

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PERU**

**PROGRAM TO IMPROVE CRIMINAL JUSTICE SERVICES IN PERU**

**(PE-L1230)**

**LOAN PROPOSAL**

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## **ABBREVIATIONS**

|          |   |
|----------|---|
| CGR      | Comptroller General's Office  |
| CNPGH    | National Center for Human Genetic Profiling                         |
| ICAS     | Institutional Capacity Assessment System                            |
| INPE     | National Prison Institute of Peru                                   |
| MEF      | Ministry of Economy and Finance                                     |
| MEP      | Monitoring and evaluation plan                                      |
| MEP-SIAF | Integrated Financial Administration System project execution module |
| MINJUSDH | Ministry of Justice and Human Rights                                |
| OPG      | Office of the Prosecutor General                                    |
| POM      | Program Operating Manual  |
| PRONACEJ | National Program for Juvenile Centers                               |
| SAJP     | Criminal Justice Administration System                              |
| SEPA     | Procurement Execution System  |
| SIAF     | Integrated Financial Administration System                          |

## PROGRAM SUMMARY

### PERU

### PROGRAM TO IMPROVE CRIMINAL JUSTICE SERVICES IN PERU (PE-L1230)

| Financial Terms and Conditions  |               |                                     |  |                                     |  |
|---|---------------|-------------------------------------|--|-------------------------------------|--|
| Borrower:   |               |                                     | Flexible Financing Facility <sup>(a)</sup> |                                     |  |
| Republic of Peru  |               |                                     | Amortization period:                       | 11 years                            |  |
| Executing agencies:   |               |                                     | Disbursement period:                       | 5 years                             |  |
| Ministry of Justice and Human Rights, Office of the Prosecutor General, and Judiciary   |               |                                     | Grace period:                              | 5.5 years <sup>(b)</sup>            |  |
| Source  | Amount (US\$) | %                                   | Interest rate:                             | LIBOR-based                         |  |
| IDB (Ordinary Capital):   | 100,000,000   | 50                                  | Credit fee:                                | <sup>(c)</sup>                      |  |
|   |               |                                     | Inspection and supervision fee:            | <sup>(c)</sup>                      |  |
| Local:  | 100,000,000   | 50                                  | Weighted average life:                     | 8.25 years                          |  |
| Total:  | 200,000,000   | 100                                 | Approval currency:                         | U.S. dollars                        |  |
| Program at a Glance   |               |                                     |  |                                     |  |
| <b>Program objective/description:</b> The general objective of the program is to improve the service management of Peru's criminal justice administration system (SAJP), by: (i) increasing the efficiency of the SAJP through the use of technology; (ii) enhancing the quality of criminal investigation; and (iii) improving access to SAJP services through the use of technology.  |               |                                     |  |                                     |  |
| <b>Special contractual conditions precedent to the first disbursement of the loan:</b> (i) the executing agencies will have approved their respective program Operating Manual (POM) under the terms previously agreed upon with the Bank and the POM will have entered into force; (ii) the executing agencies will have appointed the staff of their respective management teams under the terms and conditions previously agreed upon with the Bank and included in their respective POMs; and (iii) two interoperability committees (operational and strategic) will have been established (paragraph 3.9). |               |                                     |  |                                     |  |
| <b>Exceptions to Bank policies:</b> None.   |               |                                     |  |                                     |  |
| Strategic Alignment   |               |                                     |  |                                     |  |
| <b>Challenges:</b> <sup>(d)</sup>   | SI            | <input checked="" type="checkbox"/> | PI   | <input checked="" type="checkbox"/> | EI <input type="checkbox"/>            |
|   | GD            | <input checked="" type="checkbox"/> | CC   | <input type="checkbox"/>            | IC <input checked="" type="checkbox"/> |

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

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

<sup>(c)</sup> The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.

<sup>(d)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

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

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problem addressed, and rationale

- 1.1 For more than a decade, Peru has promoted a number of legislative and public-policy measures aimed at strengthening and modernizing its justice administration system in a comprehensive manner.<sup>1</sup> An outstanding example of this process was the National Agreement for Justice of 2016,<sup>2</sup> intended to establish a framework to “comprehensively and systematically reform the administration of justice in Peru.”<sup>3</sup> More recently, in response to a major institutional crisis,<sup>4</sup> the President’s Office—in consensus with Congress and the country’s social and political stakeholders—established a high-level Justice Reform Advisory Committee to analyze the problems affecting the sector and prepare reform recommendations. As a result, the committee recommended the institutional modernization of the sector, including implementing new technologies as well as improving accessibility and transparency.<sup>5</sup>
- 1.2 These recommendations’ emphasis on building the justice system’s capacity to prevent and combat misconduct is of particular relevance for the criminal justice administration system (SAJP), which is responsible for investigating, prosecuting, adjudicating, and punishing crimes. In Peru, these functions are performed by the Office of the Prosecutor General (OPG); the Ministry of Justice and Human Rights (MINJUSDH) (through its public defender, prison management, and juvenile offender rehabilitation responsibilities); and the Judiciary (through its Criminal Division). Given this institutional framework, the smooth operation of the SAJP requires both strengthening the institutional capacity of its entities and implementing effective coordination between them.<sup>6</sup> The following chart summarizes the criminal process in Peru:

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<sup>1</sup> Examples of these initiatives include: (i) the adoption of a new Code of Criminal Procedure (2004); (ii) the creation of the Special Committee for Comprehensive Justice Administration Reform (2003); (iii) the preparation of the National Plan for the Interoperability of the Criminal Justice Administration System; and (iv) the execution of a Bank-financed loan focused on expanding access to justice services in remote areas of the country (Program to Modernize the Justice Administration System in Order to Enhance Services Provided to the Peruvian Population – Phase I, loan 2534/OC-PE, whose execution was completed in 2019).

<sup>2</sup> [Documento de creación del Acuerdo Nacional por la Justicia](#). The National Agreement for Justice brought together the heads of the Judiciary, the National Judicial Council, the Office of the Prosecutor General (OPG), the Ministry of Justice and Human Rights (MINJUSDH), and the Judicial Academy.

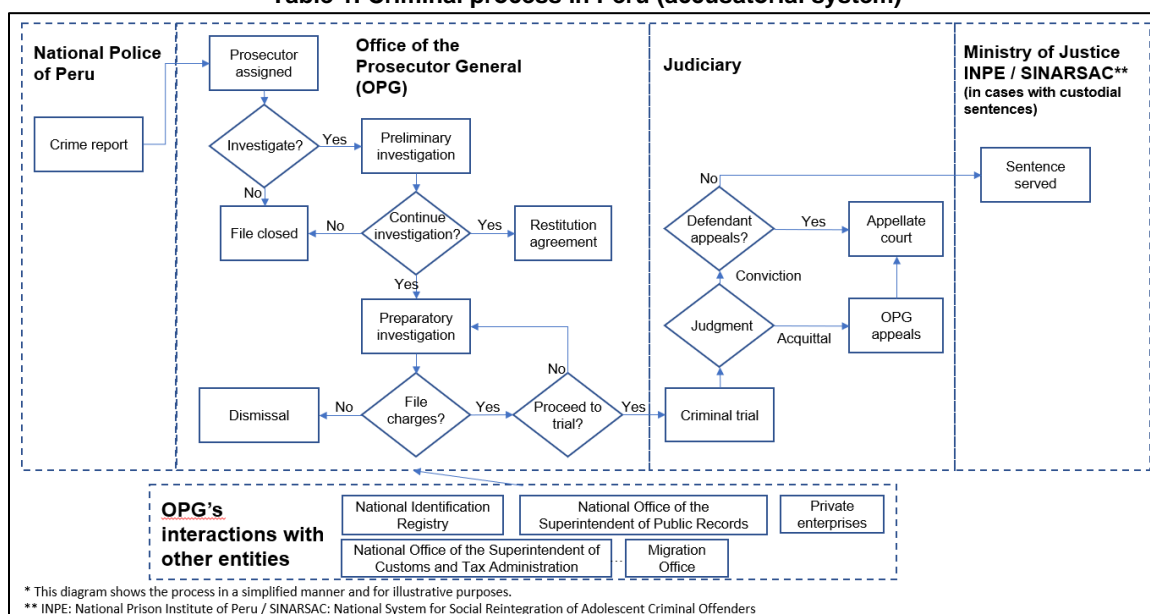
<sup>3</sup> Concept note, National Agreement for Justice, 2017. This agreement was established to create a forum for coordination, where knowledge generation, information exchange, and identification of common problems support the planning of policies aimed at addressing the sector’s crosscutting priorities.

<sup>4</sup> This crisis was triggered by revelations of misconduct in the country’s justice sector. In July 2018, several audio recordings of judges and National Judicial Council members revealed an apparent network of corrupt activities that impacted appointments to positions and the terms of criminal sentences. This seriously undermined the justice system’s credibility and resulted in the structural reform of the sector, with the creation of the National Justice Board, which replaced the National Judicial Council.

<sup>5</sup> [Documento de recomendaciones de la Comisión Consultiva para la Reforma de la Justicia \(2018\)](#).

<sup>6</sup> In keeping with international good practices that recommend coordination among justice system entities, Peru’s SAJP has expressed that it intends to improve “interagency cooperation and the timely exchange of secure, quality information among the various institutions of the criminal justice administration system, to provide the general public the best possible criminal justice administration service” (National Plan for the Interoperability of the Criminal Justice Administration System, 2018).

**Table 1. Criminal process in Peru (accusatorial system)**



1.3 The criminal process in Peru (Table 1) requires not only the smooth operation of its institutions but also fluid interactions between them to enable the effective administration of justice. The characteristics and functions of the main SAJP entities that will be addressed by this program are:

- The Office of the Prosecutor General (OPG) is an autonomous agency of the State responsible for upholding the rule of law, representing citizen and public interests, and criminal prosecution. It has 6,564 prosecutors responsible for a caseload of 1,256,746 cases (2018), supported by a professional staff of 6,582 and a technical staff of 6,261, which includes 2,025 forensic medical services employees.<sup>7</sup> The Institute of Forensic Science and Medicine is the main provider of scientific tests for criminal prosecution through its Forensic Pathology Division; Forensic Chemistry and Toxicology Lab; and Molecular Biology and Genetics Lab.
- The Judiciary is responsible for administering justice through its 2,507 courts. Cases involving criminal acts, that is, unlawful actions punishable through prison sentences or alternative measures, are adjudicated by its Criminal Division. This division includes the Criminal Branch of the Supreme Court, 34 appellate courts, and 820 trial courts.
- The Ministry of Justice and Human Rights (MINJUSDH) is responsible for providing public defender services, defending the legal interests of the State, and managing the operation of the prison system, which includes 68 facilities that hold almost 90,000 inmates.<sup>8</sup> Recently, it assumed responsibility for the

<sup>7</sup> OPG bulletin, December 2018.

<sup>8</sup> Statistics report, National Prison Institute of Peru (INPE), 2018.

National Program for Juvenile Centers (PRONACEJ).<sup>9</sup> This program is divided into two intervention categories based on the severity of the offense: in more serious cases, juvenile offenders are incarcerated in Juvenile Diagnosis and Rehabilitation Centers, while those who commit minor offenses are treated by Adolescent Counseling Services.

- 1.4 The main issue that this program will help solve is the poor management of the SAJP, seen as deficiencies in the processing of criminal cases by system entities.<sup>10</sup> For this operation, this problem will be measured as the ratio of cases fully completed by the SAJP (whether through a judgment or other ways to close cases) to the number of cases started. For example, in 2018, 51% of cases were completed.<sup>11</sup> This problem is related to causal factors associated with the efficiency and quality of, and access to, SAJP services, as described below.
- 1.5 The clearest measure of the inefficiency of the SAJP is the time required to complete criminal proceedings (from filing charges to issuing a sentence).<sup>12</sup> The main drivers of this inefficiency are:
  - a. An outdated regulatory framework for electronic case processing and implementation of electronic case files and electronic criminal court records.<sup>13</sup>
  - b. In most of the country, manual procedures for delivering notifications to parties involved in investigations and trials, which on average take 114 days. Jurisdictions that implemented an electronic notification pilot (Southern Lima) have reduced the average time to 10 days.<sup>14</sup>
  - c. Ineffective, uncoordinated internal case handling processes: the OPG requires internal coordination between 14 administrative departments and 8 departments of the Institute of Forensic Science and Medicine, resulting in a total of 388 interactions, none of which are conducted electronically.<sup>15</sup>
  - d. Growing inability among prosecutors to manage their caseloads: although the annual caseload per criminal prosecutor has increased from 141 to 157 (8.1%), processing capacity has only increased 2.9%. This translates into a 108% increase in unhandled criminal cases, or 103,605 cases awaiting investigation (compared to 49,801 in 2014).<sup>16</sup>

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<sup>9</sup> Legislative Decree 1299 (December 2016).

<sup>10</sup> A symptom of these shortcomings is the public's low level of trust in SAJP institutions: according to the National Household Survey of the National Institute of Statistics and Information Technology (2016), only 13.5% of those surveyed said they trusted the Judiciary and 15.2% said they trusted the OPG. According to a report by Latinobarómetro (2018), only 16% of survey participants said they trusted the Judiciary (third from last in the region).

<sup>11</sup> Total caseload in 2018 was 3,159,446, of which 1,614,510 were resolved (Institutional Statistics Bulletin, Judiciary, 2019).

<sup>12</sup> Studies show that criminal court proceedings considerably exceed the time limits established by law. For example, aggravated robbery and sexual violence cases take, on average, four years and two months, when the legal time limit for such cases is seven months. (Gutiérrez, Walter; *La Justicia en el Perú*. Gaceta Jurídica, November 2015).

<sup>13</sup> "Notificación Fiscal Electrónica," OPG, 2019.

<sup>14</sup> Ibid.

<sup>15</sup> Interview with OPG personnel, July 2018.

<sup>16</sup> Statistics Bulletin, OPG, 2018.



- e. Limited case processing capacity: at the OPG, the average processing time for a standard case file is 540 days,<sup>17</sup> and only 18% of files go on to the preparatory phase.
  - f. Inefficient, insecure information exchange between sector entities: there are few digital mechanisms for communication and exchange between the various entities of the SAJP. For example, prosecutors' offices interact with 23 public and private entities and, in doing so, need to perform a total of 421 types of interactions, only 15% of which can be conducted electronically.<sup>18</sup>
  - g. Inadequate physical spaces, obsolete computer and communications equipment, and insufficient licenses, software, and data centers.
- 1.6 The low quality of prosecutorial investigations is reflected in the ratio of the number of cases in which the OPG files formal charges before the court to the number of investigations started (36% in 2016).<sup>19</sup> The main drivers of this low prosecutorial investigation quality include:
- a. Lack of modern tools for investigation and evidence management. For example: (i) the DNA profile database enables the automated comparison of profiles from crime scenes, suspects or convicts, and victims. However, the National Center for Human Genetic Profiling (CNPGH) is not properly equipped in that it does not have the information technology infrastructure to manage and store digital genetic information, equipment to extract and preserve DNA, capacity for genetic profile analysis, or suitable furnishings;<sup>20</sup> (ii) toxicology, biology, and pathology labs lack tools and conditions that are essential for their operation;<sup>21</sup> (iii) medical examiner services: 72% of morgues lack even the most basic conditions for providing medical examiner services and conducting autopsies and do not have appropriate services for transporting bodies from crime scenes to the nearest forensic medicine division;<sup>22</sup> and (iv) expert analysis in the field of forensic medicine.
  - b. Limited investigative capacity among prosecutors, particularly for specialized cases with high social impact, such as violence against women. The OPG has only 10 prosecutors' offices specialized in this area, which must cover the entire country.<sup>23</sup> The OPG also does not have enough technical resources to

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<sup>17</sup> This includes 184 days for the preliminary phase, 167 for the preparatory phase, and 189 for the intermediate phase, all under the responsibility of prosecutors. Public investment profile, "*Mejoramiento del SAJP en el Perú*," 2019.

<sup>18</sup> *Mejoramiento de los servicios de justicia penal a través de la implementación de la carpeta fiscal digital en materia penal a nivel nacional*, OPG (2018).

<sup>19</sup> OPG (2018), op. cit., p. 187.

<sup>20</sup> Institute of Forensic Science and Medicine, *Creación del CNPGH*, Lima 2018.

<sup>21</sup> Public investment project, OPG (2019).

<sup>22</sup> *Mejoramiento de los Servicios de Justicia en Materia Penal*, 2019.

<sup>23</sup> Interview with specialized prosecutors from the OPG, April 2019.

respond to demand for investigations that mainstream the gender perspective.<sup>24</sup>

1.7 The general public, officials, and juvenile offenders have limited access to SAJP services. This is reflected in:

- a. Shortcomings in the MINJUSDH's public defender services, such as: (i) manual case processing; (ii) lack of database integration with other SAJP institutions; and (iii) obsolete support equipment for responding to the demand for public defender services.<sup>25</sup>
- b. Shortcomings in the prison information system, such as: (i) a lack of interoperability between INPE information systems and other relevant systems: two information systems (one for juvenile offenders and the other for adult offenders) run in parallel but do not intercommunicate, which hampers the tracking of cases in which inmates are transferred from one system to the other, makes a reliable measuring of recidivism impossible, and therefore limits the diagnostic assessment of the quality of rehabilitation services provided in juvenile centers; and (ii) lack of updated, real-time information that covers the country's entire prison population (indicted defendants and convicts).
- c. Limited access to rehabilitation and social reintegration services among juvenile offenders, which has been linked to such institutional shortcomings as: (i) limited justice system capacity and lack of expertise among justice system actors with respect to teenage criminal offenders, which mean that priority is given to imprisonment over probation or socioeducational measures in a nonprison environment;<sup>26</sup> (ii) high levels of overcrowding: eight of the country's nine Juvenile Diagnosis and Rehabilitation Centers are 54% over capacity, and 60% of Adolescent Counseling Services facilities are also overcrowded;<sup>27</sup> (iii) a poor range of educational services for young people to improve their educational attainment: 57.5% of juveniles in the criminal system have not completed secondary education, and 78.3% of them never started it;<sup>28</sup> (iv) inadequate supply of training workshops for young people to enhance their job skills: 44% of young men and 54.2% of young women participate;<sup>29</sup> and (v) a lack of tools and professional teams to provide rehabilitation services in prison and nonprison environments: the ratios of teenagers to treatment personnel are 42:1 (psychologists), 60:1 (social workers), and 23:1 (social educators). The ideal ratios are 30:1 (psychologists), 30:1 (social workers), and 8:1 (social educators).<sup>30</sup>

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<sup>24</sup> In Peru, 68% of women who have been in a romantic relationship have suffered some sort of violence at the hands of their partner. There were 81,009 cases of attacks against women recorded in 2017 and 1,162 femicides in the country between 2009 and 2018. Office of the Ombudsman (2017) and Crime Observatory Femicide Report (2018).

<sup>25</sup> An average of 344,676 consultations were responded to per year from 2014 to 2017. MINJUSDH, 2018.

<sup>26</sup> A recent analysis showed that probation was chosen for an average of 6% of cases. 2013-2018 National Plan for Prevention and Treatment of Adolescent Criminal Offenders.

<sup>27</sup> Justice Observatory, 2018.

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> 2013-2018 National Plan for Prevention and Treatment of Adolescent Criminal Offenders.

- d. Scant availability of information on key aspects of the sector's operations, including: (i) constraints on the public's ability to find out the procedural status of cases before the SAJP, given the lack of an integrated system that can be used to track crime reports throughout the criminal process;<sup>31</sup> (ii) lack of access to court rulings to build precedents that lead to reliable case law and greater legal certainty, since there is no system to research legal precedents for criminal cases;<sup>32</sup> and (iii) scant information on sector operations available to society and system managers, which means that the public lacks the ability to learn about sector performance and decision-makers lack important public policies for sector management.

**1.8 Intervention strategy and rationale.** This program supports efforts made by the country in recent years to modernize the justice administration system to “build justice that is efficient, timely, transparent, and free of corruption”<sup>33</sup> (paragraph 1.1). Therefore, the program proposes a substantial modification in the management of the SAJP, based on a comprehensive intervention strategy and long-term vision that helps improve the delivery of justice services to the general public. To do so, the program is planning interventions under three lines of action: (i) increase the efficiency of the SAJP by streamlining and digitizing system processes and making them interoperable; (ii) increase criminal investigation capacities at the OPG by modernizing equipment and technology and providing specialized training for personnel, particularly on the investigation of cases of gender violence and femicides; and (iii) improve juvenile offenders' and the general public's access to SAJP services by optimizing new technologies and implementing transparent systems for the exchange and management of information about criminal case prosecution and inmate records. This change theory is consistent with a significant body of evidence<sup>34</sup> on the potential of introducing new information and communications technologies in the management of the justice process.

**1.9 Experiences and lessons learned by the Bank in the region.** This program's design has taken into account the recommendations of the most recent thematic evaluations from the Bank's Office of Evaluation and Oversight (documents RE-456, RE-455-1), for example, by focusing interventions to achieve greater impact. Consideration was also given to the lessons learned from more than a decade of work by the Bank in supporting justice agencies and the modernization of procedures and services. Particular emphasis was placed on: (i) coordinating interventions by different donors in order to avoid duplication of efforts and generate comprehensive reforms of justice administration systems (applied in loan 1905/OC-GU); (ii) ensuring that the use of new information and communications technologies is part of a strategic plan and accompanied by reengineering of internal processes and human resources training (paragraph b) (loans 1115/SF-HO; 1377/OC-CR; 1723/OC-PR; and 1277/OC-PR); and (iii) including a formal mechanism for coordination between

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<sup>31</sup> Interview with Judiciary personnel, July 2019.

<sup>32</sup> 2014-2017 Institutional Strategic Plan. OPG, 2014.

<sup>33</sup> Justice Reform Advisory Committee report (2018).

<sup>34</sup> For example, see Lillo, Ricardo; *El Uso de Nuevas Tecnologías en el Sistema Judicial: experiencias y precauciones* (2010).

sector entities as part of the execution mechanism (paragraph 3.2) (included in loans 2277/OC-CO; 1115/SF-HO; and 1905/OC-GU).

- 1.10 **Experiences and lessons learned by the Bank in Peru.** The Bank, through the Program to Modernize the Justice Administration System in Order to Enhance Services Provided to the Peruvian Population – Phase I (loan 2534/OC-PE), supported the Peruvian government in expanding the coverage and improving the quality of the services provided by justice administration system entities. Specifically, the program combined measures under three lines of action: (i) construction of new infrastructure to deliver judicial services (judicial defense, legal aid, and mediation); (ii) interconnection of justice administration system entities' information systems; and (iii) tertiary prevention for juvenile criminal offenders. The loan was for US\$26 million,<sup>35</sup> and its execution was completed in April 2019.
- 1.11 This program helped lay the necessary foundations for the conceptual development of the interoperability plan for justice administration system institutions. The operation also supported interoperability pilots between different institutions (the Judicial Academy and the National Judicial Council), the launch of the Peruvian State Attorney's Offices Single Record System, and procurement of computer hardware for technological upgrades at various sector entities. Notable lessons learned from this program's design and implementation included the need for practical implementation arrangements to facilitate coordination between entities that belong to constitutionally separate government branches, for example: (i) limiting the number of coordination bodies without execution powers; (ii) ensuring the independence of execution units for contracting, planning, and accountability processes; (iii) having specific program Operating Manuals (POMs) for each execution unit, which clearly define each of their roles; and (iv) securing funds to hire teams to work exclusively on the program.
- 1.12 **Complementarity with other Bank operations in the country.** This operation will promote synergies with the following programs: (i) Improvement of Crime Prevention Services in the Population Most Vulnerable to Crime and Violence in Peru (loan 4873/OC-PE), which intends to strengthen technological capacity and interconnection of multiple National Police data sources for taking crime reports and generating quality information on violence and crime; and (ii) the Project to Improve and Expand Support Services for National Service Delivery to Citizens and Enterprises (loan 4399/OC-PE), which will strengthen the State Interoperability Platform. In addition, this program has received support from technical cooperation funding ATN/OC-16833-PE, which financed technical documents to support the identification, formulation, and evaluation of public investment system projects in Peru (Invierte.pe), as well as other studies to support its design and execution.

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<sup>35</sup> This included US\$26 million in IDB resources and US\$10 million in counterpart funds. The project was the first phase of the program, and its resources primarily focused on increasing coverage through the construction of six integrated justice centers, reducing excessive case loads, and enhancing the interoperability of the Justice Administration System.

- 1.13 **Coordination with other multilateral organizations.** This operation is part of a broad reform and modernization program for the Peruvian justice sector, in coordination with the World Bank, which will focus on the noncriminal legal system. During the design of the operations financed by the two multilateral organizations, joint missions were held to establish guiding principles for intervention in the various projects financed, stressing the importance of: (i) maintaining a systemic focus, in the spirit of comprehensive reform sought by Peru's justice administration system; (ii) ensuring that interventions are aimed at improving services that directly impact the general public; and (iii) preventing duplication or isolated projects with limited value added.
- 1.14 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is strategically aligned with the following development challenges: (i) low productivity and innovation, by supporting the improvement of efficiency in justice sector institutions in both the executive and judicial branches, particularly through the adoption of technologies and training of personnel (paragraph 2.8); and (ii) social exclusion and inequality, by strengthening rehabilitation and reintegration services for juvenile offenders. The program is also aligned with the crosscutting areas of: (i) institutional capacity and rule of law, by ensuring the efficiency, effectiveness, and transparency of criminal justice system institutions; and (ii) gender equality and diversity, by strengthening criminal investigations for specialized cases of gender-based violence. In addition, the program is aligned with the Corporate Results Framework 2016-2019 (document GN-2727-6) through the following indicators: (i) government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery, since it will modernize judicial processes and criminal investigation techniques, ensure the interoperability of information systems, and strengthen the technical capacities of the group of institutions that comprise the SAJP; and (ii) crime information systems strengthened, since it will improve equipment and information systems that increase the investigative capacity of the OPG. It is also aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2), in terms of reducing insecurity and supporting public policy through the capacity-building of sector entities. In addition, the operation is consistent with the Citizen Security and Justice Sector Framework Document (document GN-2771-7), which makes efficient and timely access to criminal justice services for citizens a priority. The operation is also aligned with the strategic objectives of improving public management and improving citizen security, as defined in the IDB Group Country Strategy with Peru 2017-2021 (document GN-2889). Lastly, it is included in the Update of the Annex III of the 2019 Operational Program Report (document GN-2948-2).
- 1.15 **Safeguards for work with the INPE and PRONACEJ.** In compliance with the provisions of the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), the program focuses its support on enhancing the institutional management of the INPE and PRONACEJ through the launch of statistical information systems and the use of new information and communications technologies that facilitate integration with other justice administration system entities. The operation also seeks to improve rehabilitation and reintegration programs available to juvenile offenders, strengthen the specialized technical capacities of professional personnel, and

improve the physical infrastructure of the Juvenile Diagnosis and Rehabilitation Centers. As a safeguard, an interagency agreement with the National Mechanism for the Prevention of Torture<sup>36</sup> has been signed. This will support the external monitoring process for the implementation of rehabilitation and reintegration activities for juvenile offenders. In addition, with respect to the training and specialization of prison and juvenile detention center professionals, a strategic partnership is being developed with the United Nations Office on Drugs and Crime. The Bank has a long track record of working with this agency on various loan operations in the region, such as the Comprehensive Security Program (loan 1762/OC-PN) in Panama, several components of which were executed jointly. This partnership will enable quality improvements in prison personnel training, based on human rights principles and international best practices.

## **B. Objectives, components, and cost**

- 1.16 **General objective.** The general objective of the program is to improve the service management of Peru's criminal justice administration system (SAJP), by: (i) increasing the efficiency of the SAJP through the use of technology; (ii) enhancing the quality of criminal investigation; and (iii) improving access to SAJP services through the use of technology.
- 1.17 **Component 1. Increased SAJP efficiency through the use of technology (US\$148,371,000).** The activities under this component<sup>37</sup> will help implement a modern, interoperable<sup>38</sup> system intended to reduce criminal case processing and decision times. To this end, it will finance:
- a. The improvement of criminal justice services through the nationwide implementation of electronic case files,<sup>39</sup> which would include such activities as: (i) revising the regulatory framework for electronic case management within the OPG and between that office and other entities; (ii) digitizing and implementing an electronic notification system; (iii) implementing an integrated management system for the OPG, including process, change, and communications management<sup>40</sup> (strategy design, action plan preparation, plan

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<sup>36</sup> To perform its preventive functions, the National Mechanism for the Prevention of Torture periodically reviews the treatment of inmates at detention locations and issues recommendations to the competent authorities. The National Mechanism for the Prevention of Torture is administratively attached to the Office of the Ombudsman but has organizational and functional autonomy.

<sup>37</sup> More details on the activities to be financed will be included in the corresponding POMs.

<sup>38</sup> Interoperability is defined as "the ability of different organizations and systems to interact towards agreed-upon, mutually beneficial goals. This interaction entails the sharing of information and knowledge through their business processes, by means of the exchange of data between their respective information technology and communications systems" (Supreme Decree 081-2013-PCM).

<sup>39</sup> The term "case file" refers to the documentation that is to be safeguarded, preserved, transferred, recompiled, and filed during investigations conducted by the OPG. The case file contains such documents as the crime report, police report, investigative reports, documents obtained, expert opinions, records collected, documentation of prosecutorial actions, investigative orders, procedural filings, orders issued by the investigative judge, and all other documentation useful for investigation purposes. At present, this file is printed out and delivered to the judge, in person, with charging documents, dismissal requests, and other necessary court records. The manual handling of these files significantly impacts case preparation and processing times.

<sup>40</sup> This includes campaigns to communicate the progress made in implementing electronic case files and to train users and the general public to effectively use the tools offered by the system.

implementation, and training of prosecutors and OPG personnel) to enable the launch of electronic case files; (iv) renovating the physical infrastructure for information systems; and (v) developing software for electronic case files and providing technological infrastructure, including interoperability and cybersecurity mechanisms, to enable the secure exchange of sensitive information required while conducting prosecutorial investigations.

- b. The improvement of the justice administration system through the nationwide implementation of electronic criminal court records with interoperability features,<sup>41</sup> which would include such activities as: (i) standardizing administrative and court proceedings (identifying needs and requirements for criminal court proceedings); (ii) training court and administrative personnel on the use of electronic criminal court records; (iii) developing and implementing a change management plan and a communication strategy; (iv) providing technology; (v) implementing interoperability and cybersecurity mechanisms (to safeguard exchanges of sensitive information in the processing of court records); (vi) upgrading spaces in the Judiciary's Criminal Division entities (physically renovating criminal courts, procuring and installing computers and communications equipment, and procuring software licenses);<sup>42</sup> (vii) improving statistical and case law information for justice system participants and users (including the design and implementation of systems for judgment reporting, processing, recording, and standardization for the Judiciary); and (viii) developing instruments for monitoring and control of proceedings.

**1.18 Component 2. Enhanced quality of criminal investigation (US\$21,280,300).**

This component aims to improve the basis of charges filed by the OPG<sup>43</sup> and bolster the capacities of investigating prosecutors. To this end, this component will finance the following activities:<sup>44</sup>

- a. The improvement of medical examiner services at forensic medicine divisions, which would include such activities as: (i) outfitting vehicles to provide medical examiner services; (ii) equipping forensic medicine divisions with modern equipment for medical examiner services; and (iii) providing furniture, information technology, and emergency equipment.
- b. Creation of the National Center for Human Genetic Profiling (CNPGH) and the strengthening of DNA labs, which would include such activities as: (i) upgrading CNPGH infrastructure at three locations; (ii) providing information technology hardware, furniture, and medical equipment; (iii) preparing

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<sup>41</sup> Though electronic case files and electronic criminal court records will be interoperable by design, there will have to be a concrete mechanism to make their interoperability viable: a set of interagency agreements and action protocols. Therefore, the program will foster the development of this mechanism as it supports change management and internal and public communication activities.

<sup>42</sup> Of the 820 criminal trial courts, 133 are not using the new Code of Criminal Procedure. The slated technology purchases and upgrades will ensure that all courts have the capacity to apply these new procedural rules.

<sup>43</sup> Studies show that forensic evidence is a strong predictor of a case's path through the criminal justice system and, more specifically, of whether a case will reach court (Briody, 2002, 2004; Roman et al., 2009; Peterson et al., 2013). Moreover, Peterson et al. (2010) found that physical scientific evidence increased the likelihood that robbery, assault, homicide, and rape cases would go to court.

<sup>44</sup> More details on the activities to be financed will be included in the corresponding POMs.

management documents for CNPGH operations and implementing techniques to develop genetic profiles; and (iv) conducting training activities for Molecular Biology and Genetics Lab personnel.

- c. The improvement of ancillary lab testing services, which would include such activities as: (i) equipping and training forensic biology experts so they can more precisely determine if human cells are present at the morphological and molecular levels; (ii) providing equipment and furniture to upgrade pathology labs; and (iii) remodeling spaces and providing training for toxicology labs.
- d. The improvement of the Institute of Forensic Science and Medicine's forensic expert services, which could include such activities as: (i) renovating the offices of forensic experts at both OPG headquarters and decentralized offices; (ii) providing hardware and software for various types of criminal analysis (ballistics, forensic phonetics, and handwriting analysis); and (iii) training technical personnel.
- e. The development of the service for analyzing specialized information on violence against women and family members,<sup>45</sup> which would include such activities as: (i) strengthening the OPG's ability to analyze cases of violence against women and family members; (ii) providing specialized systems for recording and georeferencing information, to formulate policies to prevent this type of crime; (iii) renovating spaces to provide services in specialized offices<sup>46</sup> in accordance with good practices for the investigation of sexual violence and femicide cases;<sup>47</sup> and (iv) providing training on information analysis to prevent this type of violence.

1.19 **Component 3. Improved access to SAJP services through the use of technology (US\$16,794,522).** This component will help improve the services delivered to the public, SAJP officials, and juvenile offenders, through readily available public information—using an open-data approach—and increased access to social rehabilitation mechanisms. To this end, it will finance:<sup>48</sup>

- a. The strengthening of the public defender system with an emphasis on implementing a defense file, which would include such activities as: (i) developing and implementing a case-tracking system; (ii) coordinating

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<sup>45</sup> In Victoria (Australia), the implementation of specialist prosecution units helped reduce the average time taken to file a sex crime case before the court by 32% (from 469.5 days in 2005 to 317.3 days in 2010) - Parkinson, P.; Specialist prosecution units and courts: a review of the literature. Report for the Royal Commission into Institutional Responses to Child Sexual Abuse, Sydney (2016).

<sup>46</sup> These renovations will focus on prosecutors' offices that specialize in violence against women and will include the installation of Gesell chambers (rooms with two distinct areas separated by a one-way mirror so that interviews can be discreetly observed).

<sup>47</sup> Specialized training, particularly for prosecutors handling sexual violence cases, helps: (i) improve the prosecutor's effectiveness in evaluating evidence and ensuring the case moves smoothly through the criminal justice system; (ii) increase the participation and cooperation of victims in criminal justice proceedings; and (iii) improve coordination with other stakeholders such as police officers, social workers, and representatives of other victim services. (Parkinson, P.; Specialist prosecution units and courts: a review of the literature. Royal Commission into Institutional Responses to Child Sexual Abuse (2016), Sydney, Australia).

<sup>48</sup> More details on the activities to be financed will be included in the corresponding POMs.



defense files with electronic case files; and (iii) equipping public defenders offices.

- b. The strengthening of the prison information system, which would include such activities as: (i) creating a prison population database that is disaggregated by gender; (ii) updating prison records on an ongoing basis; and (iii) launching an interface that connects the country's correctional facilities.
- c. The strengthening of the services of the National Program for Juvenile Centers (PRONACEJ) (reintegration services at juvenile centers and adolescent counseling services), which could include such activities as: (i) improving physical spaces at Juvenile Diagnosis and Rehabilitation Centers;<sup>49</sup> (ii) training attorneys, public defenders, prosecutors, and judges on dealing with juvenile offenders, with a focus on a restorative justice model;<sup>50</sup> (iii) expanding the range of rehabilitation and reintegration programs offered in prison and nonprison settings, with a focus on educational services,<sup>51</sup> job services,<sup>52</sup> multisystemic therapy,<sup>53</sup> and cognitive behavioral interventions;<sup>54</sup> and (iv) providing education and training to the rehabilitation services personnel.
- d. Information technology upgrades at the MINJUSDH to enhance transparency in the SAJP's operation, which could include statistical systems and systems to look up the procedural status of criminal cases.<sup>55</sup> This will involve such activities as: (i) generating sector statistics; (ii) developing and rolling out

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<sup>49</sup> There is empirical evidence on the need to have physical spaces that facilitate the comprehensive human development of young people, reduce incidents of violence, and improve the quality of life and the delivery of educational, socioemotional, and job services and programs that enable social and economic integration (Liebling, A. in Hough, J.M.; Allen, R.; and Solomon, E., 2008).

<sup>50</sup> In seven studies conducted in the United Kingdom, 72% of victims who participated in a restorative justice process expressed satisfaction with the criminal justice system's response, compared to 60% of the control group (Strang, H.; L. Sherman; E. Mayo-Wilson; D. Woods; B. Ariel (2013), Restorative Justice Conferencing (RJC) Using Face-to-Face Meetings of Offenders and Victims: Effects on Offender Recidivism and Victim Satisfaction). Likewise, a systematic analysis in South Africa demonstrated that two restorative justice initiatives reached a resolution in 80%-90% of the cases (Monaghan, R., 2008).

<sup>51</sup> Education programs (primary, secondary, and postsecondary) have been shown to reduce recidivism by 8.3% (Drake, A., and Miller, 2009).

<sup>52</sup> There is evidence that professional and vocational training programs reduce the probability of recidivism among participants by 33% compared to control groups (Uggen, C. et al., 2001).

<sup>53</sup> Multisystemic therapy is an intensive treatment in family and community settings aimed at adolescents with serious antisocial behaviors and their families. Several authors have found a 43%-72% reduction in recidivism among young people treated with multisystemic therapy at follow ups conducted four years after treatment (Borduin et al., 1999, 2009; Henggeler et al., 1992, 1993, 1997). In addition, Sawyer and Borduin (2011) found that multisystemic therapy reduced the number of new arrests for felonies by 36% and the number of days imprisoned in adult centers by 33% over a 22-year period after finishing treatment.

<sup>54</sup> Cognitive behavioral interventions focus on generating changes in cognitive, thought, reasoning, and decision-making processes regarding right or wrong behaviors, as well as generating alternative solutions to violence. A meta-analysis that reviewed 58 studies with experimental or quasiexperimental designs for cognitive behavioral intervention programs in adult and youth prison populations showed a 25% reduction in recidivism among groups that received intervention (Lipsey et al., 2007).

<sup>55</sup> In Rwanda, the introduction of an electronic record system resulted in a drastic decrease in in-person court visits for case filing, from 25% in 2012 to 3% in 2015. During that same period, the cases recorded in this system increased from 3,507 to 105,842. In June 2015, an average of 61% of court cases were filed online. (Watson, A.C.; Rukundakuvaga, R.; and Matevosyan, K.; Integrated Justice: An Information Systems Approach to Justice Sector Case Management and Information Sharing. International Journal for Court Administration (2017), 8(3), pp. 1-9).

computer applications; (iii) providing equipment and servers; (iv) implementing controls; (v) improving regulatory instruments and preparing interoperability protocols; and (vi) training personnel.

- 1.20 **Program administration (US\$12,354,178).** This component will fund costs related to program management and administration activities corresponding to the three execution units for the duration of the program, monitoring and evaluation activities, audits, midterm and final reviews, and ex post economic analysis.
- 1.21 **Beneficiaries.** The main beneficiaries will be the inhabitants of Peru, particularly those involved in the SAJP, since the administration of justice in the country will be more comprehensive and of better quality and its services more accessible. The employees of the entities that comprise the SAJP will also benefit from training and digitized, systematized, and interoperable information,<sup>56</sup> enabling them to fully perform their duties. Juvenile criminal offenders will also benefit from access to rehabilitation and reintegration services.

### C. Key results indicators

- 1.22 **Expected outcomes.** The main impact of the operation will be the improved management of the SAJP, measured as the percentage of cases resolved by the system. This will be one of the consequences of improvements to the following outcome indicators: (i) time required to complete a criminal investigation; (ii) percentage of aggravated crimes for which charges are filed before the courts; (iii) requests for information submitted by the general public to the public defender system; (iv) visits to the case law research system; and (v) juvenile offenders who complete rehabilitation activities.
- 1.23 **Economic analysis.** The program will provide benefits<sup>57</sup> in three areas: (i) lower transaction costs for the OPG to notify parties in criminal proceedings; (ii) lower transaction costs for the public to find out the status of their criminal cases through the public case tracking system; and (iii) lower transaction costs associated with information handling and management for parties involved in criminal proceedings. The economic analysis showed a cost-benefit ratio of US\$2.63, an internal rate of return of 42% (above the IDB threshold of 12%), and a net present value of US\$204,012,173. A sensitivity analysis with more conservative assumptions showed results that exceed the thresholds for every indicator (see [economic analysis](#)).

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<sup>56</sup> Coordination and integration of criminal justice system agencies could reduce: (i) transaction costs associated with maintaining multiple records systems; (ii) work associated with redundant data entry; and (iii) costs associated with the inefficient operation of criminal justice agencies due to the lack of timely and/or complete information regarding problems, clients, victims, and perpetrators. It could also increase efficiency and improve strategic planning and decision-making at criminal justice institutions. (Pierce, G., and R. Griffith (2002) in Encyclopedia of Crime and Punishment, Levinson, D. (Ed.). Vol.1, pp. 894-900).

<sup>57</sup> The economic analysis' calculations are conservative in that they do not quantify additional benefits for which baseline information is not available, such as benefits derived from broader access to legal representation or the benefits associated with lower levels of impunity due to more effective investigations.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 The program will have a total cost of US\$200 million, with US\$100 million financed from the Bank's Ordinary Capital and the remaining US\$100 million financed with local counterpart resources. Table 2 breaks down the budget by component, and details can be found in the itemized budget. The local contribution and financial costs will be assumed by the borrower.
- 2.2 The program is a specific investment loan with a five-year disbursement period.

**Table 2. Estimated program costs (in U.S. dollars)**

| Components   | IDB                | Local              | Total              | %            |
|--|--------------------|--------------------|--------------------|--------------|
| Component 1. Increased SAJP efficiency through the use of technology   | 78,033,424         | 70,337,576         | 148,371,000        | 74.18        |
| Improvement of the justice administration service through the digitalization of criminal court records (Judiciary) | 18,188,550         | 18,188,550         | 36,377,100         | 18.18        |
| Improvement of justice services through nationwide implementation of electronic case files (OPG)                   | 59,844,874         | 52,149,026         | 111,993,900        | 56.00        |
| Component 2. Enhanced quality of criminal investigation  | 10,640,150         | 10,640,150         | 21,280,300         | 10.64        |
| Component 3. Improved access to SAJP services through the use of technology  | 10,126,426         | 6,668,096          | 16,794,522         | 8.40         |
| <b>Component total</b>   | <b>98,800,000</b>  | <b>87,645,822</b>  | <b>186,455,822</b> | <b>93.22</b> |
| <b>Program administration</b>  | <b>0</b>           | <b>12,354,178</b>  | <b>12,354,178</b>  | <b>6.18</b>  |
| Judiciary  | 0                  | 3,472,900          | 3,472,900          | 1.74         |
| OPG  | 0                  | 6,575,800          | 6,575,800          | 3.29         |
| MINJUSDH   | 0                  | 2,305,478          | 2,305,478          | 1.15         |
| <b>Audits / evaluation / baselines</b>   | <b>1,200,000</b>   | <b>0</b>           | <b>1,200,000</b>   | <b>0.60</b>  |
| Judiciary  | 150,000            | 0                  | 150,000            | 0.08         |
| OPG  | 150,000            | 0                  | 150,000            | 0.08         |
| MINJUSDH   | 900,000            | 0                  | 900,000            | 0.45         |
| <b>Total</b>   | <b>100,000,000</b> | <b>100,000,000</b> | <b>200,000,000</b> | <b>100</b>   |

**Table 3. Annual disbursement flow (in U.S. dollars)**

| Source       | Year 1            | Year 2            | Year 3            | Year 4            | Year 5           | Total              |
|--------------|-------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| IDB          | 8,693,873         | 27,497,523        | 41,643,478        | 18,381,025        | 3,784,102        | 100,000,000        |
| Local        | 8,693,873         | 27,497,523        | 41,643,478        | 18,381,025        | 3,784,102        | 100,000,000        |
| <b>Total</b> | <b>17,387,745</b> | <b>54,995,046</b> | <b>83,286,956</b> | <b>36,762,049</b> | <b>7,568,203</b> | <b>200,000,000</b> |
| <b>%</b>     | <b>8.7</b>        | <b>27.5</b>       | <b>41.6</b>       | <b>18.4</b>       | <b>3.8</b>       | <b>100</b>         |

### B. Environmental and social risks

- 2.3 Pursuant to Directive B.03 of the Environment and Safeguards Compliance Policy (Operational Policy OP-703), the program has been classified as a Category "C" operation. No adverse environmental or social impacts are expected. The operation does not include the financing of infrastructure or civil works. The program will only include some renovations of physical spaces at participating entities to facilitate the introduction of new technologies and upgrades to spaces to improve rehabilitation opportunities for juvenile offenders.

## **C. Fiduciary risks**

- 2.4 The risk evaluation performed during program design identified a fiduciary risk associated with limited knowledge of the Bank's fiduciary policies. To mitigate this risk, which has been classified as medium, the following mitigation measures were identified: (i) strengthening the executing agencies' fiduciary capacities to maintain efficient fiduciary processes; (ii) contracting specialized consultants to prepare bidding documents for investigation, forensics, system analysis and other areas during program execution; (iii) providing Bank support and fiduciary oversight for the various management teams; (iv) specifying fiduciary process flows in program Operating Manuals (POMs), including documented responsibilities, roles, responsible parties, and profiles, as well as clear mechanisms for communication and coordination between the executing agencies and within each agency; and (v) providing fiduciary training for all stakeholders involved in program execution.

## **D. Other key issues and risks**

- 2.5 **Public management and governance.** A medium risk of a lack of and/or limited coordination between participating institutions (MINJUSDH, OPG, and the Judiciary) was identified. The proposed mitigation measures are: (i) designing and implementing change management plans in the OPG and the Judiciary (paragraphs a and b); (ii) implementing interagency coordination mechanisms at a strategic and technical management level, focused specifically on launching the interoperability system (paragraph 3.2); and (iii) making arrangements to ensure effective coordination and communication with authorities, counterparts, and stakeholders (paragraph 3.2).
- 2.6 **Development.** The following medium risks have been identified: (i) lack of confidence in the information produced by the justice administration system information systems. The proposed mitigation measures are: (a) conducting an ongoing communication campaign to inform the public about available services (paragraph a); (b) establishing internal review mechanisms for information quality control; and (c) conducting awareness campaigns for information management officials to ensure that the language used is accessible to all types of users (paragraph b); and (ii) addressing resistance to the implementation of new tools, processes, and organizational structures in SAJP entities. To mitigate this risk, there are plans to design and implement a change management plan in the OPG and the Judiciary.
- 2.7 **Sustainability.** This program supports the implementation of measures established in the various public policies that are a priority for the Peruvian government (paragraph 1.1). In addition, this program has been formulated within the context of broad agreements in which all the entities of Peru's justice administration system have participated, including the executing agencies. With respect to technology investments to be financed by the program, the process of digitally transforming OPG and Judiciary records is expected to help ensure the maintenance and sustainability of information systems and platforms. In addition, the [monitoring and evaluation plan](#) includes establishing preparation plans for each executing agency that include budgets and activities for program sustainability after its implementation. Lastly, to ensure the ongoing operation of systems and the integrity of the information they contain, security and redundancy protocols will

be developed as part of the information security activities for program-financed systems.

- 2.8 **Innovation.** This program includes several innovative activities that will improve the capacity of the executing agencies: (i) developing electronic case files and electronic court records, as well as launching the CNPGH, will contribute to the efficiency and effectiveness of SAJP entities, both in the Executive and the Judiciary; (ii) adopting technology and training the personnel of all executing agencies will improve information management and facilitate evidence-based decision-making; (iii) providing suitable and reliable infrastructure will facilitate better public service delivery; and (iv) applying information security protocols and standards, included as part of the cybersecurity initiatives, will help ensure the continuity and reliability of justice administration services in the country.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Borrower and executing agencies.** The borrower will be the Republic of Peru. The program will be coexecuted by the Ministry of Justice and Human Rights (MINJUSDH), the Office of the Prosecutor General (OPG), and the Judiciary, each with its own management team. They will work directly with the Bank and will have full financial, technical, and operational autonomy, since this mechanism enables a more efficient execution because of each entity's institutional autonomy and the activities to be financed. Component 1 includes activities to be executed by the OPG (paragraph a) and the Judiciary (paragraph b), while the OPG will be responsible for Component 2 and the MINJUSDH will execute Component 3. The MINJUSDH will be responsible for collecting the technical reports to be submitted jointly to the Bank.
- 3.2 **Strategic coordination.** Two interoperability committees will be created to facilitate the coordination that is necessary to achieve program objectives and targets. The first will be an operations committee comprised of the heads of each management team, whose purpose will be to ensure interdependence through information exchange, discussion of common difficulties, timeframe coordination, and openness to opportunities for synergy that arise from program execution. The second will be a strategic committee comprised of the general managers of the OPG and the Judiciary, as well as the Deputy Minister of Justice. This committee's purpose will be to ensure the progress of policies and regulatory instruments for criminal justice system interoperability during program execution. Because of its nature, this committee will be responsible for ensuring that each management team operates smoothly and that their actions follow the guidelines and other provisions of each executing agency. In addition, this committee will develop a communication strategy with institutional actors that are not part of the SAJP but handle information that is relevant to the criminal justice process.<sup>58</sup> The respective

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<sup>58</sup> Examples include the National Identification Registry, the National Office of the Superintendent of Public Records, the National Office of the Superintendent of Customs and Tax Administration, and the Ministry of Economy and Finance.

POMs will set out the operating rationale, meeting frequency, specific involvement, and other characteristics of these two committees.

- 3.3 **Institutional capacity of the executing agencies.** The results of the Institutional Capacity Assessment System (ICAS) evaluation showed that the three executing agencies have satisfactory organizational structures to perform their respective activities, indicating a medium development rating. The MINJUSDH and the Judiciary have active, established management teams that have experience executing one Bank operation and will be strengthened to expand their capacities. Since the management team for the OPG has not yet been established, the ICAS evaluation highlighted the need to hire procurement and financial management specialists who will work on the program on a full-time basis and report directly to the General Manager's Office of the OPG. Resources to fund these units are included in the budgets allocated to each institution.
- 3.4 **Management team responsibilities.** Each management team will be responsible for executing all planning, financial management, procurement, and monitoring processes for the activities under the responsibility of its institution, according to the budget in Table 3. The respective POMs will specify the key personnel for each management team.
- 3.5 Each management team will be managed by a designated general coordinator who will be responsible for: (i) communicating with the Bank on general program matters; (ii) administering program resources, including processing disbursement requests and preparing reports on the use of resources; (iii) preparing and submitting to the Bank (after approval by the Deputy Minister of Justice of the MINJUSDH and by the general managers of the OPG and the Judiciary) [annual work plans](#) and [procurement plans](#); (iv) preparing procurement proposals; (v) complying with digital governance and interoperability guidelines; (vi) supervising the management of the program's environmental and social considerations; and (vii) submitting semiannual progress reports and audited financial statements to the Bank. The midterm review report, the final review report, and the ex post cost-benefit analysis will be consolidated by the MINJUSDH prior to submission to the Bank. The general coordinators will also be in charge of performing necessary oversight actions to ensure the proper use and transparency of the funds under their responsibility. As established by the strategic committee, the MINJUSDH will prepare a consolidated annual report evaluating the progress toward program goals.
- 3.6 **Program Operating Manuals.** Due to the independence of the executing agencies, each will have its own program Operating Manual (POM). The POMs will describe the activities to be implemented and the strategy for their execution. They will include: (i) the program's organizational structure, with a particular emphasis on the mechanisms for coordination between the executing agencies; (ii) the characteristics, meeting frequency, and scopes of the interoperability committees; (iii) the technical and operational arrangements for program execution; (iv) the programming, monitoring, and results evaluation mechanism; (v) the guidelines for financial, audit, and procurement processes; (vi) details regarding management team personnel and responsibilities; and (vii) the conditions for the transfer of loan proceeds from the Ministry of Economy and Finance to the executing agencies.

- 3.7 **Fiduciary agreements and requirements.** The fiduciary agreements and requirements (Annex III) establish the financial management and planning framework and the procurement execution and supervision framework for program execution. Loan proceeds can be disbursed through advances of funds, expense reimbursement, or direct payments to suppliers. For the advance of funds modality, disbursements will be based on estimated expenditures for up to 180 days. The minimum percentage required for replenishment of the advances will be 80%. The executing agencies will submit audited annual and final financial statements for the program, following the terms and deadlines required by Bank policies. To that end, the management teams agree to select and engage an independent audit firm acceptable to the Bank for the duration of the program.
- 3.8 Procurement will be carried out in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9), both published in March 2011, or their subsequent updates. Procurement and contracting by public entities for subprojects financed by this program will be executed in accordance with the aforementioned policies.
- 3.9 **Special contractual conditions precedent to the first disbursement of the loan: (i) the executing agencies will have approved their respective program Operating Manual (POM) under the terms previously agreed upon with the Bank and the POM will have entered into force; (ii) the executing agencies will have appointed the staff of their respective management teams under the terms and conditions previously agreed upon with the Bank and included in their respective POMs; and (iii) two interoperability committees (operational and strategic) will have been established.** These conditions are justified because the POMs will establish: (i) the makeup and responsibilities of each management team (which will have, at a minimum, a coordinator and finance, procurement, and monitoring specialists); (ii) the program activities under the responsibility of each executing agency; (iii) the mechanism for coordinating between executing agencies; and (iv) the conditions for the transfer of proceeds from the Ministry of Economy and Finance to the executing agencies, all of which are required for the efficient execution of program resources. The second condition is justified because the appointment of the staff of each management team, based on the profiles and terms of reference included in the MOP, is an essential condition for ensuring an efficient launch of program execution. The third condition is justified because one of the operation's objectives is to improve the system's efficiency, and therefore, it is essential to have ongoing coordination and interconnection of the three participating institutions' information systems.

## **B. Summary of arrangements for monitoring results**

- 3.10 **Monitoring and supervision system.** The outcome and output indicators set forth in the results matrix for each component and reflected in the progress monitoring report will be used to measure program progress and evaluate fulfillment of its objectives. The executing agencies will be responsible for maintaining data collection and monitoring systems. Each executing agency's [annual work plan](#) will include: (i) an estimated budget; (ii) an updated procurement plan; (iii) the planned indicators for the results matrix; (iv) the planned activities; and (v) an execution



calendar. The executing agencies will also submit semiannual progress reports, within 60 days following the end of each six-month period. The instruments for program monitoring are detailed in the [monitoring and evaluation plan](#).

- 3.11 **Monitoring by the Bank.** The Bank will conduct administration missions and inspection visits. The Bank will also have an ongoing monitoring system for the management teams and will participate in the meetings of the interoperability committees.
- 3.12 **Evaluation.** The results matrix and the [monitoring and evaluation plan](#) will be used for program evaluation. A midterm and a final review of the operation, including technical, administrative, and financial considerations, as well as an impact evaluation, are built into this program. The midterm review will be conducted 24 months after the entry into force of the loan contract or after 50% of loan proceeds have been committed, whichever occurs first. The final review will be conducted after the end of the original disbursement period or any extension thereof, or after 90% of loan proceeds have been committed, whichever occurs first. Its objective will be to verify progress in fulfilling the planned targets for each expected outcome and the generation of outputs by component.
- 3.13 **Impact evaluation.** The proposed evaluation methodology is a controlled randomized study, which will take advantage of the implementation of electronic case files by stages.<sup>59</sup> The evaluation's main objectives are to: (i) measure the impact of electronic case files on indicators of congestion and efficiency in criminal proceedings; and (ii) measure the impact of electronic case files on the transaction costs of accessing criminal justice services. The expected result is to generate evidence to provide policy recommendations on the impact of implementing a digital government application in a specific sector such as the justice sector. See the [monitoring and evaluation plan](#).

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<sup>59</sup> Due to the principle of universal coverage for electronic case files, none of the prosecutors' offices can be excluded from the platform. Implementation by stages allows for a randomized impact evaluation design because it determines the order in which electronic case files are introduced in these offices. Thus, the first stage will have a treatment group of prosecutors' offices and a control group, which will facilitate a cause-and-effect analysis of the impact of electronic case files on indicators of congestion and quality of criminal proceedings in Peru.



| Development Effectiveness Matrix   |   |   |
|--|---|---|
| Summary  |   |   |
| I. Corporate and Country Priorities  |   |   |
| 1. IDB Development Objectives  | Yes   |   |
| Development Challenges & Cross-cutting Themes  | -Social Inclusion and Equality<br>-Productivity and Innovation<br>-Gender Equality and Diversity<br>-Institutional Capacity and the Rule of Law                                       |   |
| Country Development Results Indicators   | -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)*<br>-Crime information systems strengthened (#)* |   |
| 2. Country Development Objectives  | Yes   |   |
| Country Strategy Results Matrix  | GN-2889   | Improve public management and improve citizen security  |
| Country Program Results Matrix   | GN-2948-2   | The intervention is included in the 2019 Operational Program.   |
| Relevance of this project to country development challenges (If not aligned to country strategy or country program)  |   |   |
| II. Development Outcomes - Evaluability  |   | Evaluable   |
| 3. Evidence-based Assessment & Solution  | 9.1   |   |
| 3.1 Program Diagnosis  | 3.0   |   |
| 3.2 Proposed Interventions or Solutions  | 4.0   |   |
| 3.3 Results Matrix Quality   | 2.1   |   |
| 4. Ex ante Economic Analysis   | 9.0   |   |
| 4.1 Program has an ERR/NPV, or key outcomes identified for CEA   | 3.0   |   |
| 4.2 Identified and Quantified Benefits and Costs   | 3.0   |   |
| 4.3 Reasonable Assumptions   | 0.0   |   |
| 4.4 Sensitivity Analysis   | 2.0   |   |
| 4.5 Consistency with results matrix  | 1.0   |   |
| 5. Monitoring and Evaluation   | 9.6   |   |
| 5.1 Monitoring Mechanisms  | 2.5   |   |
| 5.2 Evaluation Plan  | 7.1   |   |
| III. Risks & Mitigation Monitoring Matrix  |   |   |
| Overall risks rate = magnitude of risks*likelihood   | Medium  |   |
| Identified risks have been rated for magnitude and likelihood  | Yes   |   |
| Mitigation measures have been identified for major risks   | Yes   |   |
| Mitigation measures have indicators for tracking their implementation  | Yes   |   |
| Environmental & social risk classification   | C   |   |
| IV. IDB's Role - Additionality   |   |   |
| The project relies on the use of country systems   |   |   |
| Fiduciary (VPC/FMP Criteria)   | Yes   | Financial Management: Budget, Treasury, Accounting and Reporting, External Control.<br><br>Procurement: Information System, Price Comparison, Contracting Individual Consultant, National Public Bidding. |
| Non-Fiduciary  |   |   |
| The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:                            |   |   |
| Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project | Yes   | The Technical Cooperation (ATN/OC-16833-PE) has been used, among other things, to finance the preparation of necessary studies for the viability of the program required by the country's regulation.     |

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

The main goal of the operation is to improve the management of the penal justice administration system (SAJP). To achieve this, the proposal defines three specific areas of intervention. The first area proposes an improvement of the efficiency of SAJP. The second area focuses on increasing the quality of penal investigation procedures and the third area aims a development in the access to SAJP services.

The project proposal diagnosis describes different internal inefficiencies through different parts of SAJP; for example, the process to notify an actor of the penal process takes on average one month. Likewise, the document identifies a lack of assets for forensic and ballistic and investigation that affects the quality of each penal cause. In the same way, the diagnosis identifies a gender gap in terms of high female homicide and rape rates. Finally, the diagnosis shows limited access of citizens to SAJP services and information; for example, today, citizens and lawyers cannot follow up with a penal process through a digital channel.

In this order, solutions are aligned to problems, but there is no evidence on effectiveness for some proposed solutions in the country. Some outputs indicators are not SMART.

The economic analysis provides a quantification of some economic benefits. It quantifies benefits associated with the reduction of transactional costs derivated of the implementation of the digital investigation folder. Assumptions on the magnitude of expected benefits are based on values materialized in a pilot which was implemented by the Ministerio Público. The analysis concludes the Project has a net present value of US\$204 million.

The Project presents a robust monitoring and evaluation plan; it considers, the implementation of a traceability system for monitoring the duration of cases in each part of the penal process of SAJP. The evaluation plan includes an impact evaluation; It aims to measure the effectiveness of the digital investigation folder on the backlog, duration of each case, and the transactional cost of accessing to justice services.

## RESULTS MATRIX

|                            |   |
|----------------------------|---|
| <b>Program objectives:</b> | The general objective of the program is to improve the service management of Peru's criminal justice administration system (SAJP), by: (i) increasing the efficiency of the SAJP through the use of technology; (ii) enhancing the quality of criminal investigation; and (iii) improving access to SAJP services through the use of technology |
|----------------------------|---|

### EXPECTED IMPACT

| Indicators                                   | Unit of measure | Baseline | Baseline year | Final target | Final target year | Means of verification                  | Comments   |
|--|-----------------|----------|---------------|--------------|-------------------|--|--|
| I.1 Percentage of cases resolved by the SAJP | %               | 42       | 2016          | 60           | 2024              | Official statistics from the Judiciary | Measured as the ratio of the number of cases completed in a definitive manner by the SAJP (whether through a judgment or other methods of closing a case) to the number of preliminary investigation processes started |

### EXPECTED OUTCOMES

| Indicators   | Unit of measure | Baseline | Baseline year | Final target | Final target year | Means of verification   | Comments  |
|--|-----------------|----------|---------------|--------------|-------------------|---|---|
| <b>1. Improved efficiency of SAJP services</b>   |                 |          |               |              |                   |   |   |
| O.1.1 Time required to complete a criminal investigation                                     | Number of days  | 540      | 2018          | 400          | 2025              | Official statistics from the Office of the Prosecutor General (OPG) | Measured from the opening of the preliminary investigation to the formal presentation of charges at court or case dismissal. See the <a href="#">monitoring and evaluation plan (MEP)</a> . |
| <b>2. Enhanced quality of criminal investigation</b>   |                 |          |               |              |                   |   |   |
| O.2.1 Percentage of aggravated crimes for which charges are filed with the court             | %               | 36       | 2016          | 50           | 2025              | OPG statistics  | Measured as the ratio of the number of cases in which charges are filed over the number of aggravated crimes reported. See the <a href="#">MEP</a> .  |
| <b>3. Improved access to SAJP services</b>   |                 |          |               |              |                   |   |   |
| O.3.1 Requests for information submitted by the general public to the public defender system | Number          | 0        | 2019          | 300,000      | 2025              | Report from the Office of the Public Defender tracking system       |   |
| O.3.2 Visits to the case law research system   | Number          | 0        | 2019          | 250,000      | 2025              | Report from the case law research system                            |   |
| O.3.3 Juvenile offenders who complete rehabilitation activities                              | Number          | 0        | 2019          | 3,000        | 2025              | Report from the juvenile offender rehabilitation system             |   |

OUTPUTS

| Outputs   | Unit of measure      | 2019 baseline | 2020 | 2021 | 2022 | 2023 | 2024 | Final target | Means of verification                       | Comments                      |
|---|----------------------|---------------|------|------|------|------|------|--------------|---|-------------------------------|
| Component 1. Increased SAJP efficiency through the use of technology                  |                      |               |      |      |      |      |      |              |   |                               |
| O.1.1 Electronic case file system, implemented and operational                        | System               | 0             | 0    | 0    | 1    | 0    | 0    | 1            | Monitoring report from the management teams | See the <a href="#">MEP</a> . |
| O.1.2 Electronic court records system, implemented and operational                    | System               | 0             | 0    | 0    | 0    | 0    | 1    | 1            |   |                               |
| O.1.3 Courtrooms equipped   | Courtroom            | 0             | 1    | 0    | 0    | 0    | 0    | 1            |   |                               |
| O.1.4 SAJP interoperability system, implemented and operational                       | System               | 0             | 0    | 0    | 0    | 0    | 1    | 1            |   |                               |
| O.1.5 Change management plan and communication strategy, implemented                  | Plan                 | 0             | 0    | 0    | 0    | 1    | 0    | 1            |   |                               |
| Component 2. Enhanced quality of criminal investigation                               |                      |               |      |      |      |      |      |              |   |                               |
| O.2.1 Genetic profiling centers implemented   | Centers              | 0             | 0    | 1    | 2    | 0    | 0    | 3            | Monitoring report from the management teams | See the <a href="#">MEP</a> . |
| O.2.2 Toxicology, biology, and pathology labs, equipped and operational               | Laboratory           | 0             | 0    | 0    | 0    | 1    | 0    | 1            |   |                               |
| O.2.3 Medical examiner services, improved and in use                                  | Services             | 0             | 1    | 1    | 1    | 0    | 0    | 3            |   |                               |
| O.2.4 Forensic expert labs implemented  | Laboratory           | 0             | 0    | 1    | 0    | 0    | 0    | 1            |   |                               |
| O.2.5 Specialized services for the prevention of violence against women, introduced   | Prosecutors' offices | 0             | 0    | 1    | 0    | 0    | 0    | 1            |   | Pro-gender                    |
| Component 3. Improved access to SAJP services through the use of technology           |                      |               |      |      |      |      |      |              |   |                               |
| O.3.1 Public defender system, implemented   | System               | 0             | 0    | 0    | 0    | 1    | 0    | 1            | Monitoring report from the management teams | See the <a href="#">MEP</a> . |
| O.3.2 Prison information system, implemented  | System               | 0             | 0    | 0    | 0    | 0    | 1    | 1            |   |                               |
| O.3.3 National Program for Juvenile Centers (PRONACEJ) services, improved and in use  | Service              | 0             | 0    | 0    | 0    | 1    | 0    | 1            |   |                               |
| O.3.4 Ministry of Justice and Human Rights (MINJUSDH) information system, implemented | System               | 0             | 0    | 0    | 0    | 1    | 0    | 1            |   |                               |

## **FIDUCIARY AGREEMENTS AND REQUIREMENTS**

|                            |  |
|----------------------------|--|
| <b>COUNTRY:</b>            | Peru   |
| <b>PROGRAM:</b>            | PE-L1230   |
| <b>NAME:</b>               | Program to Support Criminal Justice Services in Peru   |
| <b>EXECUTING AGENCIES:</b> | Ministry of Justice and Human Rights (MINJUSDH), Office of the Prosecutor General (OPG), and the Judiciary |
| <b>FIDUCIARY TEAM:</b>     | Gabriele del Monte and Andres Suarez (FMP/CPE)   |

### **I. EXECUTIVE SUMMARY**

- 1.1 The fiduciary situation and the institutional capacity of the entities involved in program execution were reviewed using the Institutional Capacity Assessment System (ICAS) and meetings with key personnel from the executing agencies and with the project team. It is important to highlight that the MINJUSDH and the Judiciary executed the Program to Modernize the Justice Administration System in Order to Enhance Services Provided to the Peruvian Population – Phase I (loan 2534/OC-PE). However, they will still be strengthened to expand their fiduciary capacities. This will be the Bank's first experience with the OPG and therefore it needs support from experts, particularly in the areas of financial accounting management, procurement, and investment project planning and monitoring. Each management team will be in charge of executing all fiduciary processes for the activities under the responsibility of their respective institutions. A risk related to program implementation costs and timeframes was identified. To mitigate this risk, which was rated medium, risk mitigation measures were identified and are included in paragraph 4.1.

### **II. FIDUCIARY CONTEXT OF THE COUNTRY**

- 2.1 The country's financial administration systems are effective and reliable. The Peruvian public procurement system's subsystems for electronic reverse auction and electronic catalogues for framework agreements are currently being used, as approved under document GN-2538-11.

### **III. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY**

- 3.1 The borrower will be the Republic of Peru. The program will be executed by the MINJUSDH, the OPG, and the Judiciary, and each will have its own management team, a direct relationship with the Bank, and full financial, technical, and operational autonomy.
- 3.2 Each management team will be responsible for executing all planning, financial management, procurement, and monitoring processes for the activities under the responsibility of its institution, according to the allocated budget. Component 1 includes activities to be executed by the OPG and the Judiciary, while the OPG will

- be responsible for Component 2 and the MINJUSDH will execute Component 3. The MINJUSDH will be responsible for collecting the technical reports to be submitted jointly to the Bank.
- 3.3 The results of the ICAS evaluation showed that the three executing agencies have satisfactory organizational structures to perform their respective activities, indicating a medium development rating. The MINJUSDH and the Judiciary have active, established management teams that have experience executing one Bank operation (loan 2534/OC-PE, paragraph 1.1) and will be strengthened to expand their capacities. Since the management team for the OPG has not yet been established, the ICAS evaluation highlighted the need to hire procurement and financial management specialists who will work on the program on a full-time basis and report directly to the General Manager's Office of the OPG. Resources to fund these teams are included in the budgets allocated to each institution.
- 3.4 The executing agencies will use, in a complementary manner, the Electronic State Procurement System (SEACE) and the Procurement Execution System (SEPA) to record the [procurement plan](#) and disseminate procurement processes. They will also use the Integrated Financial Administration System (SIAF) and its project execution module (MEP-SIAF), which has a solid development level and is being used in current operations for accounting records and financial reports preparation.

#### **IV. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS**

- 4.1 The risk evaluation performed during program design identified a fiduciary risk associated with limited knowledge of the Bank's fiduciary policies. To mitigate this risk, which has been classified as medium, the following mitigation measures were identified: (i) strengthening the fiduciary capacities of executing agencies, to maintain efficient fiduciary processes; (ii) contracting specialized consultants to prepare bidding documents for investigation, forensics, system analysis, and other areas during program execution; (iii) providing Bank support and fiduciary oversight for the various management teams; (iv) specifying fiduciary process flows in program Operating Manuals (POMs), including documented responsibilities, roles, responsible parties, and profiles, as well as clear mechanisms for communication and coordination between the executing agencies and within each agency; and (v) providing fiduciary training for all stakeholders involved in program execution.

#### **V. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT**

- 5.1 Each executing agency will submit audited annual and final financial statements for the program, under specific terms of reference acceptable to the Bank, within 120 days following the end of the borrower's fiscal year, throughout the original disbursement period and any extension thereof. The final audit report will be submitted within 120 days following the end of the original disbursement period or any extension thereof.
- 5.2 For accounting and expense justification purposes, an eligible expense incurred in the borrower's local currency will be converted into the currency in which disbursements are made, or the currency of approval, using the exchange rate in effect on the date of conversion from the currency of approval or disbursement to

the borrower's local currency (Article 4.10(b)(i) of the General Conditions of the loan contract). To convert expenses incurred in local currency, either from the local contribution or to reimburse expenses from the loan, the exchange rate agreed upon will be the rate in effect on the date on which the borrower, the executing agencies, or any other legal entity or individual delegated the authority to incur expenses makes the respective payment to the contractor, supplier, or payee.

## **VI. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION**

- 6.1 **Procurement execution.** Procurement will be carried out in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank of March 2011 (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9). Procurement and contracting by public entities financed by this program will be executed in accordance with the aforementioned policies. The threshold for the use of international competitive bidding will be made available to the borrower, through the executing agency, at [www.iadb.org/procurement](http://www.iadb.org/procurement), or indicated in the procurement plan. Below that threshold, the selection method will depend on the complexity and characteristics of the procurement or contracting, which will be included in the Bank-approved [procurement plan](#).
- 6.2 **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services<sup>1</sup> arising under the program and subject to international competitive bidding will be executed using the standard bidding documents issued by the Bank. Bidding processes subject to national competitive bidding will be executed using national bidding documents agreed upon with the Bank (or satisfactory to the Bank if not yet agreed on). The project team leader is responsible for reviewing the technical specifications.
- 6.3 **Selection and contracting of consultants.** Consulting service contracts arising under the program will be executed using the standard request for proposals issued by the Bank or agreed upon with the Bank (or satisfactory to the Bank if not yet agreed upon), regardless of the contract amount. The project team leader is responsible for reviewing the terms of reference.
- 6.4 **Selection of individual consultants.** Individual consultants will be selected in accordance with document GN-2350-9.
- 6.5 **Ex ante review of procurement.** The Bank will review the selection, contracting, and procurement processes as set forth in the [procurement plan](#). At any time during program execution, the Bank may modify the review modality for these processes, by providing advance notice thereof to the borrower or the executing agencies. Changes approved by the Bank should be reflected in the procurement plan.
- 6.6 **Domestic preference.** No margins of domestic preference will apply.

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<sup>1</sup> Under the Bank's procurement policies, nonconsulting services are treated as goods.

- 6.7 **Use of the country procurement system.** The subsystems for electronic reverse auctions and electronic catalogues for framework agreements in Peru can be used once the [procurement plan](#) has been amended accordingly. As the Board of Executive Directors, in November 2017, approved the use of Peru's National Public Procurement System (SNCP) for operations that are financed and/or cofinanced by the Bank and executed by executing agencies, this system can be used once the actions described in the "Report for Acceptance of Use of the Country Procurement System in Peru" have been implemented and the procurement plan has been amended.
- 6.8 **Initial procurement plan.** See the itemized [procurement plan](#) for the first 18 months. The executing agencies will publish the procurement plan in the SEPA or in a system indicated by the Bank and will update it at least every six months or as required by the Bank to reflect current program execution needs and the progress made.
- 6.9 **Procurement supervision.** Procurement processes will be reviewed on an ex ante basis. However, the Bank may also use ex post reviews. The Bank's ex post reviews will cover a sample of contracts based on technical and professional criteria and may be performed by Bank staff, consultants, or external auditors. Once use of the country procurement system has been implemented, these arrangements may be updated based on the fiduciary risks.<sup>2</sup>
- 6.10 **Records and files.** Files are to be kept in the offices of the executing agencies under conditions that ensure the integrity and security of the documents.

## **VII. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS**

- 7.1 **Programming and budget.** Expenses related to program activities will have been assessed for viability under the regulations issued by the Ministry of Economy and Finance (MEF). The National Multiyear Programming and Investment Management System (Invierte.pe) is currently in effect to streamline the approval of investment projects and make their execution more flexible at all three levels of government. The annual programming and budget will be prepared according to the provisions of the MEF's Public Budget Office.
- 7.2 Each executing agency will prepare a program's multiyear execution plan and use it to prepare an annual budget, taking the disbursement schedule into account. The budget allocated to the program will be approved by the MEF and the Congress of the Republic and reported annually to the Bank. The budget will be administered through the SIAF.
- 7.3 **Accounting and information systems.** The MEP-SIAF will be used for program accounting and reporting, as it offers transparency and specific controls on budget execution. This module can issue financial reports, including disbursement requests, exchange rate controls, program financial statements, and other reports as required by the Bank. Accounting will be on a cash basis and will follow international

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<sup>2</sup> Once the reverse auction and framework agreement subsystems have been put into use in operations, as part of the strategy for the use of Peru's country system, executed procurement processes will be systematically monitored and supervised by tracking and verifying the stability of the country system.

accounting standards and the directives issued by the National Public Accounting Office.

- 7.4 **Disbursements and cash flow.** The program will use the country's treasury system, following the directives issued by the National Debt and Treasury Office. Expenditures are subject to the budgetary and financial execution process, with data being recorded in the MEP-SIAF as the expense is formally processed under the regulatory framework applicable to each of its stages: commitment, accrual, authorization, and payment. Each executing agency will keep a program-specific bank account in U.S. dollars and another in soles (monetization) to manage loan proceeds. The possibility of using the Single Treasury Account for loan programs is being analyzed with the MEF. Current coordination with this entity suggests that this option could be implemented in the short term.
- 7.5 Disbursements will be made to each executing agency based on the program's actual liquidity needs (financial planning). Each executing agency will submit disbursement requests to the Bank along with a financial plan that will initially reflect estimated expenditures for up to 180 days. A new disbursement will only be made when at least 80% of the cumulative total of previous disbursements have been justified. Loan proceeds can be disbursed through advances of funds, expense reimbursement, or direct payment to suppliers.
- 7.6 Records and supporting documentation for activities and transactions will be subject to ex post review by external auditors. All documents and records will be kept for at least three years from the date of the last disbursement. Any Bank-ineligible expenditures will be reimbursed from the local contribution.
- 7.7 **Internal control and internal audit.** The control environment; control, communication, and information activities; and the monitoring of the activities of the executing agencies will be governed by the country's laws and regulations, which are based on the Law Governing the National Oversight System and Comptroller General's Office (CGR).
- 7.8 **External control and reporting.** Given the role of the CGR (the lead agency in the National Oversight System) and the regulations governing it, external audits of projects are outsourced to Bank-eligible independent audit firms. These firms are evaluated periodically by the Bank. The CGR authorizes each executing agency to select and contract an independent audit firm in accordance with Bank policies for the entire program execution period, including any extension of the final disbursement period. A tier I or II independent audit firm will be selected.
- 7.9 The program's financial statements include: cash flow statement, cumulative investment statement, notes on those statements, and the statement from program management. The audit report will include an evaluation of the internal control system. External audits will be paid using loan proceeds during the expected loan execution period.



- 7.10 **Financial supervision plan.** The plan may be adjusted in accordance with program execution and external audit reports.

**Table 1. Supervision plan**

| Activities | Nature/Scope   | Frequency          |
|------------|--|--------------------|
| Financial  | Portfolio review with the executing agencies and MEF   | Twice per year     |
|            | Financial audit and delivery of financial statements   | Annually and final |
|            | Review of disbursement requests and attached reports   | Six times per year |
|            | Inspection visit/review of program progress/analysis of control environment at each executing agency | Annually           |

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/19

Peru. Loan \_\_\_\_/OC-PE to the Republic of Peru  
Program to Improve Criminal Justice  
Services in Peru

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Peru, as borrower, for the purpose of granting it a financing to cooperate in the execution of the Program to Improve Criminal Justice Services in Peru. Such financing will be for the amount of up to US\$100,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2019)