

# Institutional activities

## 1. Board of Directors

The Board of Directors of the Central Reserve Bank of Peru at December 31, 2009, was integrated by Julio Velarde Flores (President), Carlos Raffo Dasso (Vice President), Beatriz Boza Dibos, José Chlimper Ackerman, Alfonso López Chau Nava, Martha Rodríguez Salas, and Abel Salinas Izaguirre. The Board held 63 meetings in 2009.

## 2. Transparency and social responsibility activities

Transparency in all its actions is a central characteristic of the management of the Central Bank. Under the Inflation Targeting scheme, the BCRP informs the public about its monetary decisions and explains the reasons for adopting them through different media to reinforce their effectiveness.

### 2.1 Transparency

The Board of the BCRP informs the public about monetary policy decisions through monthly communiqués or **Informative Notes on the Monetary Program**, which provide information on the reference interest rate, as well as on the interest rates on rediscount operations and overnight deposits. These communiqués are published on the BCRP website ([www.bcrp.gob.pe](http://www.bcrp.gob.pe)), disseminated through press releases, and also emailed to subscribers. Teleconferences are also held with the media.

The **Inflation Report**, which contains information as of March, June, September, and December, was published on a quarterly basis in 2009. This report discusses economic developments and monetary policy actions, explains the evolution of inflation and the main macroeconomic variables, and offers economic forecasts. The Inflation Report is disseminated through meetings and conferences with representatives of the financial system, economic analysts, academics, the media, businessmen, and authorities in both Lima and in the provinces.

**In 2009 the Governor of the BCRP appeared before Congress and held meetings with Congress representatives on several occasions.** Governor Julio Velarde spoke twice before the "Multi-Party Commission in Charge of Monitoring the International Financial Crisis and its Impact on the Country". In his first presentation, Governor Velarde explained the reasons for the Central Bank interventions in the foreign exchange market to reduce the excessive volatility of the exchange rate generated by foreign investors' demand for FC for forward operations, as well as the monetary policy actions implemented since September 2008 when the international financial crisis deepened. "Recent Trends and Macroeconomic Forecasts: 2009-2010" was the subject of his second presentation. In October he met with the members of the Budget Commission to analyze the macroeconomic assumptions of 2010 Budget and informed them about the recent measures adopted to face the international crisis. He made a presentation on this subject again in October before Commission of Economy. On the other hand, on October 29, the Congress unanimously approved the bill establishing the legal regime of Payment and Security Settlement Systems that was presented by the Central Bank.

Indicators on the Bank's administrative and budget management, as well as the Financial Statements of the BCRP –audited by internationally prestigious firms– are published in the Transparency section of the Bank's webpage ([www.bcrp.gob.pe](http://www.bcrp.gob.pe)).

In compliance with the Transparency and Access to Public Information Law, the BCRP answered the 34 requests for information submitted in 2009.

## 2.2 Dissemination of economic information

As in previous years, in 2009 the Central Bank periodically informed the public about the state of national finances through the publication and dissemination of macroeconomic reports and statistical data. Printed publications, which are also published on the Bank's website, include the Inflation Report, the Weekly Economic Report, the Annual Report, *Revista de Estudios Económicos*, and *Revista Moneda*. Additionally, the Weekly Economic Report, the *Notas de Estudio*, the Working Papers, and the Reports of the Regional Branch Offices are disseminated in electronic version. Informative Notes on the evolution of the main economic variables and the main institutional events are also sent to the media.

Moreover, the BCRP also organized seminars, lectures, institutional talks and events to discuss several topics of economic interest, both in Lima and in other cities of the country. Talks on the mission and roles of the bank and on the security features of banknotes and coins were also offered. A total of 4,287 university students participated in the 55 lectures and talks offered by the Central Bank in 2009. This number of participants was 25 percent higher than in 2008.

## 2.3 Social Responsibility Activities

Also as in previous years, in 2009 the BCRP continued contributing to education and culture in our country through several activities, including courses and contests, as well as through the free access to its museums and library, among other activities and services.

### 2.3.1 Courses

- **University Extension Course for Economists.** Thirty-six economists and students of economics from 20 public and private universities of Lima and other cities of the country participated in the 56th Extension Course offered by the BCRP in 2009. The aim of this course is to disseminate new knowledge in the field of economics and improve the professional level of participants. The course is also the channel through which the best students are recruited to integrate the Bank's technical staff.
- **Second Extension Course on Advanced Finances.** The Bank called professionals from different fields interested in finances and selected 25 applicants from different universities to participate in this course. The best students were also invited to integrate the BCRP staff.
- **Updating Course for university students from province universities.** Participants updated their knowledge on macroeconomics, microeconomics, econometrics, and mathematics. The most outstanding students were invited to participate in the 57th Extension Course in 2010.
- **Course for university professors.** The aim of this course, which is mainly oriented to faculty members of province universities, is to improve the standards of economic education in the different universities of the country.



### 2.3.2 Contests

- **Contest for Junior Economists.** This contest, organized every year since 1998, seeks to promote economic research. The 2009-2010 Research Contest for Junior Economists "Luis Felipe de las Casas Grieve" is being implemented at the time of the elaboration of this report. The results of the contest will be announced in April 2010.
- **"Julio Ramón Ribeyro" Short Novel Contest.** "La Paz de los Vencidos", by Jorge Eduardo Benavides Medina, was selected as the winning novel among the 51 literary works that participated in this contest in 2009.

Chaired by Luis Jaime Cisneros and integrated by Abelardo Oquendo, Alonso Cueto, Mirko Lauer, and Marcel Velázquez, the jury decided by majority to award the S/. 20,000 prize to the novel authored by Benavides. The prize also includes a diploma and the publication of the winning novel.

- **BCRP Fourth Contest for School Students 2009.** A total of 417 essays written by students of third, fourth, and fifth grade of secondary education schools from all over the country participated in the 2009 contest. The essays covered topics associated with the importance of facilitating access to credit for small and micro businesses or the responsible use of consumer credit.

The first prize was awarded to the essay entitled "¡Tenemos la solución! Mejoremos nuestra calidad de vida con créditos responsables", which was written by students of Colegio José Carlos Mariátegui, Aplicación UNA, of Puno. The essay "Premiando a: creativa, esfuerzo, constancia y emprendedor" written by students of school Santa María of Piura was awarded the second prize, and the essay "Si tienes dinero, cómpralo ya, si no lo tienes, cómpralo igual, págalo después", by students of school Carlos Augusto Salaverry of Sullana was awarded the third prize.

- The winner of the **First National Painting Contest 2009** was the Arequipeño artist David Villalba Quispe with his painting "Retrato familiar". The second prize was awarded to Claudia Coca Sánchez for "De castas y mala raza". Because of the exceptional quality of their works, honorable mentions were awarded to Harry Chávez Alzamora for "Visiones"; Christian Flores Saavedra for "27 de mayo 2006, 27 de mayo 2006, 27 de mayo 2006, 27 de mayo 2006, 27 de mayo 2006"; Armando Williams Díaz for "Homenaje al alcalde Saúl Muñoz asesinado por Sendero Luminoso en Huamanmarca", and Claudia Martínez Garay (untitled painting). All the paintings selected were exhibited in the new art gallery of the Museum of the Central Bank.

The jury was integrated by María Burela, Gustavo Buntinx, Moico Yaker, Ricardo Wiese, and Luis Eduardo Wufarden, renowned representatives of the Peruvian artistic community. The Second National Painting Contest sponsored by the BCRP will take place in 2010.

### 2.3.3 Book presentations

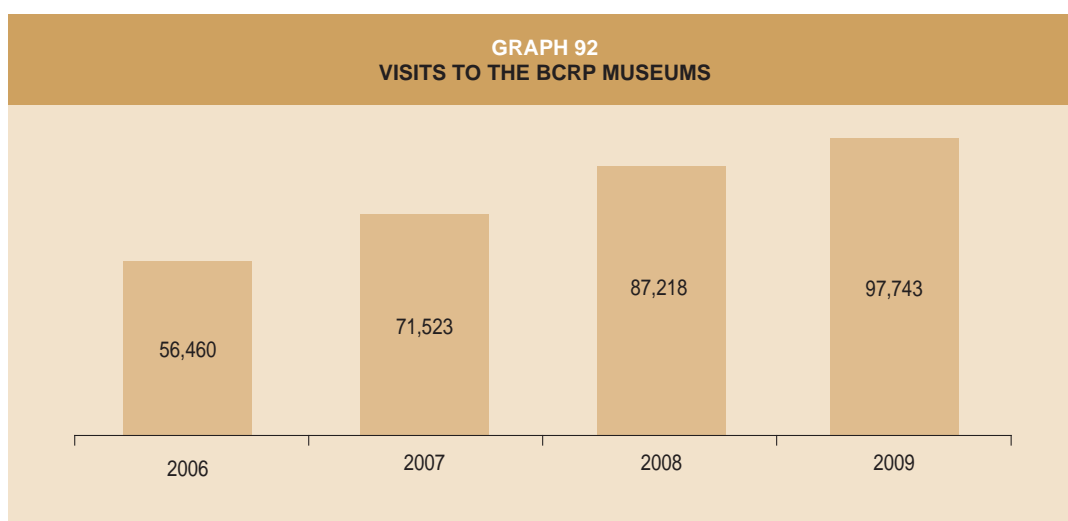
The following books were presented in 2009: the first volume of Compendio de Historia Económica del Perú: Época Pre Hispánica, authored by Luis Lumbreras, Peter Kaulicke, Julián



Santillana, and Waldemar Espinoza; *Las joyas de la Biblioteca Nacional del Perú* (co-published by the Biblioteca Nacional del Perú and the BCRP); *Artesanos y manufactureros en Lima colonial*, by Francisco Quiroz Chueca; *La firma Inglesa Gibbs y el Monopolio del guano en el Perú*, by William M. Mathew, and *La paz de los vencidos* (BCRP short novel prize), by Jorge Benavides Medina.

### 2.3.4 Museums

Cooperation agreements were established with several public and private institutions to generate public interest in the Bank's valuable cultural heritage. As a result of this, the number of people that visited the museums of the bank increased compared to 2008. A total of 97,743 people visited the Bank Museum in 2009.



The Museum of the BCRP participated both in exhibitions in the country and abroad. Local exhibitions sponsored by the BCRP Museum included: "Enrique Camino Brent. Centenario" at the Centro Cultural de la PUCP; "Sabogal, su entorno y su tiempo" at the Asociación Cultural Peruano Británica; "La orfebrería en el antiguo Perú" at the Salón Túpac Amaru of the Palace of Government; the paintings selected in the National Painting Contest were exhibited at the New Art Gallery of the BCRP Museum; Exhibition of traditional christmas creches at the BCRP Museum; and the Travelling Exhibition of Replicas of Ancient Cultures, at the Colegio Liceo Naval "Contralmirante Montero" of Callao. International exhibitions included "Precursores del Imperio Inca, Sicán – ciudad dorada", organized by Tokio Broadcasting System, which was exhibited in different museums and cities of Japan, as well as "La gran maravilla y misterio de la civilización de Perú: Inca", in Korea, co-sponsored by the National Museum of Korea and the Peruvian Embassy in this country.

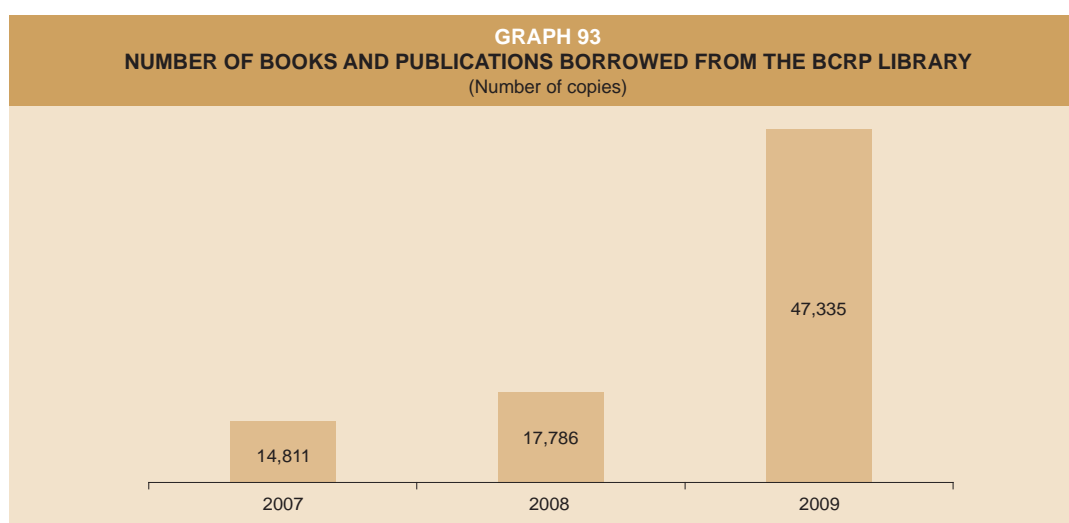
Three art and craft workshops were organized in Lima: the first workshop on textile weaving and retablos ayacuchanos was held during the 27th Anniversary of the Museum; the second one, held during the International Museum Week, included tablas de Sarhua, basketry, Ayacucho pottery, and silver metal work), and finally, the third one was held during the week of National Independence festivities and included Cuzco imagery, Shipibo textiles and garments, silver metal work, and basketry.

The Museum also participated in the VII Fair "Los Museos a tu alcance" at Parque de la Exposición, in the XIV Feria Internacional del Libro and the XXX Feria del Libro Ricardo Palma at the Museo de la Nación, and in the I Feria Internacional del Libro in Arequipa.

Moreover, the Museum organized the III Seminar on Numismatics: “Commemorative Medals in Peru”, and carried out social responsibility activities for school children who live in conditions of extreme poverty.

### 2.3.5 Library

In 2009 the Library of the BCRP, which specializes in economic and financial publications, increased its collection of books and periodical publications by 8,105 volumes, of which 1,693 are books and 6,412 are periodical publications. The Bank’s Library managed 7,730 reading requests and lent a total of 47,335 books and periodical publications.



## 3. Main events

The Bank’s highest authorities participated in several national and international meetings in 2009, including the following:

### 3.1 International meetings

- Meeting of Emerging Market Deputy Governors, organized by the Bank for International Settlements and held in Basel, Switzerland, February 5 - 6.
- Extraordinary Meeting of Ibero-American Ministers of Finance and Governors of Central Banks, carried out by the Minister of Finance of Portugal and the Iberoamerican General Secretariat in Oporto, Portugal, March 1 - 2.
- Annual Meeting of IDB Governors and of the Inter American Investment Corporation, organized by the Inter American Development Bank and held in Medellin, Colombia, March 27 - 31.
- IV Meeting of Monetary Policy Advisors, promoted by the Center for Latin American Monetary Studies (CEMLA) and the Bank of Mexico, held in Mexico D.F., April 2 - 3.

- V Seminar of the Permanent Technical Group (PTG): Follow-up on Macroeconomic Convergence Goals 2008, sponsored by the Andean Community and held in Bogota, Colombia, April 2 -3.
- LV Ordinary Meeting of the Board of the Fondo Latinoamericano de Reservas (FLAR), organized by the FLAR, and held in Bogota, Colombia, April 20 -21.
- XXIX Meeting of the Latin American Network of Central Banks and Finance Ministries, Meetings of G-24 Ministers and their Deputies, Joint Meetings of the International Monetary Bank and the World Bank, Executive Forum for Central Bank Reserves and Sovereign Assets Management, organized by the Inter American Development Bank, the International Monetary Bank, and the World Bank, and held in Washington D.C., USA, April 22 - 29.
- XLVI Meeting of Central Bank Governors of the Americas and LXXXVII Meeting of Central Bank Governors of Latin America and Spain, sponsored by CEMLA and the Central Bank of the Dominican Republic, and held in the Dominican Republic, May 13 – 15.
- Meeting of the Macroeconomic Monitoring Group (MMG) of Mercosur and Country Members, organized by the Central Bank of Paraguay in Asuncion, Paraguay, June 1 - 2.
- 79th Annual General Meeting of the Bank for International Settlements, in Basel, Switzerland, June 27 - 29.
- XVII Meeting of Central Bank Governors of country members of MERCOSUR, Bolivia, Chile, Peru, and Venezuela, organized by the Central Bank of Brazil, held in Sao Paulo, Brazil, July 30 - 31.
- LVI Extraordinary Meeting of the Board of the FLAR and IV International Conference of Economic Studies of the FLAR, in Cartagena de Indias, Colombia, August 8 - 11.
- III BIS/BCB America's Meeting on Risk for Reserve Managers of the Bank for International Settlements, held in Brasilia, Brazil, September 16 - 18.
- LVIII Ordinary Session of the Board of the FLAR, in Bogota, Colombia, September 21.
- Annual Meetings of the International Monetary Bank and the International Bank for Reconstruction and Development, XLV Meeting of Governors of Central Banks of Asia, Latin America and the Caribbean, LXXXVIII Meeting of Governors of Central Banks of Latin America and Spain, CEMLA's Board of Governors and Assembly, Plenary Sessions of the G-24 and General Assembly of the IMF and the World Bank, promoted by the IMF, the IBRD, and the World Bank, and held in Istanbul, Turkey, October 1 -7.
- Working Party on Monetary Policy in Latin America, organized by the Bank for International Settlements and the Central Bank of Chile, and held in Santiago, Chile, October 16 - 17.
- VI Meeting of UNASUR's Group on Financial Integration, organized by UNASUR in Buenos Aires, Argentina, October 19.



- XLII Meeting of ALADI Council for Financial and Monetary Affairs, organized by Asociación Latinoamericana de Integración (ALADI) in Montevideo, Uruguay, October 20 - 22.
- XXIII Annual Conference on Investment of Sovereign Funds for Central Banks and Official Institutions, sponsored by the FLAR, and held in Cartagena de Indias, Colombia, November 11 - 13.
- XIV Annual Meeting of the Research Network of Central Banks of the Americas, organized by CEMLA and the Central Bank of Brazil in Salvador de Bahia, Brazil, November 11 - 13.
- Western Hemisphere Payments and Securities Settlement Forum, promoted by CEMLA, the World Bank, and the Central Bank of Uruguay, in Montevideo, Uruguay, November 17 - 20.
- LVIII Extraordinary Meeting of the Board of the FLAR, held in Bogota, Colombia, November 23.
- XVIII Meeting of Central Bank Governors of country members of MERCOSUR, Bolivia, Chile, Peru, and Venezuela, organized by the Central Bank of Uruguay and held in Punta del Este, Uruguay, December 17 - 18.

### 3.2 National Meetings

- Seminar The Global Crisis and Central Banks' Responses in Latin America and North America, organized with the International Monetary Fund.
- Seminar Promoting Mortgage Financing, sponsored by the BCRP, the International Monetary Fund, the World Bank, and the International Financial Corporation.
- Seminar Where is Global Finance heading? Status of the International Monetary System and the Stake of Emerging Economies, carried out with the Reinventing Bretton Woods Committee. Participants included Central Bank governors and vice governors, and specialists of the Americas, Asia, Europe, and Africa, as well as Professor Nouriel Roubini.
- Course "Introduction to the Neo-Keynesian Model and its monetary policy applications", offered by Professor Jordi Gali. This course was organized with CEMLA.
- XXXIII Meeting on Central Bank Systematization, promoted by CEMLA.
- Presentation on Economic Projections of Latin American Countries, by Nicolás Eyzaguirre, Director, Western Hemisphere Department, International Monetary Fund.
- III Seminar on Numismatics: Commemorative Medals in Peru, with the participation of experts of the Casa Nacional de Moneda and the Sociedad Numismática del Perú.
- XXVII Meeting of Economists, presentations by BCRP analysts and academics of prestigious national and international universities.
- Seminar "Development of the Capital Market", with the participation of local and Latin American experts.



## 4. Branch offices

The BCRP has decentralized branch offices in the cities of Arequipa, Cuzco, Huancayo, Iquitos, Piura, Puno, and Trujillo in charge of elaborating and disseminating studies and reports on economic and financial-related aspects about the 23 regions of our country, as well as of supplying the appropriate amount of currency required in these regions through the financial system of each of these cities.

A report entitled “Síntesis Económica”, which analyses the main economic and financial developments in the 23 regions of the country, excluding Lima and Callao, is published in the BCRP website on a monthly basis. In addition to this, the BCRP Branch Offices contribute to disseminate this document by delivering it to the main organizations, institutions, and associations of their jurisdictions.

In 2009, as part of its institutional activities, the BCRP organized presentations of the Inflation Report in Arequipa and Piura and Regional Economic Meetings in Cuzco and Loreto. A lecture on “Funciones y Política Monetaria del BCRP” was offered in Puno and lectures on “Situación de la Economía Peruana y Perspectivas para 2010” were offered in Arequipa and Tumbes. Additionally, BCRP specialists lectured on “Análisis de la Focalización de la Política Social” and “Proyección institucional y Difusión de Cursos del BCRP” in the frame of the XIX National Student Congress of Economics 2009 held in the city of Arequipa.

Talks on the security features of banknotes and coins were given to the personnel of financial, commercial, industrial, and service companies, as well as to the general public. A total of 14,665 people participated in the 550 talks offered by the BCRP branch offices in 2009, improving significantly the results obtained in this area in 2008 when training was provided to 10,051 people through 317 talks.

The museums of the BCRP branches of Trujillo, Arequipa, and Piura were visited by 25,465 national and foreign visitors in 2009. It is worth pointing out that 17,837 people (70 percent of total visitors) visited the museum of Trujillo, attracted by the important historical value of its collections.

Currency for a total of S/. 2,043 million –an amount 4 percent higher than in 2008– was delivered to the seven BCRP regional branches to meet the requirements of the financial system in the 23 regions of the country and to meet the public’s need for banknotes and coins. Moreover, in order to maintain the quality of bank notes in circulation, deteriorated banknotes for a total of S/. 3,256 million were removed from circulation and sent to the main office of the Central Bank to be destroyed. The amount of banknotes removed from circulation was 134 percent higher than in 2008.

## 5. Currency Management

In order to provide the public with the appropriate quality, quantity, and denominations of banknotes, in May the BCRP established a series of regulations (Circulars No. 011-2009-BCRP and No. 012-2009-BCRP) aimed at improving currency swaps, deposits, and the removal of currency in the financial system.

These measures were coupled by the intensive training provided to the personnel of financial entities nationwide, including processing companies, in terms of identifying the quality of the banknotes that had to be removed from circulation. As a result of these actions, the number of deteriorated banknotes withdrawn from circulation increased 60 percent and the number of destroyed banknotes increased by over 80 percent, which resulted in the definitive withdrawal of banknotes amounting to over S/. 10,754.6 million (50 percent of currency in circulation at the beginning of 2009).

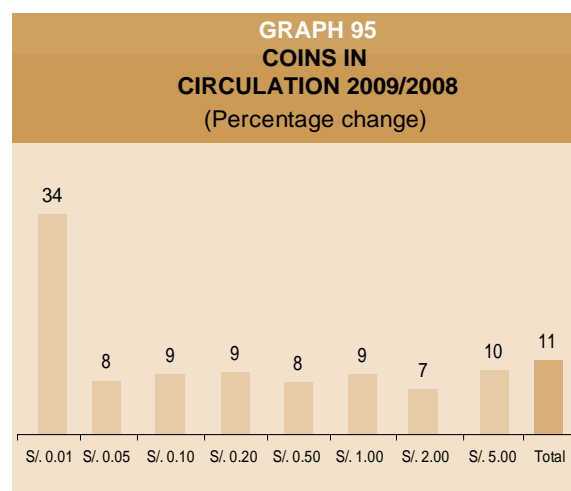
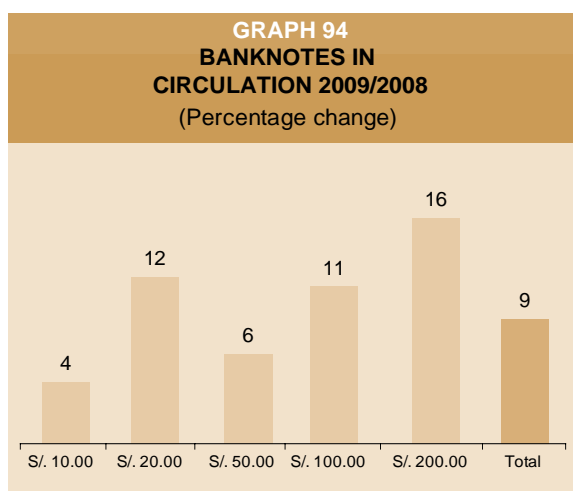




## 5.1 Banknotes and coins in circulation

The balance of banknotes in circulation in December 2009 was S/. 21,437 million (10.2 percent higher than the one recorded in December 2008), while the balance of coins in circulation amounted to S/. 1,100 million (9.1 percent higher than the one recorded in December 2008). The growth rates of these balances were lower than in the previous year, in line with the lower growth of the economy.

The balance of banknotes and coins in terms of units at end 2009 was 375 million of units of banknotes in circulation (a balance 9 percent higher than the one observed at end 2008) and 2,137 million of units of coins (a balance 11 percent higher than in the previous year).



## 5.2 Destruction of deteriorated banknotes

A total of 279.1 million banknotes with a value equivalent to S/. 10,754.6 million were destroyed in the year.

**TABLE 66**  
**DESTRUCTION OF BANKNOTES**

Denomination	Quantity (Millions of units)
S/. 10.00	100.8
S/. 20.00	73.4
S/. 50.00	46.3
S/. 100.00	57.6
S/. 200.00	1.0
<b>Total</b>	<b>279.1</b>

Source: BCRP.

### 5.3 Coin Minting

The National Mint produced 238.5 million coins in 2009. This amount is 13 percent lower than the one produced in 2008 as a result of the lower economic growth recorded in the year and higher coin recirculation. The largest volumes produced were S/. 0.10 and S/. 0.01 coins.

TABLE 67  
PRODUCTION OF COINS

Denomination	Alloy	Quantity (Millions of unites)	Monetary value (Millions of nuevos soles)
S/. 0.01	Aluminum	62.0	0.62
S/. 0.05	Aluminum	20.0	1.00
S/. 0.10	Brass	63.0	6.30
S/. 0.20	Brass	15.5	3.10
S/. 0.50	Nickel-silver	26.7	13.35
S/. 1.00	Nickel-silver	34.3	34.33
S/. 2.00	Bi-metal	7.0	14.00
S/. 5.00	Bi-metal	10.0	50.00
<b>Total</b>		<b>238.5</b>	<b>122.70</b>

Source: BCRP.

## 6. Circulars

In 2009, the BCRP issued 29 Circulars: four were associated with the regulations of monetary instruments, six with reserve requirement regulation, one on the payment system, one on first-class banks, one on the investment limit for pension funds' investments abroad, four on banknotes and coins, and 12 circulars with the monthly announcement of the Daily Adjustment Index referred to in article 240 of Law 26702, "Ley General del Sistema de Seguros y Orgánica de la Superintendencia de Banca y Seguros".

### Monetary Instruments

#### Circular 009-2009-BCRP (15/04/2009)

Regulations for commercial paper repo operations.

#### Circular 015-2009-BCRP (03/06/2009)

Regulation of purchase operations with repurchase agreements of loan portfolio represented in securities

#### Circular 017-2009-BCRP (21/07/2009)

Regulation of purchase operations with repurchase agreements of Preferred Share Certificates issued under Management Trust receivables from loans granted by financial entities, mortgage instruments and other securities.



**Circular 024-2009-BCRP (02/10/2009)**

Foreign exchange purchases using commitment of repurchase.

**Regulations on Reserve Requirements**

Reserve requirements in domestic currency.

**Circular N° 002-2009-BCRP (30/01/2009)****Circular N° 006-2009-BCRP (23/03/2009)****Circular N° 019-2009-BCRP (31/08/2009)**

Reserve requirements in foreign currency.

**Circular N° 003-2009-BCRP (30/01/2009)****Circular N° 007-2009-BCRP (23/03/2009)****Circular N° 020-2009-BCRP (31/08/2009)****Payment System****Circular N° 022-2009-BCRP (28/09/2009)**

Regulation on CCE of Credit Transfers

**First-Class Banks****Circular N° 027-2009-BCRP (27/11/2009)**

Banks of First Class.

**Limits on the Investments of Private Pension Funds Abroad****Circular N° 025-2009-BCRP (16/10/2009)**

Investment of Private Pension Funds.

**Banknotes and Coins****Circular N° 011-2009-BCRP (05/05/2009)**

Regulations for the swaps of banknotes and coins of financial entities.

**Circular N° 012-2009-BCRP (05/05/2009)**

Regulations for deposit and withdrawal of banknotes and coins made by financial entities.

**Circular N° 013-2009-BCRP (13/05/2009)**

New security feature of S/. 5 coin.

**Circular N° 029-2009-BCRP (07/12/2009)**

Regulations for the swaps of banknotes and coins of financial entities.



## Daily Readjustment Index

Index of Daily Readjustment referred to in Article 240 of the General Law of the Financial and Insurance Systems and the Organic Law of the Superintendency of Banking and Insurance, was published in the following circulars:

Circular 001-2009-BCRP (05/01/2009)	January
Circular 004-2009-BCRP (02/02/2009)	February
Circular 005-2009-BCRP (02/03/2009)	March
Circular 008-2009-BCRP (02/04/2009)	April
Circular 010-2009-BCRP (04/05/2009)	May
Circular 014-2009-BCRP (01/06/2009)	June
Circular 016-2009-BCRP (01/07/2009)	July
Circular 018-2009-BCRP (03/08/2009)	August
Circular 021-2009-BCRP (01/09/2009)	September
Circular 023-2009-BCRP (01/10/2009)	October
Circular 026-2009-BCRP (02/11/2009)	November
Circular 028-2009-BCRP (01/12/2009)	December

