

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PERU**

**BANCO DE LA NACIÓN DIGITAL TRANSFORMATION PROJECT**

**(PE-L1286)**

**LOAN PROPOSAL**

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<b>REQUIRED:</b> <ol style="list-style-type: none"><li>1. <a href="#">Multiyear execution plan and annual work plan</a></li><li>2. <a href="#">Monitoring and evaluation plan</a></li><li>3. <a href="#">Environmental and social review summary</a></li><li>4. <a href="#">Procurement plan</a></li></ol>
<b>OPTIONAL:</b> <ol style="list-style-type: none"><li>1. <a href="#">Economic analysis of the project</a></li><li>2. <a href="#">Climate change and sustainability annex</a></li><li>3. <a href="#">Vertical logic</a></li><li>4. <a href="#">Diagnostic assessment of Banco de la Nación</a></li><li>5. <a href="#">Project Operations Manual</a></li><li>6. <a href="#">IDB programmatic support for the country</a></li></ol>

## **ABBREVIATIONS**

ATM	Automatic teller machine
BN	Banco de la Nación
DBS	Development Bank of Singapore
DNI	National identity document
GDP	Gross domestic product
INEI	Instituto Nacional de Estadística e Informática (National Institute of Statistics and Computing)
ING	Internationale Nederlanden Groep
MEF	Ministry of Economy and Finance
PIAS	Plataformas Itinerantes de Acción Social (Mobile Platforms for Social Action)
PIU	Project implementation unit

**EXECUTIVE SUMMARY**  
**PERU**  
**BANCO DE LA NACIÓN DIGITAL TRANSFORMATION PROJECT**  
**(PE-L1286)**

Financial Terms and Conditions							
<b>Borrower:</b>				<b>Flexible Financing Facility<sup>(a)</sup></b>			
Republic of Peru				<b>Amortization period:</b>		8.5 years	
<b>Executing agency:</b>				<b>Disbursement period:</b>		5 years	
Banco de la Nación (BN)				<b>Grace period:</b>		5.5 years <sup>(b)</sup>	
<b>Source</b>		<b>Amount (US\$)</b>		<b>%</b>		<b>Interest rate:</b>	
<b>IDB (OC):</b>		US\$40,000,000		60.8		<b>Inspection and supervision fee:</b> <sup>(c)</sup>	
<b>Local:</b>		US\$25,793,119		39.2		<b>Credit fee:</b> <sup>(c)</sup>	
<b>Total:</b>		US\$65,793,119		100.0		<b>Weighted average life:</b>	
						<b>Approval currency:</b>	
						United States dollar	
Project at a Glance							
<p><b>Project objective:</b> The general development objective of this project is to deliver access to adequate financial services nationwide for Banco de la Nación customers. The specific development objectives are to: (i) build institutional capacities for designing and implementing digital products; (ii) expand the digital capacity and interoperability of Banco de la Nación's digital services; and (iii) develop Banco de la Nación's cybersecurity maturity. These three objectives are the pillars that will underpin the digital transformation of Banco de la Nación and improve access to financial services, especially for the population and government agencies that require financial services.</p>							
<p><b>Special contractual conditions precedent to the first disbursement of the loan proceeds:</b> The executing agency will provide evidence, to the Bank's satisfaction, of the: (i) approval and entry into effect of the <a href="#">Project Operations Manual</a> in accordance with the terms agreed upon in advance with the Bank; (ii) creation of the project implementation unit and the contracting of the members thereof, by virtue of the terms of reference agreed upon in advance with the Bank, to include, at a minimum: a general coordinator, a financial specialist, a procurement specialist, and a technical coordinator with sufficient knowledge and experience in similar projects; and (iii) signing by the borrower, through the Ministry of Economy and Finance (MEF), and the executing agency of an agreement for the transfer of loan proceeds, which has entered into effect and defines, among other aspects, the executing agency's obligations with respect to project execution, in accordance with the terms of the loan contract and the <a href="#">Project Operations Manual</a> (paragraph 3.3), and that has entered into effect. For the environmental and social contractual conditions, see Annex B to the Environmental and Social Review Summary (<a href="#">required link 3</a>).</p>							
<p><b>Exceptions to Bank policies:</b> None.</p>							
Strategic Alignment							
<b>Objectives:<sup>(d)</sup></b>		O1 <input checked="" type="checkbox"/>		O2 <input type="checkbox"/>		O3 <input checked="" type="checkbox"/>	
<b>Operational focus areas:<sup>(e)</sup></b>		OF1 <input type="checkbox"/>	OF2-G <input checked="" type="checkbox"/> OF2-D <input checked="" type="checkbox"/>	OF3 <input checked="" type="checkbox"/>	OF4 <input checked="" type="checkbox"/>	OF5 <input checked="" type="checkbox"/>	OF6 <input checked="" type="checkbox"/> OF7 <input checked="" type="checkbox"/>

- (a) Under the terms of the Flexible Financing Facility (FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- (c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.
- (d) O1 (Reduce poverty and inequality); O2 (Address climate change); and O3 (Bolster sustainable regional growth).
- (e) OF1 (Biodiversity, natural capital, and climate action); OF2-G (Gender equality); OF2-D (Inclusion of diverse population groups); OF3 (Institutional capacity, rule of law, and citizen security); OF4 (Social protection and human capital development); OF5 (Productive development and innovation through the private sector); OF6 (Sustainable, resilient, and inclusive infrastructure); and OF7 (Regional integration).

## I. DESCRIPTION AND RESULTS MONITORING

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

- 1.1 **Macroeconomic context.** In 2023, Peru's gross domestic product (GDP) fell 0.6%, due to shocks related to social conflicts and the coastal El Niño weather conditions. Excluding the COVID-19 emergency period, this was the country's first drop in production since 1998. Agriculture, fishing, and construction were the most affected economic sectors, due to El Niño's impact on the agricultural harvest, fish landings, and the execution of investment projects, respectively. In this context, the Ministry of Economy and Finance (MEF) failed to comply with its fiscal deficit rule. The fiscal deficit rose from 1.7% of GDP in 2022 to 2.8% of GDP in 2023, as a result of the drop in corporate income tax revenue combined with increased government expenditure on disbursements for the "Con Punche Perú" (Peru with Vigor) economic recovery plan.<sup>1</sup> This put the deficit over the fiscal rule limit for 2023 (2.4% of GDP). For 2024 and 2025, the Central Reserve Bank of Peru predicts that the economy will grow 3.1% and 3.0%, respectively,<sup>2</sup> slightly more than its estimated potential (2.5%) due to the recovery of domestic demand after the gradual attenuation of the economic shocks.
- 1.2 **Background.** Banco de la Nación ([optional link 4](#)) is a publicly owned State financial institution of utmost importance to the efficient exercise of many government functions, since it supports the implementation of State public policies as well as the operation of certain aspects of public finance. Banco de la Nación, established by [Law 16000 of 27 January 1966](#),<sup>3</sup> belongs to the Republic of Peru's economy and finance sector, for which the MEF designs public policy. It generates own revenue from accruals, lending, and the provision of financial services, offset by operational expenses. It currently administers assets worth US\$12.9 billion and credit placements and loans worth US\$2.7 billion, and its lending activity is expected to grow up to 30.0% by 2025. Banco de la Nación has over US\$800 million in equity and provides both in-person and online services. Currently, it has 4,500 employees and the most extensive penetration of any bank in the country, with 562 branches, 15,000 banking agents, and 1,100 ATMs distributed throughout the country.
- 1.3 **Functions of Banco de la Nación.** Banco de la Nación plays a fundamental role in the Peruvian financial system, since it processes all State transactions. Its functions include managing the Public Treasury subaccounts by delegation and providing banking services to the central government for the administration of public funds. Banco de la Nación is also responsible for tax collection and for making payments, whether at the request of the Public Treasury or under tax administration agreements. In addition, it designs financial products, performs transactions, and provides financial inclusion services that foster social inclusion, as per Peru's

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<sup>1</sup> [MEF, 2024](#).

<sup>2</sup> Central Reserve Bank of Peru. Inflation report, September 2024.

<sup>3</sup> Banco de la Nación is governed by: (i) its bylaws, approved by Supreme Decree 07-94-EF of 26 January 1994; (ii) Legislative Decree 1031, which promotes the efficiency of State business activity, and the regulations thereto; and (iii) Article 33 of Law 26702, the General Law on the Financial System and Insurance System and Basic Law on the Banking and Insurance Superintendency, as well as by the other articles of this General Law and amendments thereto.

national financial inclusion policy and its own bylaws. Thanks to its presence throughout almost the entire country and the variety of services it provides, Banco de la Nación holds a unique position as a State tool for development and inclusion, offering bank services in areas without any private banks and serving an important market segment made up of employees, institutions, and public agencies, including through Mobile Platforms for Social Action (PIAS),<sup>4</sup> which have reached 40 Indigenous communities and over 6,000 beneficiaries in remote zones.<sup>5</sup> Furthermore, Banco de la Nación has the mandate to open national identity document (DNI) accounts for the entire Peruvian population to facilitate financial inclusion. That said, its service capacity may be limited in some areas, especially rural and inaccessible regions; this may pose a challenge to ensuring that everyone can efficiently open and use their accounts.

- 1.4 **Problem and main determinants.** The general development problem facing Banco de la Nación is its customers' limited access to adequate financial services<sup>6</sup> nationwide. Banco de la Nación does not have all the digital tools and capacities it needs to facilitate the access required by customers,<sup>7</sup> which endangers the State's public action in the financial system and reflects the need to strengthen governance of State institutions. The main determinants of this problem are the: (i) limited institutional capacity for designing and implementing digital products; (ii) low levels of digital efficiency and interoperability; and (iii) poor cybersecurity maturity.
- 1.5 **Limited institutional capacity.** Banco de la Nación has a maturity level of 45.76% in the culture and capacities dimension of the public development banking digital transformation index developed by the IDB.<sup>8</sup> This means that it does not have sufficient methodological capacity or human capital to develop new digital products. Another problem that Banco de la Nación faces in terms of human capital is its use of obsolete programming languages to develop and maintain the financial core, such as Common Business-Oriented Language (COBOL), which has become less relevant in the digital technologies sector. Furthermore, there is a general shortage of experts on these languages in the labor market, further compounded by Banco de la Nación's lack of wage competitiveness compared with private banks, for which these scarce technical capacities are also in high

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<sup>4</sup> The PIAS bring government services to remote and inaccessible communities in the Amazon and Altiplano. The vessels transport multisector brigades of professionals who provide medical care and facilitate payment of economic subsidies and access to bank services and various DNI-related processes, etc. In 2024, the country plans to carry out 50 mobile campaigns with various agencies to provide over 1,000,000 multisector services that will benefit more than 90,000 Peruvians. [Banco de la Nación , 2024](#).

<sup>5</sup> Banco de la Nación , 2024.

<sup>6</sup> Currently, the financial services offered by Banco de la Nación to its users are not as efficient as needed, mainly in terms of response times. This problem notably affects Banco de la Nación customer access to Peru's financial management system. For example, for each MEF request made to Banco de la Nación to process 50,000 salary payments to government employees, Banco de la Nación can only handle 3,000 (6.0%), forcing users to split up their requests for payment over several days and increasing response times. This situation is described in greater detail in the [monitoring and evaluation plan](#), which breaks down the problem by beneficiary.

<sup>7</sup> Including government ministries and other agencies, government employees, companies that provide goods and services to the State, and citizens.

<sup>8</sup> This IDB-developed index has four dimensions: strategy, organization, and business model; technology and operational processes; customers and value proposal; culture and capacities. This latter dimension measures the number of trained staff members, the type of training, digital culture, and outreach.

demand. As a result, it is difficult for Banco de la Nación to attract and retain professionals who possess the necessary digital skills. Notably, in 2012, Banco de la Nación began the process of modernizing its digital infrastructure through an open call for proposals, but it was unable to complete this digital transformation due to the inconsistent availability of the workers needed to execute it (paragraph 2.5).<sup>9</sup>

- 1.6 **Low levels of digital efficiency and interoperability.** Banco de la Nación's average digital maturity level is 2.91 (out of a maximum of 6), which classifies it as having a Level 2 digital maturity typology (experimental). Significantly, Banco de la Nación's limited digital capacity affects interoperability with ministries and other public agencies and translates into impediments to user access to adequate financial services. For the 2020-2023 period, most complaints regarding Banco de la Nación's digital channels involved failures in transaction processing and in the information technology system (55.8% for mobile banking, 56.4% for Internet banking, and 92.5% for Págalo.pe). Moreover, the implementation of certain regulations will require substantial changes at Banco de la Nación. For example, the Law on Digital Government calls for adapting technological platforms to enable the interoperability and digital transformation of public institutions and agencies, while rules for the financial sector include the regulation on cybersecurity for financial institutions, issued by the Banking and Insurance Superintendency, and the Emergency Decree on Digital Trust. In addition, even though digital equipment, such as the equipment used in financial institutions' digital infrastructures, rarely has a depreciation period of more than 7 years, the computer equipment that comprises Banco de la Nación's core digital infrastructure is over 40 years old, while its other equipment is over 15 years old.
- 1.7 **Poor cybersecurity maturity.** Banco de la Nación's cybersecurity maturity is average (level 3, out of a maximum of 5), with defined but as yet unmanaged policies and standards. This creates gaps that entail: (i) noncompliance with Peru's Banking and Insurance Superintendency regulations; (ii) low incident detection and response capacity (in 2023, Banco de la Nación systems identified 326 million attack attempts, but the cybersecurity team only had the capacity to detect and respond to 38 incidents); and (iii) limited capacity for producing safe software (the MultiRed Virtual (web) and mobile app (mobile) applications only complied with 77.0% and 44.0% of the requirements, respectively). These gaps have led to incidents with significant impacts on Banco de la Nación over the past few years, which could give rise to reputational risks that would affect customer trust as well as operational efficiency risks, and even potential economic losses. According to a survey conducted by Banco de la Nación in 2024, 39.4% of branch customers refuse to use virtual channels due to concerns about fraud and/or scams.
- 1.8 **The importance of the digital transformation of public banking.** Leveraging digital transformation can potentially benefit all sectors of national economies. One study<sup>10</sup> showed that in the financial sector, 68.0% of digital transformation contributions would have positive effects, such as: (i) improved customer responsiveness; (ii) lower transaction costs; (iii) expanded credit access; and (iv) increased transparency and accountability processes. The success cases

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<sup>9</sup> Banco de la Nación, 2023.

<sup>10</sup> IDB, 2020. [Hacia la transformación digital de la banca pública de desarrollo en América Latina y el Caribe.](#)



analyzed show that digital transformation is not an isolated effort but rather the result of ongoing, structural change inducing adaptive management that ensures sustainability over time. However, 70.0% of the region's public development banks with a specialized digitalization department find it difficult to replace their processes and modify their system architectures.

- 1.9 **Cybersecurity and the financial sector.** Peru was hit with 15 billion cyberattacks in 2022, making it the third most attacked country in the region.<sup>11</sup> Historically, the financial sector has been the most attacked sector globally.<sup>12</sup> The digital transformation of institutions increases their area exposed to cyberattacks. To address this risk, the European Council has approved regulations<sup>13</sup> to manage these and other cyber risks; and the United States National Institute of Standards and Technology has defined the basic functions—considered global good practices—involved in proper cybersecurity management:<sup>14</sup> (i) identify which assets need to be protected and their risk levels; (ii) protect these assets with defensive actions; (iii) detect possible compromises in the defense systems; (iv) respond to attacks that have eluded these measures;<sup>15</sup> and (v) recover from the damage caused by these incidents. To that end, organization, policies, processes, individuals, and specialized technologies are all essential.
- 1.10 **Gender context.** Peru has made efforts to close gender gaps in the financial sector, but challenges remain. Only 51.0% of women in the country have an account at a financial institution (compared with 62.3% of men).<sup>16</sup> Public development banks like Banco de la Nación take on the significant role of deploying actions designed to close these gaps. Furthermore, in order for them to effectively deploy services for women (external action), they must promote institutional policies, governance systems, training sessions, and processes with a gender perspective (internal action). This concept underscores how important it is for public development banks to have an internal value proposition anchored in institutional gender policies that make it possible to, for example, diagnose and propose affirmative measures for women's participation in executive positions,<sup>17</sup> and to hold training sessions on gender issues to better prepare loan officers to serve women, etc. A robust institutional structure and processes with a gender perspective are fundamental to supporting the external value proposition. These processes include gathering data disaggregated by sex. In order to achieve greater gender equity, therefore, there must be an intersection and synergy between: (i) internal institutional actions; and (ii) actions focused on the end customer.

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<sup>11</sup> [Global Threat Landscape Report, 1H 2022.](#)

<sup>12</sup> The financial sector was the most attacked sector in the 2015-2020 period. [IBM X-force Threat Intelligence Index 2022.](#)

<sup>13</sup> [Regulation 2022/2554 of the European Parliament and of the Council.](#)

<sup>14</sup> National Institute of Standards and Technology (NIST). [Cybersecurity Framework 2.0.](#)

<sup>15</sup> These are actions that are implemented when a cybersecurity incident is detected, to contain its potential impact.

<sup>16</sup> World Bank, 2021. [The Global Findex Database 2021.](#)

<sup>17</sup> Women make up 49.9% of the Banco de la Nación workforce. As for the gender distribution of the institutional structure, women are notably missing from all highest-level positions (executive presidency, board of directors, general management), hold only one-third of middle management positions (management, assistant management, section heads, administration), and make up the majority of employees only at the lowest level (workers). [Banco de la Nación , 2024.](#)

- 1.11 **Context of persons with disabilities and Indigenous peoples.** Persons with disabilities and Indigenous peoples face barriers of access to the financial sector. Although these barriers result from a wide range of contextual factors,<sup>18</sup> the obstacles associated with digital transformation processes are relevant for the financial inclusion of persons with disabilities and Indigenous peoples. In Peru, 5.2% of the population has some kind of disability;<sup>19</sup> the most predominant ones are mobility-related (59.2%) and visual (50.9%). Although no data are available on persons with disabilities' access to financial services, 18.8% of these individuals state that they have had trouble with accessibility in banking institutions.<sup>20</sup> In turn, the most recent population census (2017) showed that 24.9% of the Peruvian population self-identifies as Indigenous (over 5.7 million people).<sup>21</sup> The challenges and barriers to expanding access to financial services for Indigenous peoples include obstacles like community land titling, which limits their potential collateral,<sup>22</sup> and the lack of access to products in their own languages,<sup>23</sup> which makes it harder for them to access formal loans. While the above figures provide an overview of the context of persons with disabilities and Indigenous people, data is not available on their level of access to financial services or on the more specific barriers they face. As a public development bank, Banco de la Nación does have initiatives in place for working with diverse groups; however, they must be strengthened to make them more programmatic and responsive to the needs of these populations. To that end, initiatives are needed to guide Banco de la Nación on how its processes and platforms can promote greater inclusion and help close gaps.
- 1.12 **Project strategy.** This project aims to strengthen key aspects of Banco de la Nación to maximize the use of digital technologies to guarantee the efficient, safe, and sustainable provision of services and to thereby foster the institution's capacity to significantly expand the financial and social inclusion of citizens, with a focus on gender and diversity. To that end, the project will strengthen both the digital infrastructure of Banco de la Nación and the managerial and operational capacities of its employees. In addition, it will develop and implement institutional strategies to steer the digital transformation process in the medium term (e.g., by incorporating business process frameworks like the Enhanced Telecom Operations Map).
- 1.13 **Evidence of the effectiveness of the proposed solution.** The proposed solution for modernizing the core banking aligns with global best practices and standards for bank technology platforms for digital transformation, so as to: (i) optimize operational performance and make the business more flexible; (ii) allow greater scalability; (iii) facilitate adaptation to new requirements; and (iv) guarantee long-term sustainability. Numerous solutions like the one proposed herein have

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<sup>18</sup> The Global Initiative for Inclusive Information and Communication Technologies (G3ict), 2015. [Inclusive Financial Services for Seniors and Persons with Disabilities: Global Trends in Accessibility Requirements](#).

<sup>19</sup> National Institute of Statistics and Computing (INEI), 2012. [Primera Encuesta Nacional Especializada sobre Discapacidad](#).

<sup>20</sup> Ibid.

<sup>21</sup> INEI and the Ministry of Culture, 2017. [La Autoidentificación Étnica: Población Indígena y Afroperuana](#).

<sup>22</sup> In all, 41.8% of the Indigenous population's residences are owned without individual property titles (Ministry of Culture, 2020).

<sup>23</sup> Study of the offering of financial services for Indigenous peoples in Peru, financed through the technical cooperation [ATN/OC-19100-RG](#).

been shown to be effective. For example, by pursuing a continuous process of digital transformation, the Development Bank of Singapore (DBS) was able to reduce its cost-to-income ratio to 34.0% for digital customers versus 54.0% for traditional segments.<sup>24</sup> After years of investing in automation, use of the cloud, and better information management techniques, the Siam Commercial Bank, Thailand's third largest,<sup>25</sup> has reduced manual processes by 40.0% and data storage by 60%. In addition, tapping the opportunities created by the transformation of processes and data and thus the ability to run advanced analytics on the use of ATMs in its network and predict cash transactions, this bank has achieved an ATM level of service of 98.8%, a reduction of 50.0% in the amount of money circulating in its network, and a proportional drop in the cost of transporting cash therein.<sup>26</sup> Another example is the ING (Internationale Nederlanden Groep) Bank,<sup>27</sup> a global bank present in forty countries. Thanks to the impact of sustained investment in digitization and in transforming its customer relationships, this bank has been able to improve the net promoter score<sup>28</sup> on its ING Business Platform from -30 to +30 in just one year. It has also managed to raise its employee commitment indicator to 88.0%, considered very high. According to the Harvard Business Review,<sup>29</sup> 89.0% of large global companies have taken on digital transformation projects to achieve such benefits. This is also the case in Latin America and the Caribbean, where the leading public and private banks are working on ambitious transformation, digitization, and innovation projects, supported by platforms similar to the one proposed herein. Like Banco de la Nación, these banks seek, in the medium term, to reduce their operating costs, improve customer satisfaction, enhance flexibility for creating new products and services at lower costs and with faster delivery times, and significantly increase their productivity and labor force retention. In so doing, they will also gain major advantages for the financial sector, such as improved governance, risk management, and cybersecurity.

- 1.14 **Programmatic approach and complementarity with other Bank operations.** The value added of the Bank's programmatic approach is structured through sustained financial and technical support for the digital transformation of the country's financial sector. Recently, through technical cooperation [ATN/OC-18237-RG](#) to support public development banks with digital transformations, the IDB helped Banco de la Nación and other public development banks in the region identify their digital maturity levels and prioritize areas for strengthening, including through technical advisory pilots to generate planning, management, and knowledge capacities, among other key aspects for furthering their digital transformation. In line with the Bank's long-term vision for the sector in the country, this program is complemented by other initiatives that the IDB is currently executing in Peru, which entail: (i) accelerating the financial inclusion of

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<sup>24</sup> Thereby doubling its per-customer revenue. McKinsey, 2022. [DBS: Transforming a banking leader into a technology leader.](#)

<sup>25</sup> With US\$90.8 billion in assets as of February 2024.

<sup>26</sup> Case study of Siam Commercial Bank and associated data. Accenture, 2023. [Banking on Data: How SIAM Commercial Bank reimaged data to drive value.](#)

<sup>27</sup> Agile Business Consortium Ltd, 2021. [ING Bank's Digital Platform Tribe Goes Agile.](#)

<sup>28</sup> A measure of customer loyalty and satisfaction, associated with how highly a customer would recommend a company and its services to others.

<sup>29</sup> Harvard Business Review and McKinsey, 2023.

citizens, so they can also benefit from the outcomes of other Bank programs to strengthen the financial sector ([5596/OC-PE](#), approved in 2022 for US\$100 million, 12.48% executed; and [GRT/NL-18870-PE](#), approved in 2021 for US\$2 million, 25.0% disbursed), including in the country's Amazon region through the Green Coalition<sup>30</sup> ([5356/OC-PE](#), approved in 2021 for US\$20 million, 30.0% executed); (ii) strengthening digital interoperability with other public institutions, such as the ones supported by other Bank programs to speed up their digital transformation ([5696/OC-PE](#), approved in 2022 for US\$50 million, pending disbursement; [5384/OC-PE](#), approved in 2021 for US\$500 million, fully disbursed; [5301/OC-PE](#), approved in 2021 for US\$74 million, 7.15% disbursed; [4959/OC-PE](#), approved in 2019 for US\$100 million, 57.29% disbursed to date; [4725/OC-PE](#), approved in 2018 for US\$50 million, 40.35% disbursed; [4724/OC-PE](#), approved in 2018 for US\$50 million, with 70.47% of proceeds disbursed; [4428/OC-PE](#), approved in 2017 for US\$65 million, 45.24% disbursed to date; [4399/OC-PE](#), approved in 2017 for US\$50 million, with 93.84% disbursed to date; and [5936/OC-PE](#), approved in 2024 for US\$80.84 million, pending signature); and (iii) providing State financial services to citizens, including women, vulnerable groups, and diverse beneficiaries of other Bank programs designed to boost the fair, trustworthy exercise of digital citizenship in the country ([5834/OC-PE](#), approved in 2023 for US\$50 million, pending signature) ([optional link 6](#)).

- 1.15 **Experience and lessons learned applicable to the project.** The IDB has provided steady support for modernizing Peruvian public institutions through loan operations. This project taps into the Bank's experience in supporting public financial institutions to boost their socioeconomic impact by channeling financial resources to the productive sector and building partnerships with other public development banks, as well as in supporting public institutions to boost their socioeconomic impact through digital transformation in the region ([5364/OC-AR](#), approved in 2021 for US\$100 million and 5.40% disbursed; [5340/OC-ES](#), approved in 2021 for US\$85 million, 11.41% disbursed; [5297/OC-DR](#), approved in 2021 for US\$115 million, 17.83% disbursed; [4650/OC-PR](#), approved in 2018 for US\$130 million, with 24.55% of the approved funds disbursed). It also combines lessons learned in prior operations to improve the State's provision of financial services, through the digital transformation of a public financial institution and by leveraging the regional synergies around the Amazon provided by the technical cooperations. The following lessons learned are taken into consideration to ensure successful implementation of the institutional modernization activities: (i) proper prioritization of actions to improve and automate business processes; and (ii) effective participation of the bodies that govern the public systems in defining the conceptual model. This project incorporates these lessons by: (i) prioritizing the systems to be modernized through the technical cooperation in support of the digital transformation of the public development banks ([ATN/OC-18237-RG](#)), establishing guidelines for the new processes and implementation governance; and (ii) a strategy for implementation in phases, which will be sequential if the phases are interdependent, with the investments to be spaced out over the five years of program execution (paragraph 2.2).

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<sup>30</sup> The Green Coalition, formed by public development banks, seeks to design financial solutions and provide technical support to foster the scaleup of environmentally and socially responsible business and projects in the Amazon. [IDB, 2023](#).

- 1.16 **Coordination within the IDB Group.** The project entails potential synergies with IDB Lab and IDB Invest, since execution of the program-financed activities will require collaboration with private-sector stakeholders (potential beneficiaries of complementary IDB Group programs) for the provision of goods and services to contribute to Banco de la Nación's digital transformation.
- 1.17 **Technical cooperation to support execution.** Preparation of this project is supported by the regional technical cooperation [ATN/OC-18237-RG](#) (paragraph 1.15), which facilitates the institution's execution of a self-diagnostic assessment of the status of its digital transformation that will allow it to prioritize areas for improvement and suggest a roadmap for responding to them based on regional and international good practices for activities with energy efficiency criteria, which will inform the design of the activities to be conducted as part of the project. The technical cooperation will also support management of execution of some of the prioritized digital transformation initiatives. Lastly, it will support preparatory work on gender and diversity with a view to identifying programs that Banco de la Nación could set up for women and Afro-Peruvian population groups.
- 1.18 **Rationale for the intervention.** The project addresses the State's priorities of increasing financial market coverage and efficiency, as set out in one of the MEF's main objectives,<sup>31</sup> and for which reason the Multisector Financial Inclusion Committee,<sup>32</sup> of which Banco de la Nación is also a member, was established. The project also serves the following institutional objectives defined in Banco de la Nación's bylaws:<sup>33</sup> (i) conduct transactions and services for financial inclusion to foster economic development and social inclusion; and (ii) offer financial services in communities not served by private banks. The project objectives contribute to achieving these priorities of the Peruvian authorities. Furthermore, the project helps protect the public administration and financial services sectors, both of which are considered critical infrastructures in the country according to the law that promotes information security in Peru and the establishment of a national cybersecurity council.<sup>34</sup>
- 1.19 The project will leverage the innovations offered by digital technologies to modernize Banco de la Nación operations and create new State financial services. As a result, thanks to the program-financed digital innovations, the State financial services channeled by Banco de la Nación will reach the population living in remote areas much more efficiently and effectively, thus focusing on gender, diversity, and inclusion. The project will make it possible to serve remote territories in the Peruvian Amazon where Banco de la Nación is the only available bank.
- 1.20 **Vertical logic of the proposed solution.** The aim of the proposed solution is to address the general development problem of Banco de la Nación customers' limited access to adequate financial services nationwide (paragraph 1.3), caused by its: (i) limited institutional capacity for designing and implementing digital products (paragraph 1.4); (ii) low levels of digital efficiency and interoperability (paragraph 1.6); and (iii) poor cybersecurity maturity (paragraph 1.7). The project pursues the following specific development objectives, which will contribute to the

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<sup>31</sup> [MEF, 2024](#).

<sup>32</sup> MEF, 2015. [Multisector Financial Inclusion Committee](#).

<sup>33</sup> Banco de la Nación. [Supreme Decree No. 141-2020-EF](#).

<sup>34</sup> [Congress of the Republic, 2018](#).



general development objective of delivering access to adequate financial services nationwide for Banco de la Nación customers: (i) build institutional capacities for designing and implementing digital products (paragraph 1.25); (ii) expand the digital capacity and interoperability of Banco de la Nación services; (paragraph 1.26); and (iii) improve Banco de la Nación's cybersecurity maturity (paragraph 1.27) ([optional link 3](#)).

- 1.21 **Strategic alignment.** The project is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the following strategic objectives: (i) reduce poverty and inequality, by fostering execution of financial public policies with a social purpose, through greater financial inclusion that will facilitate equal access to the benefits associated with those policies; and (ii) bolster sustainable regional growth, through support for the adoption of technological innovations in Banco de la Nación processes and systems, with the potential to contribute to sustainable growth.<sup>35</sup> The program is also aligned with the following operational focus areas: (i) gender equality and inclusion of diverse population groups; (ii) institutional capacity, rule of law, and citizen security; (iii) social protection and human capital development; (iv) productive development and innovation through the private sector; (v) sustainable, resilient, and inclusive infrastructure; and (vi) regional integration. In addition, it is aligned with the Sector Strategy on Institutions for Growth and Social Welfare (GN-2587-2), as well as the Gender and Diversity Sector Framework Document (GN-2800-13) and the IDB Group Country Strategy with Peru 2022-2026 (GN-3110-1), in the strategic objective of boosting the effectiveness and institutional structure of public administration. Lastly, the project is included in the Update to Annex III of the Operational Program Report 2024 (GN-3207-3).
- 1.22 **Paris alignment.** This operation has been analyzed using the [Joint MDB Assessment Framework](#) for Paris Alignment and the [IDB Group Paris Alignment Implementation Approach](#) (GN-3142-1), and it is deemed to be aligned with: (i) the Paris Agreement adaptation target; and (ii) the Paris Agreement mitigation target, based on a specific analysis that considered the following elements: (i) the evaluation of proposals for renewing the data centers includes energy efficiency criteria; (ii) as established in the [Project Operations Manual](#), the bidding/procurement process for cloud services will incorporate sustainability criteria and will favor cloud service providers with a power usage effectiveness of 1.5 or less, or equivalent energy efficiency standards; and (iii) the chosen solution is consistent with Peru's Nationally Determined Contributions ([optional link 5](#)).
- 1.23 **Considerations on gender equality and the inclusion of diverse groups.** In view of the barriers to accessing the financial sector that have been identified (paragraphs 1.10-1.11), the project will fortify Banco de la Nación's internal and

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<sup>35</sup> According to the [joint methodology of the multilateral development banks](#), digitization of the provision of services is eligible to be counted as climate mitigation financing when it results in a substantial reduction in travel, as in this project. However, the eligibility criteria require counting greenhouse gases with and without the project, through indicators like the total number of transactions, measurement of emissions from private vehicles, emissions from electricity consumption, and emissions associated with the transportation of cash, among others. Since disaggregated detailed information on these indicators at baseline is not available for this operation, it will be impossible to measure the change in greenhouse gas emissions. Funds from the technical cooperation PE-T1597 (in preparation) (paragraph 1.14) will be used to perform a study on decarbonization of Banco de la Nación in order to follow up on the 240 annual flights made to transport cash to Peru's interior ([optional link 2](#)).

external operations through a strategy designed for this institutional strengthening, to include the following actions: (i) diagnose barriers that could limit the equitable participation of women and diverse groups; (ii) review and develop protocols and manuals to ensure they support inclusion during the optimization of processes and digital transformation in general (hold training and awareness-raising programs); (iii) develop programs to raise awareness of potential biases in digitization processes in general; (iv) develop tools and resources that will implement good practices for integrating the gender and diversity perspective into digital transformation projects; (v) implement learning platforms that promote inclusion and digital accessibility for all employees; and (vi) design monitoring and evaluation systems. In addition, the project will review and adapt the digital channels, market topics, and nonfinancial services to improve accessibility for people with disabilities and Indigenous peoples, through the following actions: (i) diagnose and optimize digital channels to improve accessibility for persons with disabilities; (ii) develop nonfinancial services that support customers who are members of Indigenous groups; and (iii) review, adapt, and implement marketing strategies targeting Indigenous peoples.

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

**1.24 Project objectives and components.** The general development objective of this project is to deliver access to adequate financial services nationwide for Banco de la Nación customers. The specific development objectives are to: (i) build institutional capacities for designing and implementing digital products; (ii) expand the digital capacity and interoperability of Banco de la Nación's digital services; and (iii) develop Banco de la Nación's cybersecurity maturity. These three objectives are the pillars that will underpin the digital transformation of Banco de la Nación and improve access to financial services, especially for the population and government agencies that require financial services. The project has the following components:

**1.25 Component 1. Improvement of institutional capacity (US\$6.46 million: US\$4.43 million, Ordinary Capital; US\$2.03 million, local counterpart).** This component is geared towards achieving specific development objective 1 (paragraph 1.24) and will finance the following: (i) core processes, upgraded; (ii) a digital transformation strategy with a gender and diversity approach, designed and implemented;<sup>36</sup> (iii) technology architecture and process, designed and implemented; (iv) a change management system, designed and implemented; (v) a strategy for institutional strengthening in gender and diversity, designed and

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<sup>36</sup> Strategy for the institutional strengthening of Banco de la Nación: (i) diagnose barriers that could limit the equitable participation of women and diverse groups; (ii) review and develop protocols and manuals to ensure they support inclusion during the optimization of processes and digital transformation in general (hold training and awareness-raising programs); (iii) develop programs to raise awareness of potential biases in digitization processes in general; (iv) develop tools and resources that implement best practices for integrating the gender and diversity perspective into digital transformation projects; (v) implement learning platforms that promote inclusion and digital accessibility for all employees; and (vi) design monitoring and evaluation systems. In addition, the project will review and adapt the digital channels, market topics, and nonfinancial services to improve accessibility for people with disabilities and Indigenous peoples, through the following actions: (i) diagnose and optimize digital channels to improve accessibility for persons with disabilities; (ii) develop nonfinancial services that support customers who are members of Indigenous groups; and (iii) review, adapt, and implement marketing strategies targeting Indigenous peoples.

implemented; (vi) strengthened workforce skills, including:<sup>37</sup> (vii) learning methodology for Banco de la Nación's digital transformation, designed and implemented; (viii) programs to build digital banking technology capacities, designed and implemented; (ix) corporate and citizen service channels, improved, to include: (x) digital channels and nonfinancial and marketing services respectful of gender and diversity (persons with disabilities and Indigenous peoples), designed and implemented;<sup>38</sup> and (xi) specialized technological equipment for in-person channels, like Totem, biometric identification equipment, etc. (for pilot agencies) ([optional link 4](#)).

- 1.26 **Component 2. Improvement of digital capacity (US\$31.3 million: US\$24.16 million, Ordinary Capital; US\$7.14 million, local counterpart).** This component, which will pursue achievement of specific development objective 2 (paragraph 1.24), will finance the following: (i) modernized core banking system, to include: (ii) new core banking, implemented; (iii) new core banking transaction ecosystem, implemented; (iv) interoperability of the core banking system, enhanced, to include:<sup>39</sup> (v) contracting of a firm to evaluate and optimize the existing technology architecture and its integration into the new core banking; (vi) contracting of services for the internal management of application programming interfaces and microservices; (vii) information management, improved, to include: (viii) scalable workflow platform implemented for the value chains; (ix) electronic signature and certifications, implemented; (x) software development methodologies, strengthened; (xi) software processes, strengthened; and (xii) scalable technologies for the digital transformation, implemented. The activities carried out as part of the Banco de la Nación digital transformation process will prioritize processes<sup>40</sup> that can integrate a social inclusion and equality perspective, to ensure that the benefits of digitization will be fair and accessible to women, persons with disabilities, and the Indigenous peoples living in areas traditionally underserved by private financial institutions, like the Amazon (paragraph 1.23). Accordingly, the project will support the actions needed to carry out the institutional and administrative processes needed to formalize Banco de la Nación's entry into the Green Coalition, with a view to boosting its role in the Amazon by taking advantage of the financial solutions designed under the Green Coalition umbrella ([optional link 4](#)).
- 1.27 **Component 3. Improvement of technology infrastructure with enhanced cybersecurity (US\$21.6 million: US\$9.87 million, Ordinary Capital; US\$11.72 million, local counterpart).** This component, which will pursue achievement of specific development objective 3 (paragraph 1.24), will finance the following: (i) strengthened technology infrastructure, to include: (ii) backup technology infrastructure; (iii) security operations center; (iv) cybersecurity, strengthened, to include; (v) cybersecurity risk management policies, designed; and (vi) access control and protection tools, implemented; and (vii) disaster contingency and recovery plans ([optional link 4](#)).

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<sup>37</sup> For example, through training sessions.

<sup>38</sup> Mobile services center, chatbots, and virtual assistance, financial education, and inclusive campaigns, etc.

<sup>39</sup> Specifically, with the MEF.

<sup>40</sup> Footnote 44.



- 1.28 **Project management (US\$5.1 million: US\$1.5 million, Ordinary Capital; US\$3.6 million, local counterpart).** In addition to the foregoing components, the loan will finance the strengthening and operation of the project implementation unit (PIU), auditing, monitoring and evaluation, equivalent documents, supervision, and the cost of concurrent control by the Office of the Comptroller General.

**C. Key results indicators**

- 1.29 The general development objective will be measured through the following indicators: (i) number (millions) of accounts open in areas where Banco de la Nación is the only banking option; and (ii) percentage of payment orders between Banco de la Nación and government organizations in the past 12 months that are completed online. The specific development objectives will be measured through the following indicators: (i) new digital financial products for financial inclusion developed and implemented by Banco de la Nación; (ii) score on the “culture and capacities” dimension of the public development banks’ digital transformation index; (iii) payment orders contained in a single demand for payment made by the government organizations; (iv) percentage expressing the number of annual transactions made by Banco de la Nación customers/users on Banco de la Nación digital channels over the total number of transactions made on all Banco de la Nación channels; (v) number of cybersecurity incidents per year that are detected and addressed; and (vi) percentage of new digital applications developed by Banco de la Nación that comply with the minimum cybersecurity requirements.
- 1.30 **Potential benefits and beneficiaries.** It is important to highlight that for Banco de la Nación, which will use the program-financed developments, the digital transformation process guarantees better operation of the financial system and improved digital services for the following direct beneficiaries: (i) other Peruvian ministries and agencies; (ii) government employees; (iii) companies that supply goods and services to the State; and (iv) citizens, including households and the private sector, with a gender and diversity perspective. First, the MEF, among other government ministries (e.g., health, education, interior) and agencies that are counterparts to Banco de la Nación, will benefit from greater efficiency and lower payment management costs, given that an estimated 3,000 government organizations will be able to process their payment orders online through Banco de la Nación;<sup>41</sup> traceability; and security, since an estimated 5,000 cybersecurity incidents will be detected and handled every year. Second, an estimated 45,000 public workers will be able to receive their payments processed by Banco de la Nación through a single demand for payment.<sup>42</sup> Third, an estimated 75,000 State vendors will be able to receive their payments processed online by Banco de la Nación.<sup>43</sup> Fourth, the country’s citizens, including households and the

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<sup>41</sup> As of 2024, no government organization was able to process payment orders online, because the blocs of payment orders are processed in batches, meaning that they are grouped together and then processed several minutes/hours after having been received. The distribution of payment orders among the ministries and other public sector agencies is assumed to be homogenous.

<sup>42</sup> As of 2024, only 3,000 of 50,000 salary payments to government employees ordered by the MEF can be processed in a single demand. There is assumed to be one salary per public employee. Banco de la Nación, 2024.

<sup>43</sup> As of 2024, only 5,000 of the 80,000 payments ordered by the MEF to State vendors can be processed online. There is assumed to be one payment per company supplying goods and/or services to the State. Banco de la Nación, 2024.

private sector, will be able to access two new financial products developed by Banco de la Nación for financial inclusion, as well as more advanced and effective digital services. For example, Banco de la Nación will be able to create national identity document accounts<sup>44</sup> for the 11 million unbanked citizens,<sup>45</sup> and an estimated 64.6% of citizen customer/users of Banco de la Nación will use Banco de la Nación’s digital channels for transactions.<sup>46</sup> Lastly, the project will ensure that the financial services offered by Banco de la Nación are fair and accessible to women, persons with disabilities, and Indigenous peoples who live in areas that are traditionally underserved by financial institutions, through support from the Mobile Platforms for Social Action (PIAS), which will help users employ the financial services by leveraging the digital technologies.

- 1.31 **Economic analysis.** A cost/benefit analysis assessed the project’s socioeconomic viability and projected the net benefits associated with the impact of more efficient provision of State financial services. After the respective sensitivity analyses of the most important variables, these benefits translate into a net present value of US\$7.12 million, with an internal rate of return of 15.2% ([optional link 1](#)).

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 **Financing modality.** This project will be financed through a specific investment loan, which is the type of loan that best adapts to the need to finance the procurement of the goods and services needed to execute the activities (paragraphs 1.25-1.28). The loan amount will be up to US\$40 million from the Bank’s Ordinary Capital resources, with a local counterpart contribution of US\$25.79 million. Table 1 shows the distribution of funds by financing source and component (note that the amounts listed for the components are indicative).

**Table 1. Components, costs, and sources of financing (US\$ millions)**

Components	IDB	Local	Total	%
Component 1. Improvement of institutional capacity	4.43	2.03	6.46	9.82
Component 2. Improvement of digital capacity	24.16	7.14	31.30	47.58
Component 3. Improvement of technology infrastructure with enhanced cybersecurity	9.87	11.72	21.59	32.82
Project management	1.54	3.61	5.15	7.82
Concurrent costs	-	1.29(*)	1.29	1.96
<b>Total</b>	<b>40.00</b>	<b>25.79</b>	<b>65.79</b>	<b>100.00</b>

\* The concurrent control cost includes up to 2.0%. This amount may be updated pursuant to the regulations issued on the matter.

<sup>44</sup> The DNI account is a simplified savings account offered by Banco de la Nación in Peru. It is designed to facilitate access to basic financial services for all Peruvian citizens of legal age who have a current [DNI](#).

<sup>45</sup> In 2022, only 13 million of the 24 million citizens over 18 years old had an account in the financial system. [INEI, 2022](#).

<sup>46</sup> In 2024, the percentage was 50.6%. There is assumed to be a homogenous distribution of transactions among citizens.

- 2.2 **Disbursement schedule.** The expected execution period will be five years, with the first two years to be focused on purchasing and implementing the technology, as stipulated in Table 2.

**Table 2. Provisional disbursement schedule (US\$ millions)**

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB Ordinary Capital	2.73	10.37	9.17	9.54	8.18	40.00
Local	3.90	6.18	5.82	5.24	4.65	25.79
<b>Total</b>	<b>6.63</b>	<b>16.55</b>	<b>14.99</b>	<b>14.78</b>	<b>12.84</b>	<b>65.79</b>
<b>%</b>	<b>10.08</b>	<b>25.16</b>	<b>22.79</b>	<b>22.46</b>	<b>19.51</b>	<b>100.00</b>

**B. Environmental and social safeguard risks**

- 2.3 Pursuant to the Environmental and Social Policy Framework (GN-2965-23), the project is classified as a category “C” operation, since it is expected to have minimal or no adverse environmental or social impacts. Based on the environmental and social due diligence, the activities, services, equipment, technology infrastructure, systems, and operations center financed under the three project components are confirmed to be low environmental and social risk. The project will not finance category “A” or “B” activities, nor activities with a substantial or high socioenvironmental risk level, and the planned adaptations will be carried out in Banco de la Nación’s main office building and agencies. The potential environmental, social, health, and security impacts of the project will be managed through implementation of an environmental and social risk management system based on compliance with the national regulatory framework, the IDB’s exclusion list, and the restriction that the project only be carried out in existing infrastructures and buildings. The environmental and social requirements of the project that make up the environmental and social risk management system are included in the [Project Operations Manual](#), whose approval by the Bank is a special contractual condition precedent to the first disbursement.

**C. Fiduciary risks**

- 2.4 Two medium-high institutional risks were identified. If the professionals in the Banco de la Nación’s project implementation unit (PIU) do not have experience applying Bank procedures and policies for financial management of the project, the financial and accounting control of execution of the project proceeds during the first year of execution could be faulty, leading to a failure to comply with the contractual clauses associated with the financial management requirements, as well as to potential delays in the budgetary allocation of project proceeds, preparation of disbursement requests, supporting documentation, and project financial statements during the first year of execution. To mitigate this risk, a financial specialist with knowledge of and experience in applying the Bank’s financial management policies will be hired to form part of the PIU. Likewise, a [Project Operations Manual](#) that clarifies matters of governance, institutional, operational, and financial planning, procurement, and reporting of financial information and results will be prepared, adopted, and disclosed. The second medium-high institutional risk is that if the professionals in the Banco de la Nación PIU do not have experience applying Bank policies and procedures for project procurement, the preparation of contracting documents and the various stages of

the project contracting processes could be delayed during the first year of execution, which would push back execution of project proceeds by up to six months and/or lead to a partial failure to achieve the project objectives and outcomes. To mitigate this risk, a procurement specialist with knowledge of and experience in applying Bank procurement policies will be hired to form part of the PIU. Likewise, a [Project Operations Manual](#) that clarifies matters of governance, planning, and procurement will be developed, adopted, and disclosed.

**D. Other key issues and risks**

2.5 **Risks identified.** Four medium-high risks were identified, as follows. First, a human-resources risk: if the shortage of information technology specialists at Banco de la Nación continues, the provision of the consulting services key to project activities could be delayed, which would push back project execution. To mitigate this risk, calls for bids will be made internationally, and specialized consulting firms will be considered as an alternative to individual consultants. The second human-resources risk is that if suitable candidates are not found or if the process of contracting full-time staff members for the PIU is delayed, development of the planned activities could take longer, which would push back execution thereof. This risk will be mitigated through implementation of the digital transformation strategy, which includes contracting the services of technology companies to provide ongoing support for Banco de la Nación to counteract the potential future limitations of the Banco de la Nación technical staff working on operation and maintenance of the digital infrastructure (paragraph 1.25). The third human-resources risk is that if the technical capacity for procurement of technology goods and services is insufficient, the bidding documents might not be prepared correctly, which would lead to delays or complications in awarding contracts. This risk will be mitigated by hiring specialized firms or consultants to prepare the terms of reference and/or technical specifications, which will be validated by Banco de la Nación technical departments. The fourth risk is economic and financial in nature: potential delays in the delivery of the local counterpart resources (which are already available) could push back execution of program activities, making it difficult to meet the planned targets on time. As a mitigation measure for this risk, a report confirming that there are sources dedicated to the program's local counterpart funding in the Banco de la Nación institutional budget will be issued for the MEF's consideration.

2.6 **Sustainability.** After receiving financial and technical support from the Bank during project execution as well as from the technical cooperation, Banco de la Nación will have a more solid approach to managing its technology infrastructure and the staff working on it, since the program-financed plans, strategies, and training sessions will foster operation and maintenance of the investments. Furthermore, Banco de la Nación has a unit dedicated to managing the institution's digital infrastructure as well as a current budget for maintaining and updating the information technology systems and respective licenses beyond completion of the project. In addition, the investments in technology will be made in consideration of the forecasted necessary maintenance service so as to improve sustainability, and in line with the initiatives to be developed under the program to foster Banco de la Nación's mainstreaming (paragraph 1.25), interoperability (paragraph 1.26), and cybersecurity (paragraph 1.27), which will encourage medium- and long-term sustainability of project investments and actions. Likewise, implementation of the digital transformation strategy (paragraph 1.25) includes contracting the services

of technology companies that will provide ongoing support to Banco de la Nación to counteract potential future limitations of the Banco de la Nación staff working on operation and maintenance of the digital infrastructure (paragraph 1.26). Financially, the project should lead to significant savings derived from reduced cyberattack response costs and an improved capacity for recovering from the damages caused by such attacks ([optional link 1](#)).

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower for this operation will be the Republic of Peru and the executing agency will be Banco de la Nación, which will execute the project through a PIU.<sup>47</sup> The PIU will include a general coordinator, financial specialist, procurement specialist, and technical coordinator with sufficient knowledge and experience in similar projects, and it will be responsible for the administration, execution, control, and monitoring of resources under the operation. The PIU does not have prior experience executing Bank operations; an institutional capacity analysis of Banco de la Nación was carried out to make it possible to allocate the resources needed for efficient program execution. The PIU will be independent and will work full time on project execution. It will use some of Banco de la Nación's administrative resources and structure to execute the project, and to that end, the [Project Operations Manual](#) will define the positions and roles involved.
- 3.2 **Project Operations Manual.** The conditions and requirements for the use of project resources will be established in the [Project Operations Manual](#), to be agreed upon by the executing agency and the Bank, as per Peru's laws and regulations. The manual will include the: (i) activities eligible to be financed with project funds; (ii) disbursement mechanisms; (iii) Bank supervision mechanisms; (iv) monitoring, evaluation, and reporting requirements; and (v) environmental and social management and project integrity commitments.
- 3.3 **Special contractual conditions precedent to the first disbursement of the loan proceeds. The executing agency will provide evidence, to the Bank's satisfaction, of the: (i) approval and entry into effect of the [Project Operations Manual](#) in the terms and conditions previously agreed upon with the Bank, since this manual is considered a crucial tool for project execution; (ii) creation of the PIU and contracting/appointment of its members, to include, at a minimum: a coordinator, financial specialist, procurement specialist, and technical specialist in digital transformations, since it is important to ensure that the executing agency will have a team working on project execution full time; and (iii) signing of an agreement by the borrower, through the MEF, and the executing agency, which will, among other aspects, define the executing agency's obligations in project execution, including execution**

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<sup>47</sup> A project coordinating and monitoring committee will be created and will include representatives of the PIU, the general management, and the divisions directly involved in project implementation, such as the: Planning and Management Control Division, Innovation and Digital Transformation Division, Information Technologies Division; Operations Division; Digital Banking Division; and Agencies Division. The purpose of this committee will be to monitor project execution so as to coordinate actions with the units involved to facilitate and advance project execution.

- in the terms of the loan contract and the [Project Operations Manual](#)**, since the executing agency is an autonomous body, with legal personality independent from the MEF (the entity that signs the loan contract on behalf of the Republic of Peru).
- 3.4 **Procurement plan.** The PIU will carry out procurement and contracting of goods, works, services, and consulting services pursuant to the Policies for the Procurement of Goods and Works financed by the IDB (GN-2349-15), the Policies for the Selection and Contracting of Consultants Financed by the IDB (GN-2350-15) and the other internal Bank procedures. The country system is expected to be used for procurements eligible for the use thereof within the scope approved by the Bank's Board of Executive Directors (GN-2538-22), if such use will facilitate project execution. The procurement plan will be updated annually as necessary, or as required by the Bank pursuant to the execution and monitoring system established ([required link 4](#)).
- 3.5 **Disbursements.** The disbursement and respective accounting processes will be governed by the operational guidelines set out in OP-273-12. The planned disbursement method is reimbursement of payments made.
- 3.6 **Auditing.** Banco de la Nación will submit the project's annual audited financial statements within 120 days after the close of each fiscal year or after the date of the final disbursement, in accordance with the terms of reference previously agreed upon with the Bank. The financial statements will be audited by an independent, Bank-eligible auditing firm. The financial management of the project, which includes contracting of the external auditing firm, will be governed by the guidelines in OP-273-12 and current instructions.
- B. Summary of arrangements for results monitoring**
- 3.7 **Monitoring.** Banco de la Nación will be responsible for gathering and delivering all project financial and operational information to the Bank, including the monitoring documents, multiyear execution plan, annual work plan, and financial plans. Banco de la Nación will also be responsible for producing and keeping data to verify evolution of the results matrix indicators, which will be reported to the Bank during project execution via semiannual reports, as established in the [monitoring and evaluation plan](#) and the [Project Operations Manual](#), to be submitted between 31 January and 31 July every year. Banco de la Nación will submit the following to the Bank: (i) a midterm evaluation, following the completion of 36 months from the date of the signing of the loan contract, or when 50.0% of loan proceeds have been disbursed, whichever occurs first; and (ii) a final report, within the 90 days following the closing of the disbursement period or any extension thereto. This evaluation will serve as an input to the Bank for preparing the program completion report, which includes an evaluation of aspects relevant to the components and expected results set out in the results matrix.
- 3.8 **Evaluation.** The project evaluation will be based on a before-and-after comparison, completed with a qualitative analysis supported by the evidence available at the end of execution. Although the proposed methodology does not allow attribution, the indicators to be evaluated address socioeconomic and environmental considerations that will make it possible to holistically obtain the dimension of the change in the beneficiaries. The [monitoring and evaluation plan](#) includes details on the tools, schedules, and budget for measuring, gathering, and verifying data.



Development Effectiveness Matrix		
Summary		PE-L1286
<b>I. Corporate and Country Priorities</b>		
<b>Section 1. IDB Group Institutional Strategy Alignment</b>		
Operational Focus Areas	<ul style="list-style-type: none"> <li>-Gender equality and inclusion of diverse population groups</li> <li>-Institutional capacity, rule of law, citizen security</li> <li>-Social protection and human capital development</li> <li>-Sustainable, resilient, and inclusive infrastructure</li> <li>-Productive development and innovation through the private sector</li> <li>-Regional integration</li> </ul>	
[Space-Holder: Impact framework indicators]		
<b>2. Country Development Objectives</b>		
Country Strategy Results Matrix	GN-3110-1	Boost the effectiveness and institutional structure of public administration
Country Program Results Matrix	GN-3207-3	The intervention is included in the 2024 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
<b>II. Development Outcomes - Evaluability</b>		Evaluable
<b>3. Evidence-based Assessment &amp; Solution</b>		7.7
3.1 Program Diagnosis		2.1
3.2 Proposed Interventions or Solutions		1.6
3.3 Results Matrix Quality		4.0
<b>4. Ex ante Economic Analysis</b>		7.5
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
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
<b>5. Monitoring and Evaluation</b>		8.8
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		4.8
<b>III. Risks &amp; Mitigation Monitoring Matrix</b>		
Overall risks rate = magnitude of risks*likelihood		Medium High
Environmental & social risk classification		C
<b>IV. IDB's Role - Additionality</b>		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Budget, Treasury, Accounting and Reporting, External Control, Internal Audit.  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	PE-T1563

*Evaluability Assessment Note: The Digital Transformation Project for Banco de la Nación of Peru (PE-L1286) has as its general development objective access to adequate financial services at the national level by users of Banco Nación. The Program aims to contribute to this objective through the specific development objectives of (i) increasing institutional capacities for the design and implementation of digital products; (ii) increase the digital capacity and interoperability of BN services; and (iii) increase the cybersecurity maturity of the BN. The diagnosis of the operation proposes limited access to adequate financial services at the national level as the general problem, and the lack of institutional capacities for digital transformation, the lack of interoperability and digital efficiency, and the lack of maturity in cybersecurity as determinants. Given this, the program proposes the strengthening of infrastructure, training for staff, and development of institutional strategies for digital transformation.*

*The result indicators associated with the specific objectives are generally SMART and would allow their scope to be measured.*

*The economic analysis quantifies benefits both from cost reduction to the population thanks to digital migration, and savings from cost reduction thanks to the identification of cyberattack threats. The document presents an IRR of 15.2%. Information on assumptions and their substantiation is limited.*

*The monitoring and evaluation plan proposes a reflective evaluation that shows the scope of the results associated with the specific objectives and a qualitative evaluation. This strategy does not allow empirical attribution of results. The means of verification consist of BN reports, but the data sources, their periodicity and survey times are not specified.*

**RESULTS MATRIX**

<b>Project objective:</b>	The specific development objectives are to: (i) build institutional capacities for designing and implementing digital products; (ii) expand the digital capacity and interoperability of Banco de la Nación’s digital services; and (iii) develop Banco de la Nación’s cybersecurity maturity. These three objectives are the pillars that will underpin the digital transformation of Banco de la Nación and improve access to financial services, especially for the population and government agencies that require financial services. The general development objective of this project is to deliver access to adequate financial services nationwide for Banco de la Nación customers.
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**GENERAL DEVELOPMENT OBJECTIVE**

Indicators	Unit of measure	Baseline value	Baseline year	Expected year of achievement	Target	Means of verification	Comments
<b>General development objective: Access to adequate financial services nationwide for Banco de la Nación customers</b>							
Number (millions) of accounts open in areas where Banco de la Nación is the only banking option	Number	3.91	2023	2030	5.85	Banco de la Nación annual report	See <a href="#">monitoring and evaluation plan</a> .
Percentage of payment orders between Banco de la Nación and government organizations in the past 12 months made online	Percentage	0	2024	2030	95	Banco de la Nación report	See <a href="#">monitoring and evaluation plan</a> .



**SPECIFIC DEVELOPMENT OBJECTIVES - OUTCOMES**

Indicators	Unit of measure	Baseline value	Baseline year	End of project	Means of verification	Comments
<b>Specific development objective 1: Build institutional capacities for designing and implementing digital products</b>						
New digital financial products for financial inclusion developed and implemented by Banco de la Nación	Number	0	2024	2	Banco de la Nación report	See <a href="#">monitoring and evaluation plan</a> .
Score on the “culture and capacities” dimension of the public development banks’ digital transformation index	[points]/[points]	45.76	2024	60	Public development banks’ digital transformation index report	See <a href="#">monitoring and evaluation plan</a> .
<b>Specific development objective 2: Expand the digital capacity and interoperability of Banco de la Nación’s digital services</b>						
Payment orders requested by government organizations contained in one single demand for payment	Number	3,000	2024	45,000	Banco de la Nación report	See <a href="#">monitoring and evaluation plan</a> .
Percentage expressing the number of annual transactions made by Banco de la Nación customers/users on Banco de la Nación digital channels over the total number of transactions made on all Banco de la Nación channels	Percentage	50.6	2023	64.6	Banco de la Nación report	See <a href="#">monitoring and evaluation plan</a> .
<b>Specific development objective 3: Develop Banco de la Nación’s cybersecurity maturity</b>						
Number of cybersecurity incidents per year that are detected and addressed	Number	38	2024	5,000	Banco de la Nación report	See <a href="#">monitoring and evaluation plan</a> .
Percentage of new digital applications developed by Banco de la Nación that comply with minimum cybersecurity requirements	Compliance percentage	44.0%	2024	80.0%	Banco de la Nación report	See <a href="#">monitoring and evaluation plan</a> .

OUTPUTS

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
<b>Component 1: Improvement of institutional capacity</b>											
1.1 Core processes, upgraded	Number	0	2024	0	0	1	1	1	3	<b>Unit responsible:</b> PIU <b>Means of verification:</b> PIU progress report	See <a href="#">monitoring and evaluation plan</a> .
1.2 Digital transformation strategy with a gender and diversity approach, designed and implemented	Number	0	2024	0	0	1	1	1	3	<b>Unit responsible:</b> PIU <b>Means of verification:</b> PIU progress report	See <a href="#">monitoring and evaluation plan</a> .
1.3 Technology architecture and process, designed and implemented	Number	0	2024	0	1	1	1	1	4	PIU progress report	
1.4 Change management system, designed and implemented	Number	0	2024	1	1	1	1	0	4	PIU progress report	See <a href="#">monitoring and evaluation plan</a> .
1.5 Strategy for institutional strengthening on gender and diversity, designed and implemented	Number	0	2024	0	0	0	1	1	2	PIU progress report	See <a href="#">monitoring and evaluation plan</a> . Pro-gender and pro-diversity indicator
1.6 Workforce skills, strengthened	Number	0	2024	1	1	1	1	0	4	<b>Unit responsible:</b> PIU <b>Means of verification:</b> PIU progress report	See <a href="#">monitoring and evaluation plan</a> .
1.7 Learning methodology for the digital banking transformation, designed and implemented	Number	0	2024	0	1	1	0	0	2	<b>Unit responsible:</b> PIU <b>Means of verification:</b> Approved updated programs	See <a href="#">monitoring and evaluation plan</a> .
1.8 Programs to build digital banking technology capacities, designed and implemented	Number	0	2024	0	1	0	0	0	1	PIU progress report	
1.9 Corporate and citizen service channels, improved	Number	0	2024	0	1	1	0	0	2	<b>Unit responsible:</b> PIU	See <a href="#">monitoring and evaluation plan</a> .

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
										<b>Means of verification:</b> PIU progress report	
1.10 Digital channels and nonfinancial and marketing services with a gender and diversity approach, designed and implemented	Number	0	2024	0	1	1	0	0	2	<b>Unit responsible:</b> PIU <b>Means of verification:</b> Consulting firm final report	See <a href="#">monitoring and evaluation plan</a> . Pro-gender and pro-diversity indicator
1.11 Specialized technological equipment for in-person channels, like Totem, biometric identification equipment, etc. (for pilot agencies)	Number	0	2024	0	0	1	0	0	1	<b>Unit responsible:</b> PIU <b>Means of verification:</b> PIU progress report	
<b>Component 2: Improvement of digital capacity</b>											
2.1 Modernized core banking system	Number	0	2024	0	0	1	1	1	3	PIU progress report	See <a href="#">monitoring and evaluation plan</a> .
2.2 New core banking, implemented	Number	0	2024	0	0	0	1	0	1	<b>Unit responsible:</b> PIU <b>Means of verification:</b> Final service provision report	
2.3 New core banking transaction ecosystem, implemented	Number	0	2024	0	0	1	1	1	3	PIU progress report	
2.4 Core banking system with enhanced interoperability	Number	0	2024	0	0	1	1	1	3	PIU progress report	See <a href="#">monitoring and evaluation plan</a> .
2.5 Firm to evaluate and optimize the existing technology architecture and integrate it into the new core banking, contracted	Number	0	2024	0	0	1	1	1	3	PIU progress report on the provision of services	
2.6 Services for the internal management of application program interfaces and microservices, contracted	Number	0	2024	0	0	1	1	1	3	PIU progress report on the provision of services	
2.7 Information management, improved	Number	0	2024	0	1	1	1	1	4	PIU progress report	
2.8 Scalable workflow platform for value chains, implemented	Number	0	2024	0	1	1	1	1	4	PIU progress report	

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
2.9 Electronic signature and certifications, implemented	Number	0	2024	0	0	1	1	0	2	<b>Unit responsible:</b> PIU <b>Means of verification:</b> PIU progress report	
2.10 Software development methodologies, strengthened <sup>1</sup>	Number	0	2024	0	0	1	1	1	3	PIU progress report	
2.11 Software processes, strengthened	Number	0	2024	0	0	1	1	1	3	PIU progress report	
2.12 Scalable digital transformation technologies, implemented	Number	0	2024	0	0	0	0	1	1	<b>Unit responsible:</b> PIU <b>Means of verification:</b> PIU progress report	
<b>Component 3: Improvement of technology infrastructure with enhanced cybersecurity</b>											
3.1 Technology infrastructure, strengthened	Number	0	2024	0	1	1	1	1	4	PIU progress report	See <a href="#">monitoring and evaluation plan</a> .
3.2 Backup technology infrastructure, procured and installed	Number	0	2024	0	0	1	0	0	1	<b>Unit responsible:</b> PIU <b>Means of verification:</b> Final service provision report	
3.3 Security operations center, designed and implemented	Number	0	2024	0	0	1	1	1	3	PIU progress report	
3.4 Cybersecurity, strengthened	Number	0	2024	0	0	1	1	1	3	PIU progress report	See <a href="#">monitoring and evaluation plan</a> .
3.5 Cybersecurity risk management policies, designed	Number	0	2024	0	0	1	1	1	3	PIU progress report	
3.6 Access control and protection tools, implemented	Number	0	2024	0	0	0	1	0	1	<b>Unit responsible:</b> PIU <b>Means of verification:</b>	

<sup>1</sup> This includes: (i) management of demands for payment and development (factory, outsourced); (ii) integration of software development; (iii) no-code development for businesses; (iv) QA; (v) DexOps; (vi) UX; (vii) Design Thinking; and (viii) MVP.

Indicators	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Comments
										Consulting firm final report	
3.7 Disaster contingency and recovery plans, designed and implemented	Number	0	2024	0	0	0	0	1	1	<b>Unit responsible:</b> PIU  <b>Means of verification:</b> Consulting firm final report	

Country: Peru

Division: IFD/CMF

Operation No.: PE-L1286

Year: 2024

### FIDUCIARY AGREEMENTS AND REQUIREMENTS

**Executing agency:** Banco de la Nación

**Operation name:** Banco de la Nación Digital Transformation Project

#### I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

##### 1. Use of country systems in the operation<sup>1</sup>

<input checked="" type="checkbox"/> Budget	<input checked="" type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information systems	<input checked="" type="checkbox"/> National competitive bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input checked="" type="checkbox"/> Internal audit	<input checked="" type="checkbox"/> Shopping	<input checked="" type="checkbox"/> Other
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External control	<input checked="" type="checkbox"/> Individual consultants	

##### 2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Specific features of fiduciary execution	The executing agency will be Banco de la Nación through a project implementation unit (PIU). The PIU, which will report to the general management, will be responsible for the administration, execution, control, and monitoring of resources under the operation. The institutional systems are expected to be used for fiduciary management of the project. To that end, the PIU will coordinate with the related institutional subdivisions.
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##### 3. Fiduciary capacity

Fiduciary capacity of the executing agency	An institutional capacity analysis was conducted to assess Banco de la Nación's fiduciary capacities. This analysis identified weaknesses and opportunities for improvement through institutional strengthening in fiduciary matters.
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<sup>1</sup> Any system or subsystem approved subsequently may be used for the operation, under the terms of the Bank's approval.

**4. Fiduciary risks and risk response**

Area (Financial management / procurement)	Risk	Risk level	Risk response
Institutional	If the professionals in the Banco de la Nación's PIU do not have experience applying Bank procedures and policies to financially manage the project, the financial and accounting control of execution of the project proceeds during the first year of execution could be faulty, leading to a failure to comply with the contractual clauses associated with the financial management requirements, as well as potential delays in the budgetary allocation of project proceeds, preparation of disbursement requests, supporting documentation, and project financial statements during the first year of execution.	Medium-high	Hire a financial specialist with knowledge of and experience in applying the Bank's financial management policies to form part of the PIU; likewise, prepare, adopt, and disclose a project operations manual that clarifies matters of governance; institutional, operational, and financial planning; procurement; and reporting of financial information and results.
Institutional	If the professionals on the Banco de la Nación's PIU do not have experience applying Bank policies and procedures for project procurement, the preparation of contracting documents and the various stages of the project contracting processes could be delayed during the first year of execution, which would push back execution of project proceeds by up to six months and/or lead to a partial failure to achieve the project objectives and outcomes.	Medium-high	Hire a procurement specialist with knowledge of and experience in applying the Bank's procurement policies to form part of the PIU; likewise, prepare, adopt, and disclose a project operations manual that clarifies matters of governance; planning; and procurement.

5. **Policies and guidelines applicable to the operation:** Financial Management Guidelines for IDB-financed Projects (OP-273-12); Disbursement Guide; Audited Financial Reports and External Audit Management Handbook; Policies for the Procurement of Goods and Works financed by the IDB (GN-2349-15); and Policies for the Selection and Contracting of Consultants Financed by the IDB (GN-2350-15).

6. **Exceptions to policies and guidelines:** None.

**II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT**

<p><b>Exchange rate:</b> For the purposes of the provisions of Article 4.10 of the General Conditions, the parties agree that the exchange rate to be applied will be the one indicated in section (b)(i) thereof. For the purpose of determining the equivalence of expenditures incurred in local currency as charges against the local counterpart or of reimbursements for expenditures charged against the loan, the agreed-upon exchange rate will be the exchange rate on the effective date on which the borrower, the executing agency, or any other person or legal entity given the power to incur expenditures, makes the respective payments to the contractor, vendor, or beneficiary.</p>
<p><b>Type of audit:</b> The program financial statements will be audited annually by an external auditing firm acceptable to the IDB, within the 120 days following the close of each fiscal year, and 120 days after the end of the original disbursement period or extensions thereto. The terms of reference will be agreed upon previously with the Bank.</p>

**III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION**

<input checked="" type="checkbox"/>	<p>Bidding documents</p>	<p>The Bank's standard bidding documents or other documents agreed upon by the executing agency and the Bank for a specific procurement will be used for the procurement of works, goods, and nonconsulting services subject to international competitive bidding (ICB), executed in accordance with the procurement policies (GN-2349-15). Likewise, the selection and contracting of consulting services will be executed according to the Policies for the Selection of Consultants (GN-2350-15) using the Bank-issued standard request for proposals or the request form agreed upon by the executing agency and the Bank for the specific selection process. For the [procurement title], a procurement document will be developed and agreed upon by the country's competent authority and the Bank [additional description]. The project sector specialist will be responsible for reviewing the procurement technical specifications and terms of reference during preparation of the selection processes. This technical review may be conducted ex ante and is independent of the procurement review method used.</p>
<input checked="" type="checkbox"/>	<p>Use of country systems</p>	<p>In light of the Bank Board of Executive Directors' approval of the advanced use of Peru's country system for procurement, this country system may be used once the actions included in the report for acceptance of the use of Peru's country procurement system have been implemented and the procurement plan has been modified accordingly. The electronic reverse auction and framework agreement e-catalogs subsystems may be used after the prior recommendations have been implemented. The procurement plan will indicate the contracting processes to be executed through the country system within the approved scope.</p>



<input checked="" type="checkbox"/>	Procurement supervision	<p>Supervision will be ex post, except in those cases in which ex ante supervision is justified. Procurement processes conducted through the country system will be overseen by the country supervision system. The supervision method ((i) ex ante, (ii) ex post, or (iii) country system) will be determined for each selection process. Ex post reviews will be conducted pursuant to the project supervision plan, which is subject to changes during execution. Ex post review reports will include at least one visit. (The inspection visit will verify the existence of the procurements chosen from the procurement processes subject to ex post review; verification of quality and compliance with specifications will be left to the sector specialist. The review will verify at least 10% of contracts.) Virtual meetings will be coordinated if a physical visit cannot be made. The thresholds for ex post review are:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Executing agency</th> <th style="text-align: center;">Works</th> <th style="text-align: center;">Goods / services</th> <th style="text-align: center;">Consulting services</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Banco de la Nación</td> <td style="text-align: center;">US\$3 million</td> <td style="text-align: center;">US\$250,000</td> <td style="text-align: center;">US\$200,000 Firms US\$50,000 Individuals</td> </tr> </tbody> </table>	Executing agency	Works	Goods / services	Consulting services	Banco de la Nación	US\$3 million	US\$250,000	US\$200,000 Firms US\$50,000 Individuals
Executing agency	Works	Goods / services	Consulting services							
Banco de la Nación	US\$3 million	US\$250,000	US\$200,000 Firms US\$50,000 Individuals							

Main procurement items

Procurement description	Selection method	Estimated date	Estimated amount (US\$)
<b>Goods</b>			
Procurement of backup technology infrastructure	International competitive bidding (ICB)	08/01/2025	5,500,000
<b>Nonconsulting services</b>			
Contracting of services for implementation of the core, agencies, and back office	ICB	10/01/2025	8,000,000
Contracting of services for growth of accounts (A4-A5)	ICB	06/01/2027	6,000,000
Contracting of specialized cybersecurity services (ADV, EH, Threat Intel, IR)	ICB	06/01/2025	4,500,000
Contracting of Tier 1 and Tier 2 security operations center services	ICB	07/01/2025	4,500,000
<b>Firms</b>			
Contracting of consulting firm to develop the Banco de la Nación digital transformation plan	Quality- and cost-based selection (QCBS)	06/01/2025	2,328,000

Procurement description	Selection method	Estimated date	Estimated amount (US\$)
Contracting of consulting firm to streamline the Banco de la Nación value chains, processes, and critical procedures	QCBS	03/01/2025	550,000
<b>Individuals</b>			
Individual consultants to provide support for the design and implementation of the cybersecurity center	Selection of individual consultant (3CV)	10/01/2025	1,500,000
Individual consultants to provide support for the design and implementation of access control and protection tools	3CV	10/01/2025	500,000

To access the procurement plan: [PE-L1286 - required link 4 - Procurement plan](#).

#### IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<input checked="" type="checkbox"/>	Programming and budget	Banco de la Nación's Budget Subdivision is responsible for preparing the budget, supervising and managing the programming, formulation, allocation, evaluation, and monitoring stages based on the institutional objectives and targets, and supervising fulfillment of the financial objectives for a better outcome of the Bank's strategic planning. The financing proceeds will be incorporated into the Banco de la Nación budget under a specific line that identifies the program.
<input checked="" type="checkbox"/>	Treasury and disbursement management	The country's public borrowing and treasury systems will be used pursuant to the guidelines issued by the Public Treasury Department. The Bank will disburse the loan proceeds into the public treasury single account, from which Banco de la Nación will request transfers to an institutional account for project management. Disbursements will be made in accordance with the project's actual liquidity needs (financial planning). The PIU will submit the disbursement request to the Bank, together with a plan of expenses for activities under the annual work plan for the following 180 days. Subsequent requests will substantiate at least 80.0% of disbursements, through the statements of expenses and investments. Supporting documentation for the payments made will be reviewed ex post by the external auditors. The exchange rate will be the monetization rate, understood as the exchange rate on the date on which the United States dollars are converted to soles.
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	Banco de la Nación's Accounting Subdivision guarantees registry and accounting of all Bank operations, preparation of institutional financial statements, and analysis and preparation of the management accounting reports needed for decision-making. For the project, independent accounting accounts will be set up to receive the Bank funds, as well as to demonstrate the use thereof. The project financial statements will be prepared as required by the Bank, based on

		<p>information from Banco de la Nación's institutional accounting.</p> <p>The following financial statements will be required for project supervision: statement of cash received and disbursements made, statement of cumulative investments, and the corresponding notes thereto, as well as the internal control system evaluation. These reports will be duly audited and submitted annually.</p>
<input checked="" type="checkbox"/>	Internal control and internal audit	<p>The control environment and activities, and communication and information on and monitoring of Banco de la Nación activities, are governed by Peruvian regulations, based on the Basic Law of the National Control System and the Office of the Comptroller General; and will adhere to the provisions of the General Law on the Financial System and Basic Law on the Banking and Insurance Superintendency and pension fund administrator. Banco de la Nación has an institutional control unit.</p> <p>Banco de la Nación's internal control unit evaluates the efficiency and effectiveness of the Banco de la Nación's operating, information technology, and administrative processes, with a view to ensuring optimal institutional management.</p> <p>The internal control unit's work does not typically cover projects, but the unit will receive a copy of the external audit reports through the government auditing system (SAGU, designed by the Office of the Comptroller General), allowing it to perform inspection actions in line with its available time and resources.</p> <p>The PIU will be required to include the main internal control processes in the <a href="#">Project Operations Manual</a>, to ensure that the controls are working correctly.</p>
<input checked="" type="checkbox"/>	External control and financial reports	<p>The Office of the Comptroller General, as the governing body of the National Control System, outsources the external auditing of projects to independent auditing firms considered eligible by the Bank. The eligible independent auditing firms are periodically evaluated by the Bank to ensure they are high quality.</p> <p>The Office of the Comptroller General authorizes the PIU to select and engage an independent auditing firm in accordance with Bank policies, for the duration of the project execution period, including any extensions of the final disbursement period. The external audits will be paid for with loan proceeds.</p>
<input checked="" type="checkbox"/>	Financial supervision of the operation	<p>Support during project execution is provided for, through on-site visits to the executing agency's offices, participation in the kickoff workshop and other training sessions, and review of the audited financial statements, along with other activities established in coordination with the Project Team Leader. The frequency of these activities will be determined based on the risk associated with project execution.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/24

Peru. Loan \_\_\_\_/OC-PE to the Republic of Peru. Banco de la Nación  
Digital Transformation Project

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 aimed at cooperating in the execution of the Banco de la Nación Digital Transformation Project. Such financing will be for the amount of up to US\$40,000,000, from the resources of the Bank's Ordinary Capital and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2024)