ, the AMAG, the CNM, the MINJUSDH, and the MP. The outcomes, Bank performance, borrower performance and the PDO rating were rated as moderately satisfactory. The main results of the operation included: (i) implementation of an e-filing system in Lima Norte Court; (ii) consolidation of an online learning platform for judges and prosecutors; (iii) implementation of live video streaming for interviews and selection processes, as well as public hearings; (iv) organizational reforms and purchase of equipment for new legal medicine laboratories; and (v) increased access to justice through the implementation of new ALEGRA centers.

32. **As the previous two operations were pilots they did not lead to an overall reform of the judicial system in Peru, even though they were largely successful.** The proposed operation aims to build on the experience of the previous operations and now support the government in a more systemic reform of the judicial system. The proposed Project is timely, as the Government has recently made justice reform a top priority.

33. **This Project is being prepared in close coordination with a parallel operation of the IDB on criminal justice, to ensure alignment, avoid overlap, and maximize development effectiveness.** The WB team worked jointly with IDB during the identification of the Project. The WB and the IDB will both support the full implementation of the EJE but with a differentiated strategy - with the WB centered on non-criminal cases, and the IDB on criminal cases. Institutionally, the WB will finance activities with the PJ, the MINJUSDH, the AMAG, the TC and the JNJ; while the IDB will focus on MINJUSDH, MP and the National Police (which is part of the Ministry of Interior). The division of labor between the two banks was based on the following considerations: related continuity from previous operations as well as economies of scale with other projects (particularly in the case of the IDB, which has a project with the National Police of Peru). Even though co-financing arrangements are not foreseen under these operations, both projects will be closely linked.

#### F. Lessons Learned and Reflected in the Project Design

34. **The first main lesson is that political commitment is required not just from the judicial institutions directly involved, but also from the broader Government, driven by the public.** This lesson is derived from both WB implemented judicial projects in other parts of the World (see for example ICR review of P125799) and previous attempts at judicial reform in Peru (particularly the exercise of the CERIAJUS). Judicial institutions engaged in the ANJ, but it has taken the recent scandals to generate the commitment of the President (driven by public pressure) to address fundamental reforms. Previous WB justice projects in Peru achieved important gains but these were not widespread enough to impact public perceptions. Given current public demand for reform, it is now opportune to undertake reform at scale, focusing on activities that court users and the public will see (e.g. electronic access to cases; online judgements; mobile justice).

35. **A second lesson is that electronic case management systems alone rarely drive improvements in justice service delivery.** Electronic case management systems need to be preceded by steps to streamline existing (manual) processes (e.g. Croatia), should be undertaken with robust change management and training, and - most importantly – they must be accompanied by complementary reforms (e.g. performance management; transparency) if they are to really drive changes in service delivery (e.g. Kenya). Furthermore, electronic case management systems invariably take many years to fully realize gains.

36. **The third lesson is on the benefits of using data to drive change.** In the previous judicial project in Peru, there was little appreciation of the importance of systematic data collection for management and policy design-making purposes, which also affected the ability to report on the PDO indicators. Bank experience has shown the



twin benefits of investing in data – for both managerial use and in driving project results (e.g. Serbia; Bulgaria; Romania; Kenya). For this reason, this operation supports the collection and systematic organization of data as a key part of the reform process. The inclusion of user satisfaction as a PDO indicator also drives a more outward-looking and service-oriented culture.

37. **A fourth lesson is that operations need to exhibit considerable flexibility in order to achieve results.** A review of a judicial reform project in Morocco notes that, “Institutional development support requires an agile approach that can adapt to changing circumstances to ensure ownership.” The current operation has been designed around the ANJ and the recommendations of the Reform Report, but retains flexibility (especially via Subcomponent 4.2) to support future priorities, so as to ensure ongoing relevance and client ownership.

### III. IMPLEMENTATION ARRANGEMENTS

#### A. Institutional and Implementation Arrangements

38. **The Project will be co-implemented by two Project Implementing Units (PIUs): (i) the Executing Unit housed in PJ (UE-PJ); and (ii) the Executing Unit housed in MINJUSDH (UE-MINJUSDH).** The UE-PJ will be responsible for project activities for the PJ and the AMAG, while the UE-MINJUSDH will be responsible for the implementation of project activities for the MINJUSDH, the TC and the JNJ. The two PIUs will operate independently, while the UE-PJ will be responsible for consolidating the Project’s financial statements and semester projects reports for transmission to the Bank. Each PIU will also be responsible for taking all environmental and social safeguard actions for the activities to be conducted for their respective agencies. UE-PJ and UE-MINJUSDH are adequately staffed and have considerable years of experience implementing projects for international financial institutions, including the World Bank<sup>21</sup>. The following table summarizes the roles and responsibilities of the UE-PJ and UE-MINJUSDH.

PIUs	Entities under its responsibility	Responsibilities
UE-MINJUSDH	MINJUSDH, TC and JNJ	The UE-MINJUSDH is responsible for managing the Project’s Designated Account A and associated operational bank account. It will be responsible for: (i) the FM and procurement functions for the parts of the Project executed for the MINJUSDH, the TC and the JNJ, and (ii) periodically submitting the FM information under its responsibility to the UE-PJ.
UE-PJ	PJ and AMAG	The UE-PJ will be responsible for the overall fiduciary management of the Project, as well as managing the Project’s Designated Account B and associated operational bank account. It will be responsible for: i) the FM and procurement functions for the parts of the Project executed for the PJ and the AMAG, and ii) at the end of each reporting cycle receive and consolidate the FM information produced by the UE-MINJUSDH and submit the consolidated reports to the Bank.

39. **The Project Steering Committee will be comprised by the heads of the entities involved in the Project, namely the PJ, the MINJUSDH, the AMAG, the TC and the JNJ (the JNJ will join once it is operational).** The Steering Committee will be responsible for providing strategic guidance for implementation, resolution of disputes

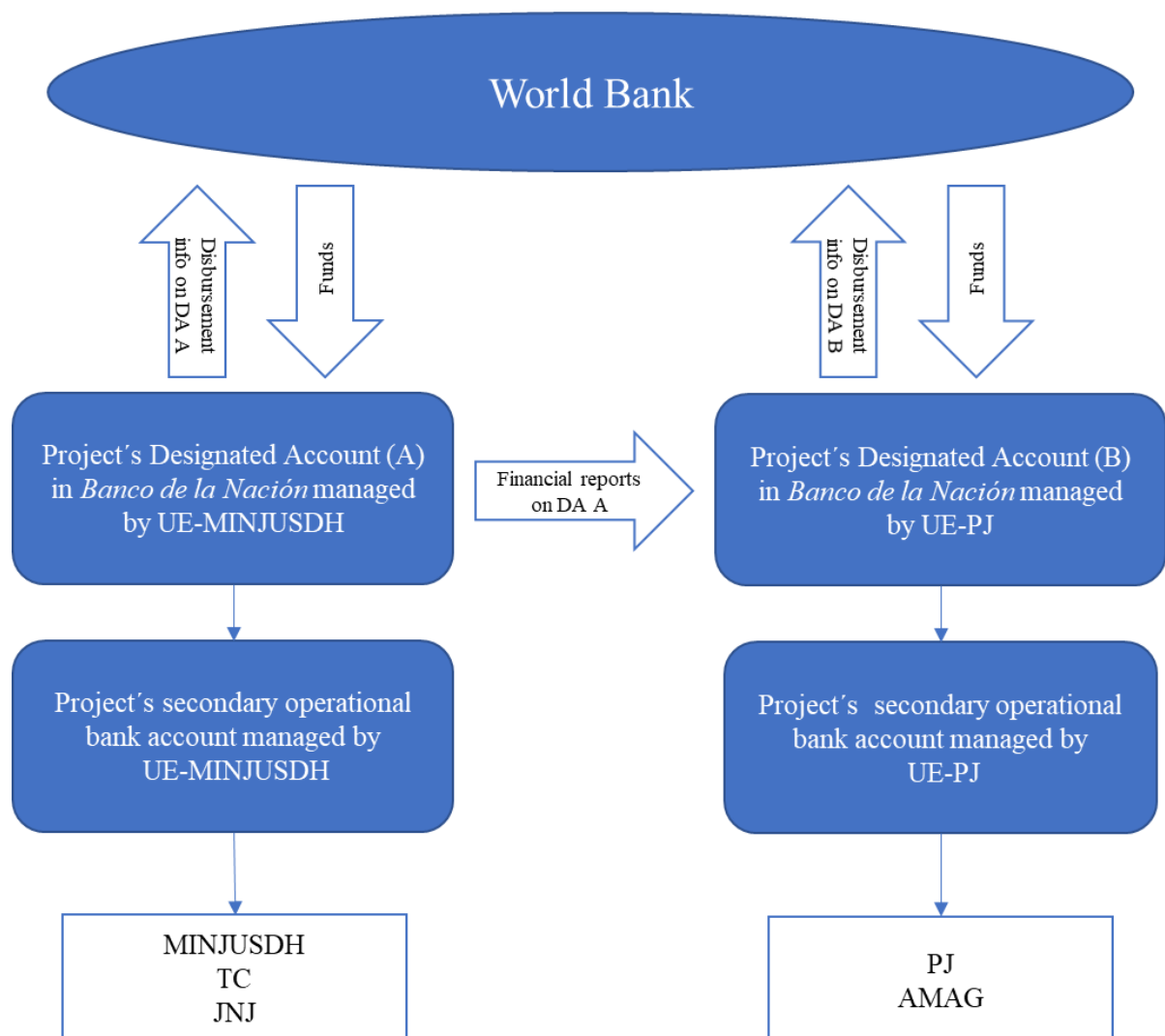
<sup>21</sup> The PJ has previous implementation experience with projects financed by the Word Bank (including projects P110752 and P125551), in which the FM performance during supervision was consistently rated as Satisfactory and the FM risk rated as Moderate.



between participating entities and ensuring political commitment to implementation. Specific roles and responsibilities of the Steering Committee will be established in the Operational Manual (OM).

40. **Funds Flow and Disbursement Arrangements:** Project's funds will be allocated into two designated accounts (DA). One of the DAs will be used for the part of the Project executed by the UE-MINJUSDH, and the other for the part executed by the UE-PJ. Both DAs will be funded with resources from the loan. Both PIUs will be responsible for: (i) budget formulation and timely requesting of resources for each year in accordance with the annual operating plan; (ii) ensuring the allocation of disbursement requests to the appropriate designated account for the execution of the activities agreed under the Project; (iii) proper recording of the approved budget and accounting records in the respective information systems following a classification by project component/sub-component; and (iv) timely recording of commitments, accruals, and payments, to allow adequate budget monitoring and the provision of accurate information on project commitments for programming purposes. The Project's flow of funds is presented in the following flow chart:

Figure 6: Funds Flow Arrangements



\*The "disbursement info" in the above flow chart refers to the disbursement applications and statements of expenditures



of the respective designated account(s).

41. **Accountabilities for financial reporting.** The UE-PJ and the UE-MINJUSDH will each prepare on a semester basis the Interim Financial Reports (IFRs) using the Project Execution Module of the Integrated Financial Management System (*Sistema Integrado de Administración Financiera*, SIAF). On an annual basis, the UE-PJ and the UE-MINJUSDH will also prepare project financial statements in accordance with International Public Sector Accounting Standards, which will include cumulative figures for the beginning of the year and as of the end of the year, along with notes to the financial statements. In addition, the UE-PJ will prepare the consolidated financial statements of the Project semesterly and annually and submit to the Bank.

42. **The main challenge is ensuring coordination between co-implementing units so that the Project accountability and financial reporting functions work effectively, while producing timely and reliable information required to manage and monitor the implementation of the Project.** Considering the Project's complex institutional arrangements and the above listed risks and challenges, the fiduciary risks as well as risks associated with Institutional Capacity for implementation and Sustainability are rated as "Substantial."

## B. Results Monitoring and Evaluation Arrangements

43. **The UE-PJ and the UE-MINJUSDH, in consultation with the Project Steering Committee will be responsible for tracking the Project's performance indicators as defined in the Results Framework.** It is expected that the UE-PJ and the UE-MINJUSDH will work in close collaboration with the officials responsible for carrying out the monitoring and evaluation function in the different institutions. The UE-PJ and UE-MINJUSDH will also be responsible for generating the templates for gathering, analyzing and reporting the data needed to produce the Results Framework indicators (which would be part of the Operational Manual).

44. **The quality of data for populating the Results Framework indicators is important.** Learning from experience, the PIUs will work with the National Institute for Statistics and Informatics (*Instituto Nacional de Estadística e Informática*, INEI) to develop complementary data sources (such as user-uptake surveys) to populate the Results Framework, as well as for policy management in the justice sector. A mid-term evaluation will be undertaken, and remedial measures will be introduced, if necessary, to ensure effective data reporting on the achievement of the PDO.

## C. Sustainability

45. **The activities of the Project are likely to be sustainable given they are focused on high-level Government priorities and oriented toward public services.** The Government has shown strong commitment to and ownership of the Project. The Wagner Commission Report, which now forms the basis of the Government's program for reform, commands a broad consensus. The need for strong leadership to drive the required reforms is addressed through the creation of a High-Level Council for the Reform of the Justice System. The Council will be presided over by the President of the Republic of Peru and will comprise the heads of the other powers, as well as the main judicial entities. It will focus the reform process as a priority project of the State and will be able to mobilize the necessary political capital and resources to make critical decisions and implement the profound changes needed. Public demand for reform is strong. In the December 9, 2018 referendum, the public overwhelmingly approved the creation of the National Justice Board, an important milestone toward a more transparent and accountable justice system. The orientation of the Project around activities of importance - and visible - to users and the public seeks to satisfy demand, but also create a cycle of ongoing pressure for reform.



## IV. PROJECT APPRAISAL SUMMARY

### A. Technical, Economic and Financial Analysis (if applicable)

46. **The Project design is based on comparative international experience with justice reforms.** During preparation of the Project, the Bank organized workshops for Peruvian officials to learn from experiences across the globe. In June 2017, with the support of the WB Development Impact Evaluation Program (DIME), high-level officials from the Peruvian justice sector were able to exchange experiences with officials from other countries.<sup>22</sup> Through this forum, Peruvian officials identified potential areas of reform, including case processing and the use of data (including techniques to gather and analyze relevant statistical information). International experience of the impact of electronic case management systems on performance, as well as measures to increase the speed of cases, have been particularly relevant for the Peruvian context. Specific challenges and strategies to better implement e-courts have also been taken into account in the design of the Project. The GoP has also incorporated knowledge regarding the delivery of justice services in rural and remote communities, particularly how to identify and understand needs, and design strategies to improve delivery. The operation is based on the Bank's experience in the sector in Peru, LAC and globally, and driven by diagnoses comparing Peru to similar income and OECD countries to identify the main aspects to improve according to international indices and rankings.

47. **Experiences of justice reform have shown that the main route to improve efficiency is through better organization and management.** Doing Business classifies good practices for courts into four areas: court structures and proceedings, case management, court automation and alternative dispute resolution. A high-level management team of the Judiciary, with technical support from the Bank, carried out technical visits to learn about successful experiences in Latin America. These visits included: the virtual court in the High Court of the State of Nuevo Leon in Mexico, the online system for resolving tax cases in the Federal Court of Tax and Administrative Justice in Mexico, and the Brazilian Judiciary. These experiences helped Peruvian officials to identify the main services that could be provided through online platforms, as well as improvements in data gathering and processing through business intelligence solutions. The GoP also exchanged experience and knowledge with the Judiciary of Costa Rica, regarding the challenges of developing "tailor-made" software with inhouse capacity, and the relevance of changing the locus of service delivery (from the judge as the main actor to users/citizens as the central concern). These experiences were useful for the design of the operation, particularly for institutional frameworks, software development, change management, and costing.

48. **The main barriers to justice for vulnerable populations are related to cost, language, geography, and culture (of the courts and in society more broadly).** There are many relevant examples in Latin America that have shown results in overcoming these barriers. Among these experiences are the *Casas de Justicia* and mobile unit for victims of conflict in Colombia, and the Public Defense Institutes in several States of Mexico; which are examples of mechanisms implemented to decentralize justice service delivery. Peru, through the Justice Services Improvement Project II (P110572), made significant progress in designing and implementing similar strategies through the ALEGRAs, mainly focused on urban areas. The ALEGRAs provide free legal services, as well as social and psychological support to low-income populations, with women being the almost all the users. Based on international and national experiences, the proposed operation will improve the management of the ALEGRAs through standardization of processes, with corresponding minor infrastructure adjustments. Complementary to this, the operation will promote access to justice through the design and implementation of a mobile model for

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<sup>22</sup> The forum includes participants from many countries. The workshop also included international experts from different relevant organizations and universities, such as the Center for Global Development, Harvard Law School, Innovations for Poverty Action, NYU, Open Society Foundation, Princeton, the World Justice Project.





the provision of justice services focused on rural and indigenous populations, which includes different justice operators, such as the Judiciary, MINJUSDH and other relevant local actors.

49. **Economic analysis of the investment in the EJE and the improved efficiency of the court system suggests that the Project will generate high positive returns.** Even with a very narrow view of the benefits, the investment in the EJE is expected to yield a net present value (NPV) of US\$337 million with an internal rate of return (IRR) of 157.92 percent. The analysis considers Bank financing and Borrower counterpart financing for implementing the EJE (Subcomponents 1.1 and 2.1, which represents 63 percent of the amount of the entire operation), as well as the recurrent operational and maintenance costs starting at 2024 (Year 6) for a five-year period. The analysis assumes an exchange rate of 3.35 Peruvian soles per US dollar and an 8 percent discount rate over a ten-year period. The benefits of improved performance, accountability and integrity under Component 2 and the expansion and improvement of justice services for poor and vulnerable populations under Component 3 of the Project are not easily quantifiable but may be far more important in developmental terms than the cost savings of implementing the EJE and will be discussed briefly below.

50. **The analysis includes a narrow subset of benefits for judicial institutions and users that can be easily quantified.** With respect to benefits for the judicial institutions, the transition from paper to electronic case files is expected to generate savings from reduced needs for office materials (paper, toner and printers) and physical space for storage; as well as savings from reduced needs for courier services to deliver notifications to parties. Regarding benefits for users, quantified savings are derived from reduced needs to visit court offices to review and submit documentation, which includes savings in labor costs and the cost of transportation.

51. **Key assumptions for calculating benefits.** The analysis calculates the difference between a scenario with the Project and a scenario without the Project. As implementation of the EJE will be rolled-out over the Project life span, this implies gradual expansion of coverage, as well as a gradual process of achieving behavioral change by judicial personnel and users. The key assumptions for calculating economic benefits are summarized below:

- (i) The total volume of incoming non-criminal case files in 2016 was 1,060,914. Based on trends over the last few years, the analysis assumes an average 6.26 percent annual increase in the volume of non-criminal case files.
- (ii) The analysis assumes that implementation of the EJE will be rolled out over a six-year period, both in terms of judicial districts and in terms of type of cases. The analysis assumes that the Project will achieve an initial coverage of 10 percent in 2019 – mainly due to progress already achieved in the pilot – and gradually reaching 100 percent in 2024. The table below summarizes current projections for the EJE roll-out in calendar years.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>EJE Coverage</b>	10%	20%	40%	70%	90%	100%	100%	100%	100%	100%

- (iii) The analysis assumes that behavioral changes (actual use of the new processes) related to reduced use of office materials and reduced needs to visit court offices to review documentation in person will be achieved gradually. The analysis estimates that the pilot has generated some degree of behavioral changes that represent about 20 percent of the full benefits that could be achieved eventually in the pilot courts, and that eventually, by 2025 the Project is expected to lead to 90 percent behavioral change in judicial officials and users. The analysis assumes that by 2028 the Project will not be able to achieve 100 percent behavioral change as: some users may lack stable internet access to enjoy all the EJE services; others may prefer keeping physical records and traveling to court offices to review documents in person;



and some judicial officials may still prefer printing documents for review purposes. The table below summarizes the current projections for behavioral change in calendar years.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Behavioral Change</b>	20%	30%	60%	70%	80%	80%	90%	90%	90%	90%

(iv) The analysis assumes that the speed of savings is a product of the institutional coverage and the behavioral changes achieved, as summarized in the table below in calendar years.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Actual savings</b>	2%	6%	24%	49%	72%	80%	90%	90%	90%	90%

52. **Savings from reduced needs for office materials and space.** The transition from paper to electronic case files is expected to reduce the need for printing documents and purchasing related office materials. In terms of reduced use of paper, on average the complete transition from paper to electronic case files could generate an average saving of US\$1.55 per case file.<sup>23</sup> The transition to electronic case files is expected to reduce the need for toner and thus save approximately US\$40.7 per case file.<sup>24</sup> It is also expected to reduce the printer replacement rate and save approximately US\$63,045 per year.<sup>25</sup> Moreover, as records are saved electronically, there will be a significant reduction in the need for physical space for archives, as well as the need for archivists. The complete transition is expected to save about US\$3.2 million per year.

53. **Savings from reduced need for courier services.** As the EJE includes an electronic notification module, the need for courier services for delivering notifications to the parties will be significantly reduced. In 2016, the Judiciary spent approximately US\$2.8 million on courier services for delivering such notifications.

54. **Time and cost savings associated with reduced travel.** The transition to electronic files is expected to reduce users' need to travel to the court to review and submit documentation, which is expected to generate savings in time and cost. It is estimated that on average it takes 1.5 hours for users to travel to the court office and review or submit documentation. For this analysis, the Ministry of Economy and Finance (MEF) standard of US\$3.19 per hour is used (which is understood to be very conservative), which includes the cost of both the time and transportation.<sup>26</sup> The analysis assumes that on average EJE will save each user two trips to the court.

55. **The total costs for the implementation of EJE are estimated to be US\$129.7million,** which includes investment costs of US\$53.6 million financed by loan resources, investment costs of US\$52.2 million financed by the GoP's own resources, and recurrent operational and maintenance costs of US\$23.9 million for a five-year period, to be financed by the government starting at the sixth year.

<sup>23</sup> Each case file on average uses 650 pages of paper (according to statistics of the PJ), and the cost of paper is US\$2.38 per one thousand sheets in Peru,

<sup>24</sup> A toner can be used for printing 1000 pages and each case file on average contains 650 pages. The unit cost of toner in Peru is US\$62.7.

<sup>25</sup> On average each judicial district purchases 20 printers per year for replacement. There are 33 judicial districts in Peru, and unit price of printer is US\$95.5. All calculations were done in soles first and converted in US dollars.

<sup>26</sup> Ministry of Economy and Finance of Peru, Directiva para la formulación y evaluación en el marco del sistema nacional de programación multianual y gestión de Inversiones (DIRECTIVA N° 002-2017-EF/63.01), 2017.





56. **As mentioned in the assumptions, the benefits are expected to be achieved gradually.** Based on the preliminary projections, savings for each calendar year are calculated and presented in the table below:

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
<b>Costs</b>											
Direct Project Costs (Subcomponents 1.1 & 2.1)	1,071,234	8,103,570	10,120,011	14,178,097	13,982,755	6,106,034	-				53,561,702
Counterpart Financed costs (Subcomponents 1.1 & 2.1)	1,071,234	8,103,570	10,120,011	14,178,097	13,982,755	4,769,150	-				52,224,818
Maintenance						8,658,327	8,489,780	6,758,416	10,190,047	10,534,404	23,906,523
<b>Benefits</b>											
Savings (users) from reduced Travel	576,758	1,838,589	7,814,740	16,953,884	26,471,309	31,253,793	37,361,565	39,700,399	42,185,644	44,826,465	248,983,147
Savings from reduced needs of office materials and space	1,142,665	3,630,222	15,380,437	33,266,494	51,792,973	60,985,371	72,717,962	77,084,632	81,724,656	86,655,145	484,380,557
Savings from reduced needs of courier services	66,425	211,750	900,024	1,952,580	3,048,702	3,599,501	4,302,933	4,572,297	4,858,522	5,162,666	28,675,400
<b>Total Costs</b>	2,142,468	16,207,141	20,240,022	28,356,195	27,965,510	19,533,511	8,489,780	6,758,416	10,190,047	10,534,404	129,693,042
<b>Total Benefits</b>	1,785,848	5,680,562	24,095,201	52,172,957	81,312,984	95,838,664	114,382,460	121,357,328	128,768,822	136,644,276	762,039,104
<b>Net benefits</b>	(356,620)	(10,526,579)	3,855,180	23,816,762	53,347,475	76,305,153	105,892,680	114,598,912	118,578,775	126,109,872	632,346,062
<b>NPV</b>											337,037,703
<b>IRR</b>											157.92%

57. **A sensitivity analysis has been conducted to test the robustness of the NPV and IRR.** The previous analysis represents a baseline scenario. The analysis shows that the speed of expanding institutional coverage as well as the success of generating behavioral changes has an important effect on achieving the estimated benefits. For example, in a scenario where institutional coverage is achieved more slowly and only reach 80 percent by 2024, the IRR drops to 67.54 percent, and the NPV drops to US\$220 million. In a scenario where both institutional coverage and behavioral changes are achieved more slowly (reaching only 70 percent by 2024), IRR drops to 49.64 percent and NPV drops to US\$176 million. The sensitivity analysis shows that the Project would still generate considerable positive returns even if project implementation turned out to be less smooth than expected. Nevertheless, active change management is still extremely important for the successful implementation of the EJE and for it to bring about the full benefits.

58. **In addition to the benefits calculated above, there are other, possibly more important but not easily quantifiable, benefits for judicial entities and users.** The acceleration of case resolution and reduction of backlog generates important benefits for the government and citizens. For example, a considerable amount of case processing time is taken up with lengthy periods for issuing notifications within courts and to users. From the example of EJE pilots, the instant electronic notification is estimated to have reduced case processing time by 30 percent. This not only constitutes a real, immediate and noticeable benefit for the direct users, but is also likely to generate savings for the government, as it may lead to reduced needs to hire judicial and administrative staff. Moreover, an efficient and transparent judicial system, in which citizens have confidence in its ability to resolve conflicts, is likely to have external benefits which lead to increased investment, employment and development. For example, enhancing the efficiency of the judicial system can contribute to the growth of small firms and improve firms' access to credit. The overall improvement of the business climate may in turn foster innovation, attract foreign direct investment and secure greater tax revenues. Finally, a well-functioning judicial system is one of the mechanisms by which social and cultural norms can gradually be transformed and improve the quality of life for citizens.

59. **It is difficult to quantify the benefits of strengthening the ALEGRAs and supporting new models of mobile justice.** Both these activities provide support to people who are vulnerable, and for whom, in many cases, their main interactions with the State have been as subjects of repression and discrimination. Transforming this relationship can create large psychological, as well as economic, benefits. Moreover, the extension of justice, social support and basic civil administration can also contribute to changing social and cultural norms so as to include many who have been subject to social exclusion in the past.



## B. Fiduciary

### (i) Financial Management

60. **A Financial Management Assessment (FMA) was carried out to evaluate the adequacy of financial management arrangements for the implementation of the Project.** The FMA was conducted by Bank staff in accordance with OP/BP 10.00 and Guidelines for Assessment of Financial Management Arrangements in World Bank-Financed Projects. The FMA recommends a set of mitigating measures to address the main financial management challenges. Once the mitigation measures are in place, the proposed FM arrangements will meet the Bank's minimum fiduciary requirements.

61. **Main Financial Management Challenges and Mitigation Measures.** To ensure coordination among all co-implementing entities, an inter-institutional agreement should be prepared and signed, establishing clear roles and responsibilities among all the institutions participating in the Project, including identification of key controls that need to be implemented considering the design of the Project. Other mitigation measures for managing the Project's fiduciary risks include: intensive use of country systems and the public financial management legal framework, which are acceptable to the Bank, preparation of a draft version of the FM chapter of the Operational Manual including the terms of reference of the fiduciary staff, creation of Project Implementing Units, including FM staff within each of the co-implementing entities.

62. **Financial Management and Accountability Arrangements.** As noted earlier, the Project will be co-implemented by two PIUs: (i) an Executing Unit housed in MINJUSDH (UE-MINJUSDH), which will operate for MINJUSDH, the TC and the JNJ – once the JNJ is operational; and (ii) an Executing Unit housed in PJ (UE-PJ), which will operate for the PJ and the AMAG. Each PIU will operate independently, and the UE-PJ will be responsible for consolidating the Project's financial statements based on the inputs provided by the UE-MINJUSDH. The FM team at the UE-MINJUSDH is currently comprised of four staff each in charge of administration, accounting, treasury, and budget, and will need to hire an FM Specialist dedicated exclusively to the Project. The FM unit at the UE-PJ is composed of four staff in charge of administration, planning and monitoring, treasury and budgeting, and will need to hire a FM Specialist dedicated exclusively to the Project as well. Overall, there is an adequate segregation of duties in the institutions. A Project Steering Committee will be established to provide general guidance and oversight to project implementation. Specific roles and responsibilities of the participant institutions will be established in the OM.

63. **Planning and Budgeting.** The preparation of the annual work program and budget will be in accordance with the procedures established by MEF through its General Public-Sector Budget Office (*Dirección General de Presupuesto Público*). Such procedures will be complemented by specific processes and procedures established in the OM, such as the preparation of an annual operating plan with at least a semi-annual budget, including all sources of financing – IBRD and counterpart funds. Budget funds will be allocated into both PIUs, which will be partially funded with resources from the national budget and with resources from the loan. They will operate independently and will be responsible for: (i) budget formulation and timely requesting of resources for each year in accordance with the annual operating plan; (ii) ensuring the allocation of disbursement requests to the appropriate designated account for the execution of the activities agreed under the Project; (iii) proper recording of the approved budget in their respective information systems, following a classification by project component/sub-component; and (iv) timely recording of commitments, accruals, and payments, to allow adequate budget monitoring and the provision of accurate information on project commitments for programming purposes.

64. **Accounting and information systems.** All the institutions involved in the Project will have to comply with Peruvian budget and public financial management laws, including the use of SIAF and its general chart of accounts.



Moreover, considering the nature of project activities and information needs, they will also use the specific module for projects financed by external funding (known as “MEP”) in SIAF, which will help in issuing financial reports and the preparation of statements of expenditures in US Dollars according to the project components.

65. **Financial reporting.** Each PIU will prepare their own interim financial reports (IFRs) using the MEP module of SIAF. The reports will include loan proceeds and local counterpart funds. The IFRs will be prepared in local currency and in US Dollars and submitted to the Bank by the UE-PJ on a semi-annual basis no later than 45 days after the end of each calendar semester. The exact format and content of the IFRs will be agreed by negotiation.<sup>27</sup> On an annual basis, the PIUs will also prepare project financial statements in accordance with International Public Sector Accounting Standards, which will include cumulative figures for the beginning and end of the year, along with notes to the statements. The UE-PJ will prepare the consolidated financial statements of the Project (including the interim and annual financial statements). These financial statements will be audited in accordance with the Bank’s requirements and submitted to the Bank within six months after the end of the Government’s fiscal year (December 31). Working papers for the preparation of the semi-annual and annual financial statements should be kept by the PIUs and made easily accessible to WB supervision missions and to external auditors.

66. **Internal Controls.** Both PIUs must comply with local requirements related to financial management, including internal controls and internal procedures. In addition, the Bank will agree with each entity on specific processes and procedures for project implementation, which will be reflected in the OM. Emphasis will be placed on establishing clear roles and a segregation of responsibilities among the entities, along with other beneficiary institutions involved in the Project.

67. **Internal Audit.** The MINJUSDH and the PJ are under the scope of the Organic Law of the National System of Control and the General Comptroller of the Republic (*Ley Orgánica del Sistema Nacional de Control y de la Contraloría General de la República*), and as such, their organizational structure includes an Internal Control Office (*Órgano de Control Institucional*, OCI) responsible for the oversight of all operations. In this capacity, these OCIs will play a role in safeguarding the Project’s internal control, and whenever possible the team will use their reports as part of the regular project’s supervision and monitoring activities.

68. **Oversight and Supervision Arrangements.** On a preliminary basis, the FM team plans to perform at least two supervision missions per year, while also reviewing the annual audit reports and the semester IFRs.

69. **External Audit.** Annual audit reports on project financial statements, including management letters, should be submitted to the Bank within six months after the end of the Borrower’s fiscal year (December 31). The audit should be conducted by an independent audit firm acceptable to the Bank and under terms of reference approved by the Bank. The selection of the audit firm should be performed through the General Comptroller of the Republic. The cost of the external audit can be financed out of loan proceeds. The scope of the audit will be defined by the PIUs in agreement with the Bank based on project specific requirements and responding to identified risks as appropriate, including management letter and review of compliance with agreed processes and procedures. Audit requirements include:

Audit type	Due date
Project financial statements	June 30
Special Opinion: Statement of Expenditures	June 30

<sup>27</sup> These IFRs will include: (i) a statement of sources and uses of funds, including reconciling items (as needed) and cash balances, with expenditures classified by project component/subcomponent/categories; (ii) a statement of cumulative of funds, reporting the current semester and the accumulated operations against by component of ongoing plans and footnotes explaining the important variances; and (iii) a consolidated statement of cumulative of funds which will be under UEP’s responsibility.



70. **Funds Flow and Disbursement Arrangements.** The arrangements for flow of funds is presented in Figure 7 in section IV.A. Institutional and Implementation Arrangements. Bank loan proceeds will follow the Bank's disbursement policies and procedures as described in the Disbursement and Financial Information Letter (DFIL). The Bank will disburse Loan proceeds into the two DAs (DA-A and DA-B) using Advance, Reimbursement, and Direct Payment methods: (a) advance method: the DAs will have a flexible ceiling based on quarterly forecast, (b) direct payment: the minimum application size for direct payment requests would be US\$100,000; and (c) Reimbursement: The minimum application size for reimbursement method would be US\$100,000.

71. **Designated Accounts.** Two Designated Accounts (DAs) in US Dollars would be opened and maintained in *Banco de la Nación* operated by the UE-MINJUSDH and the UE-PJ, respectively. For control purposes, each PIU will be responsible for presenting disbursement applications to the Bank as well as presenting their justifications of expenditures (through statements of expenditures) separately for each DA under its responsibility. Funds deposited into the DAs as advances, would follow the Bank's disbursement policies and procedures, which will be described in the legal agreement and DFIL. For processing payments, each PIU will withdraw the required amount from the respective DA to a local currency bank account (operational bank account), from where payments will be made to consultants, suppliers, and beneficiaries' bank accounts. The specific protocols and applicable internal control arrangements for the payment processes and procedures will be reflected in the OM and governed by the corresponding inter-institutional agreements.

72. **Counterpart funds, retroactive financing, documentation requirements and disbursement deadline date.** PIUs will manage the counterpart funds for the Project using the Single Treasury Account established by the Government. Funds for the Project will be identified with a specific project code and account in SIAF to process payments. No retroactive financing amount has been considered for the Project. Supporting documentation for project expenditures under the disbursement methods authorized for the Project should be in accordance with the provisions established under the DFIL. The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Loan Agreement. Any changes to this date will be notified by the Bank.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (exclusive of Taxes)
Goods, works, non-consulting services, Training and consulting services for the Project.	85,000,000	100%
Total Amount	85,000,000	

## (ii) Procurement

73. **Procurement Arrangements.** Procurement activities will be conducted according to the World Bank's Procurement Regulations for IPF borrowers, issued in July 2016, for the supply of works, goods, non-consulting and consulting services, and the provisions stipulated in the Loan Agreement. The World Bank's Standard Procurement Documents will govern the procurement of World Bank-financed Open International Competitive Procurement. For procurement involving National Open Competitive Procurement, and other methods, the documents will be agreed with the Bank.

74. **Procurement Capacity Assessment.** Procurement activities required by the MINJUSDH, the TC and the JNJ will be undertaken by UE-MINJUSDH; and activities required by PJ and AMAG will be carried out by UE-PJ. A procurement capacity assessment was carried out by the Bank and included the following aspects: (i) organizational structure; (ii) facilities and support capacity; (iii) qualifications and experience of the staff that will work in procurement; (iv) record-keeping and filing systems; (v) procurement planning and monitoring/control systems used; and (vi) capacity to meet the Bank's procurement contract reporting requirements. The assessment



concluded that both entities have adequate procurement arrangements, and the procurement staff have experience working with Multilateral Development Banks. However, they have no previous experience with the WB Procurement Regulations referenced above. As a result of the assessment, the Bank recommended the following risk mitigation measures. The overall risk for procurement is rated Substantial. The following table summarizes the mitigation actions proposed for the procurement-related risks:

Risks - Areas for Improvement	Mitigation Actions	Responsible	Status
PPSD and a project procurement plan	A comprehensive PPSD and a detailed procurement plan should be prepared.  The Procurement Plan must be included and managed through STEP.	UE-PJ and UE-MINJUSDH	PPSD and Procurement plan have been prepared by the Government and accepted by the Bank.
Responsibilities related to the procurement activities	The OM prepared by the borrower and deemed by satisfactory the Bank.  The OM should establish clear definition of the procurement processes, the roles and responsibilities of staff related to the implementation of procurement activities, and the functions of the different institutions involved in the Project.	UE-PJ and UE-MINJUSDH	OM has been prepared by the Government and accepted by the Bank.
Lack of staff with expertise in procurement processes with the Bank's Procurement Regulations	PIUs should keep skilled staff.  The Bank will provide continuous training on the application of the Regulations.	UE-PJ and UE-MINJUSDH	By effectiveness

75. **The PIUs will prepare a Project Procurement Strategy for Development (PPSD), which will establish the procurement arrangements to ensure the delivery of value for money while efficiently achieving the agreed PDO.** The PPSD will focus on the high-value contracts financed under the Project, namely the information technology platform (goods and services) and consultancy services to support the implementation of judicial systems.

76. **The PIUs will also prepare an acceptable Procurement Plan in the Systematic Tracking of Exchanges in Procurement (STEP) system.** In accordance with paragraph 5.9 of the Procurement Regulations, STEP will be used to prepare, clear and update the Procurement Plan and conduct all procurement transactions for the Project. The Bank will provide training to all PIUs on the application of STEP.

77. **The PIUs will also prepare a chapter on procurement arrangements for the Operational Manual.** This chapter should include a clear definition of the processes, roles, and responsibilities of the staff related to the implementation of the procurement activities, as well as the functions of the different institutions involved in the Project.

78. **During project implementation, in addition to prior review supervision to be carried out by the World Bank office, annual supervision missions will be carried out to visit the field and conduct post review of a sample of 20 percent of procurement actions.**



## C. Safeguards

### (i) Environmental Safeguards

79. **The Project is classified as a Category B Project under OP/BP 4.01.** This classification is based upon the temporary and non-significant nature of its anticipated adverse impacts. The risk is considered low as the activities that could cause any impacts on the environment are localized, site specific, and can be easily mitigated with standard mitigation measures. The Borrower prepared an Environmental Management Framework that provides guidance on the specific management plans that will need to be prepared during implementation of the Project. The Environmental Management Framework was disclosed on the Bank and Government websites.<sup>28</sup>

80. **The proposed minor works will benefit the following participating institutions:** (i) ALEGRAs operated by the MINJUSDH; (ii) the National Judicial Board (JNJ); (iii) the Judicial Academy (AMAG); and (iv) the Constitutional Tribunal (TC).

81. **Types of minor works required.** The existing facilities of the institutions involved in the Project may require the following types of minor works: (i) rehabilitation (walls, floors and roofs); (ii) enlargement (removing walls, windows or doors to enlarge office space or to build additional offices within existing infrastructure); (iii) adaptation of facilities (to provide justice services in a more appropriate environment for users, including accessibility for persons with disabilities); and (iv) modernization of services (facilities that require the installation of communications networks, computer equipment, access and connection to Internet and telephone, etc.).

82. **Requirements/guidelines for minor works.** When hiring contractors to carry out minor works, terms of reference, bidding documents and contracts will include specific requirements/guidelines to be followed to avoid any potential adverse environmental impacts. The implementation of planned minor works will be carried out according to World Bank environmental safeguards on Environmental Assessment (OP/BP 4.01) and the Environmental Guidelines mentioned above. The environmental guidelines to be observed by contractors for the implementation of minor works under the Project are referenced in the Operational Manual of the Project.

### (ii) Social Safeguards

83. **The Project is expected to have positive social impacts on the lives of indigenous communities and vulnerable women.** The Project aims to contribute to the ongoing national effort to increase access to justice services for vulnerable populations, including women and indigenous people. For this purpose, a social and gender assessment was carried out, supported by the client, that provides evidence to inform the Project's design and activities—particularly Component 3. This social assessment had a focus on gender, vulnerable and poor populations and considered urban and rural dimensions, with the objective of complying with World Bank's social and gender policies (OP/BP 4.10—Indigenous Peoples and OP/BP 4.20 and OP/BP 4.20—Gender and Development) and fostering a social inclusion agenda in the country. The social and gender assessment also analyzed the most prominent barriers that vulnerable populations face when trying to access justice services, including institutional and structural barriers, technical and organizational barriers, and socio-economic and cultural-ethnic-linguistic barriers. It also addressed the legal framework and institutional capacity of the main justice mechanisms currently in place to serve vulnerable populations, in particular the ALEGRAs, which will be a key activity under Component 3. The social and gender assessment included a series of meetings and consultation events with key stakeholders.

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<sup>28</sup> The Environmental Management Framework was disclosed on the Government Website (<http://www.accedejusticia.pe/web/programabancomundial.php>) and the World Bank website (<http://projects.worldbank.org/P162833/?lang=en&tab=documents&subTab=projectDocuments>)





84. **Stakeholders provided feedback and recommendations for the Project for preparing a citizen engagement strategy and as part of a consultation process to comply with safeguards policy requirements.** Some of the key recommendations and feedback received were the need to increase inter-institutional coordination among key bodies providing justice services to vulnerable populations and to support ongoing efforts instead of creating new ones that increase fragmentation within the sector. The Project includes two indicators based on direct feedback from beneficiaries via user surveys, targeting improvements in beneficiary satisfaction with court and legal aid services (two key project outcome areas).

85. **The World Bank's OP 4.10 (Indigenous Peoples) is triggered for this Project.** The Project is expected to have positive social impacts for indigenous peoples. Based on the result of the social assessment, and to promote a social inclusion agenda that directly benefit indigenous populations, an Indigenous Peoples Planning Framework (IPPF) has been prepared, consulted and disclosed on August 27, 2018.<sup>29</sup> This IPPF will further develop and support activities under Components 3 of the Project, particularly the design and implementation of an enhanced mobile justice mechanism providing services to indigenous populations.

86. **The Social Assessment as well as the IPPF includes a proposal for a grievance redress mechanism for beneficiaries that can be implemented at the Project level or in coordination with existing grievance mechanisms already available to population in the justice sector.** The Project will support the enhancement of existing grievance mechanisms in the justice sector, that can then also be used for project-level issues.

### (iii) Other Safeguards

87. **No other safeguard policies are triggered for the Project.**

### Grievance Redress Mechanisms

88. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## V. KEY RISKS

89. **The Project faces substantial risks during implementation.** Primary risks are associated with political and governance issues, institutional capacity for implementation and sustainability, fiduciary management and stakeholder engagement.

90. **Political and Governance.** Peru experienced considerable political instability in 2017 and 2018, including the resignation of the former president and a series of scandals in the justice sector. While this has led to a

<sup>29</sup> The Social and Gender Assessment as well as the IPPF were disclosed at the Government Website (<http://www.accedejusticia.pe/web/programabancomundial.php>) and the World Bank website (<http://projects.worldbank.org/P162833/?lang=en&tab=documents&subTab=projectDocuments>)



stronger consensus on the need to reform the judicial system, it also led to a high turnover of ministers and technical staff, including in justice, finance and other sectors. Were political instability to re-emerge, particularly in the justice sector, the implementation of the project and attainment of development objectives might be undermined. In terms of governance, the heads of the key judicial institutions, most notably the PJ, have only a two-year tenure. Regular rotations challenge the continuity of reforms, including those needed to attain the development objectives. To mitigate these risks, the Bank and the authorities have agreed to establish a Steering Council to coordinate across all involved agencies, to oversee project implementation and policy definition, and ensure continuity. The authorities are also committed to avoid turnover in technical positions in the two implementing units to ensure project memory and continuity, while the Bank is committed to offer intense project supervision to support both, and a swift launch and implementation of the Project. Finally, citizens' and businesses' high demand for the two core activities supported by the project (the EJE and support to ALEGRAS) ensures these will remain priorities under any leadership in the relevant implementing ministries and branches of government, an element that the Project will help to reinforce through its support to communication of the need and progress with these reforms.

91. **Institutional Capacity for Implementation and Sustainability.** The Project requires significant levels of coordination across several major participating agencies, which have varying degrees of capacity and experience with the implementation of reform processes and Bank operations. Effective coordination among these players is particularly challenging given the institutional independence and autonomy each of them enjoys vis-à-vis the others. This risk is mitigated by the establishment of a Steering Committee with coordination and facilitation responsibilities, a practice that helped in implementing previous Bank justice projects in Peru. In addition, the Project's design has embedded specific change management and capacity building activities targeted to each participating agency, with the aim of leveling capacity as well as managing any resistance to the reform process that may arise during its implementation. These, together with close monitoring and support to be provided by the two implementing units, will help mitigate these risks. Furthermore, the Bank will provide technical support and peer learning opportunities so that the implementing agencies are well-briefed to address the technical and organizational challenges, particularly with the EJE, which requires well-informed and sustained support to be implemented successfully.

92. **Fiduciary.** Given the Project's complex institutional arrangements between the PIUs and the participating agencies, the fiduciary risks are substantial. The primary mitigation instruments include: (i) a FM chapter of the Operations Manual that defines the format of financial reports for the Project and the terms of reference for the fiduciary staff at the PIUs; and (ii) inter-institutional agreements providing clear roles and responsibilities between all the institutions participating in the Project, which will be established before effectiveness. In addition, the Peru based procurement and financial management advisory teams stand ready to respond to the needs of the Project Implementation Units at short notice.

93. **Stakeholders.** Multiple stakeholders are involved in the delivery of non-criminal justice services. There is a significant risk of resistance to reforms that seek to enhance efficiency and accountability, from interest groups (e.g., certain groups of judges and lawyers) either because of potential losses of rents or a perceived inability to adapt to new processes. Mitigation measures include outreach and communication efforts by participating agencies targeted to relevant stakeholders and to the public to build constituencies to support the reforms proposed. Each component also includes active change management as well as proactive citizen engagement activities targeted to project beneficiaries to strengthen their supportive voice.





## VI. RESULTS FRAMEWORK AND MONITORING

### Results Framework

COUNTRY: Peru

### Improving the Performance of Non-Criminal Justice Services

#### Project Development Objectives(s)

The Project's development objective is to improve efficiency, access, transparency, and user satisfaction, in the delivery of adequate non-criminal justice services.

#### Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Improved efficiency in the resolution of non-criminal cases								
Processing time between the presentation of a claim and the decision that resolves the case (not including the enforcement period) in courts where EJE will be implemented (Months)		21.10	19.40	19.00	18.60	18.20	18.00	17.50
Increased access to justice								
Percentage of female users satisfied with the services provided at the ALEGRAS (Text)		Not available	60.00	60.00	70.00	70.00	75.00	80.00
Increased transparency of non-criminal justice services								



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Percentage of users who access their case file and case status online (Text)		Not available	20.00	40.00	50.00	60.00		70.00
<b>increased user satisfaction with the delivery of non-criminal justice services</b>								
Percentage of users satisfied with the service provided in a representative sample of non-criminal courts (Text)		Not available	30.00	30.00	50.00	50.00	65.00	65.00

### Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
1. Strengthening the institutional of the non-criminal justice administration system								
Percentage of non-criminal jurisdictional units where EJE has been implemented (Percentage)		5.00	10.00	20.00	40.00	70.00	90.00	100.00
Creation of a portal where all the judgements are published and indexed in an easily searchable manner (Text)		Currently only judgements of the Supreme Court and a few Superior Courts are published. The search functions are limited.	Design of the database and the portal, including consultation with stakeholders and citizens.	Design and pilot of the portal	Roll out of the portal			All judgements are published and indexed in a portal which allows citizens to search information easily.
Gender gap analyses inform policy decisions that aim to		Currently the PJ does not have enough	Gender gap analyses conducted with	Gender gap analyses conducted with the	Monitoring and evaluation of actions			Regular conduct of gender gap analyses



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
enhance women's experience in courts (Text)		information for identifying gender gaps and making policy decisions	administrative data inform policy making	first round of user satisfaction surveys inform policy making	taken to close gender gap			informs policy decisions that aim to enhance women's experience in courts
Time elapsed between the receipt of the case from PJ and the issuance of the final decision at TC (Days)		761.00	685.00	616.00	555.00	499.00	449.00	404.00
<b>2. Improving the production, analysis and use of information of the justice administration system</b>								
An optimal statistical system designed and implemented which contributes to the monitoring and control of processes of the PJ (Text)		The PJ does not have an adequate statistical system for the monitoring and control of processes	Technical specifications prepared	System procured	System configured and deployed			Statistical system contribute to the monitoring and control of processes
Indicators for monitoring performance of the TC designed and implemented (Text)		The TC does not have proper instruments for performance management	Indicators designed	SIGE strengthen				A dashboard designed for performance monitoring
Standards and processes for periodic evaluation of judges published and implemented (Text)		The JNJ has not been formally established.	Standards and processes designed	Standards and processes published and applied				Standards and processes for periodic evaluation of judges published and implemented by the JNJ
<b>3. Reducing barriers to access to justice for vulnerable populations</b>								
Number of ALEGRAs with the new management model implemented (Number)		0.00	0.00	30.00	80.00	100.00	100.00	100.00
Number of requests received at the ALEGRAs		263,772.00	282,860.00	301,905.00	323,141.00	345,749.00	369,952.00	395,848.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
(Number)								
Percentage of conciliations concluded at the ALEGRAs (Percentage)		20.00	25.00	30.00	35.00	40.00	45.00	50.00
Number of cases resolved through mobile Justice delivery mechanism per year (Number)		20,788.00	21,827.00	22,919.00	24,065.00	25,268.00	26,123.00	26,531.00
<b>4. Improving efficiency and efficacy of the justice administration system institutions</b>								
Number of people who have completed courses through AMAG's e-learning platform per year (Number)		9,600.00	10,500.00	11,600.00	12,700.00	14,000.00	15,400.00	16,000.00

Indicators to be Mapped	Baseline	End Target
<b>PDO Indicators</b>		
Test 1 (Text)	Test value	Test value

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Processing time between the presentation of a claim and the decision	Reporting will be disaggregated by the sex of	Semi-annually	EJE	Average time of all civil cases in courts where	Judiciary



that resolves the case (not including the enforcement period) in courts where EJE will be implemented	the plaintiff and the defendant			EJE is to be implemented.	
Percentage of female users satisfied with the services provided at the ALEGRAs	Reporting will be disaggregated by the type of services received. Results will be made public and inform performance management.	Bi-annually	User survey	Survey of representative sample of female users	Ministry of Justice
Percentage of users who access their case file and case status online	An assessment of EJE utilization by end-users	Semi-annually	EJE	Analysis of number of EJE files that are accessed by litigants.	Judiciary
Percentage of users satisfied with the service provided in a representative sample of non-criminal courts	Reporting will contain information disaggregated by gender. Results will be made public and used in the performance management system.	Bi-annually	User survey	Survey of representative sample of users	Judiciary

#### Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of non-criminal jurisdictional units where EJE has been implemented	Mapping the expansion of EJE across Peru	Semi-annually	EJE data	Analysis of EJE data overlaid on number of jurisdictional units	Judiciary
Creation of a portal where all the judgements are published and indexed in an easily searchable manner	Promoting public access to and use of court decisions	Semi-annually	Online portal	Review of portal	Judiciary and Ministry of Justice



Gender gap analyses inform policy decisions that aim to enhance women's experience in courts	Reports using administrative and court user survey data to synthesize differences in the treatment of women and men	Semi-annually	Activity reports from Judiciary	Analysis of activity reports	Judiciary
Time elapsed between the receipt of the case from PJ and the issuance of the final decision at TC	The average time to process interlocutory decisions on amparo cases	Semi-annually	Constitutional Tribunal	Average time to conclude amparo cases	Constitutional Tribunal
An optimal statistical system designed and implemented which contributes to the monitoring and control of processes of the PJ	Creation and use of statistics for management and public reporting, and associated data analytics capacity	Semi-annually	Reports from the Judiciary	Review of reports	Judiciary
Indicators for monitoring performance of the TC designed and implemented	Publicly available indicators, used by management to improve services	Semi-annually	Activity reports from Constitutional Tribunal	Review of activity reports	Constitutional Tribunal
Standards and processes for periodic evaluation of judges published and implemented	The public and judges are aware performance standards and the system is applied fairly	Semi-annually	Narrative activity reports from National Judicial Board	Review of progress of National Justice Board and quality of outputs	National Judicial Board
Number of ALEGRAs with the new management model implemented	New management addressing existing challenges and responding to client input is rolled out	Semi-annually	Narrative activity reports from Ministry of Justice	Review of narrative reports	Ministry of Justice



Number of people who have completed courses through AMAG's e-learning platform per year	Cumulative increase in the number of justice system employees (including judges) completing online courses	Semi-annually	Judicial Training Academy's training records	Analysis of training records	Judicial Training Academy
Number of requests received at the ALEGRA	Reports will contain disaggregated information by the gender of user and the type of services provided	Semi-annually	ALEGRA service records	Review of service data	Ministry of Justice
Percentage of conciliations concluded at the ALEGRA	Of those services referred to conciliation, which conclude in an agreement	Semi-annually	ALEGRA service records	Review of ALEGRA data	Ministry of Justice
Number of cases resolved through mobile Justice delivery mechanism per year	The report should contain information disaggregated by the gender of the plaintiff and the defendant	Semi-annually	Reports from mobile justice programs	Analysis of mobile justice reports	Judiciary



## ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Peru

Improving the Performance of Non-Criminal Justice Services

### Strategy and Approach for Implementation Support

94. **The implementation strategy for the Project was developed based on the experience of previous projects in Peru (Justice Services Improvement P073438 and Justice Services improvement II P110752) as well as the risks and mitigation measures identified for this operation.** The objective is to provide flexible and efficient implementation support to the client. The main risks are the potential political changes and the need for close coordination across the institutions involved in implementation, as well as the management of a complex process of institutional and technical change. The main elements of the implementation support strategy are as follows:

- a) **Inter-institutional coordination.** To ensure coordination among the principal institutions and agencies involved (PJ, MINJUSDH, TC, JNJ, and AMAG), the Bank will provide close implementation support for planning, results monitoring and the meetings of the Steering Committee.
- b) **Technical support.** The Bank technical and fiduciary teams will have continuous dialogue with the implementing entities and the UE-PJ and UE-MINJUSDH to support implementation (particularly in providing technical advice on terms of reference and the design of new systems and management models). In addition, specialists will provide support in developing sources of, and using, performance information. Implementation support missions will include public sector specialists to help guide the UE-PJ and UE-MINJUSDH with project implementation and policy dialogue.
- c) **Change Management and Communications Strategy.** The Project's design contemplates explicit support for comprehensive change management and communication strategies, in order to proactively manage the risks associated with the implementation of the EJE. During implementation, the Bank team will closely supervise advances and bottlenecks in both areas through regular communication and semiannual implementation support missions including the UE-PJ and UE-MINJUSDH implementation teams, and change management consultancy support.
- d) **Procurement.** A Bank procurement specialist, based in Lima, will provide timely support and carry out ongoing supervision. The specialist will participate in project implementation support missions, respond to just-in-time requests, and provide ongoing guidance to the UE-PJ and UE-MINJUSDH in their procurement activities.
- e) **Financial Management.** During project implementation, the Bank will supervise the Project's financial management arrangements in two main ways: (a) review the Project's annual audited financial statements; and (b) during World Bank implementation support missions, review the Project's FM and disbursement arrangements to ensure compliance with the Bank's requirements. An FM specialist, based in Lima, will assist in the supervision process and provide ongoing guidance to the UE-PJ and UE-MINJUSDH on financial management issues.
- f) **Operations.** During project implementation, the World Bank will provide implementation support to the team members of the UE-PJ and UE-MINJUSDH to prepare, update, and use the project management tools, including the Operational Manual, annual work plan, procurement plan, and disbursement projections. The task team will provide advice to the UE-PJ and UE-MINJUSDH for tracking





the progress of the Project's indicators, monitor the implementation progress of Project components according to annual action plans. Implementation support will be conducted through regular telephone, video-conferences, semi-annual or more frequent implementation support missions, as well as just-in-time technical support from public sector specialists based in the region and fiduciary specialists based in Lima.

g) **Safeguards.** Country office-based environmental and social specialists will provide advice during project implementation support missions, respond to enquiries from the UE-PJ and UE-MINJUSDH, and provide ongoing guidance to the client based on its environmental and social safeguards activities.

### Implementation Support Plan and Resource Requirements

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Task management	Task team leader/ Public sector (legal Judicial) specialist	18 Staff Weeks (SWs)	
	Procurement	Procurement specialist	8 SWs	Training and Preparation
	FM	FM specialist	4 SWs	Training and Preparation
	Safeguards	Environmental and Social Specialists	6 SWs	
	Operations support	Operations officer	2 SWs	Revision of documentation
	Technical support	ICT Policy specialist / Public Sector Specialist	12 SWs	Technical support
12-72 months	Task management	Task team leader/ Public sector specialist	80 SWs	Task Leadership
	Procurement	Procurement specialist	34 SWs	Training and Supervision
	FM	FM specialist	18 SWs	Training and Supervision
	Safeguards	Environmental and Social Specialists	24 SWs	
	Operations support	Operations officer	6 SWs	Revision of documentation



Technical support

ICT Policy  
specialist/Public  
Sector Specialist

30 SWs

Technical support

Other

## Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
TTL (Public Sector Specialist)	100	12	
Procurement Specialist	42	0	
Financial Management Specialist	22	0	
Operations Officer	8	8	
ICT Policy Specialist/Public Sector Specialist	42	12	