

VII. Institutional activities

1. Board of Directors

On December 31, 2006, the Board of Directors of the BCRP was integrated by Julio Velarde Flores (President), Carlos Raffo Dasso (Vice President), Beatriz Boza Dibos, José Chlimper Ackerman, Alfonso López Chau Nava, Abel Salinas Izaguirre and José Valderrama León.

This Board replaced the one integrated by Oscar Dancourt Masías (Acting President), Kurt Burneo Farfán, Gonzalo García Núñez, Guillermo Garrido Lecca (who replaced Mr. Luis Carranza Ugarte since January 25) and Daniel Schydrowsky Rosenberg.

During 2006, the Board held 56 meetings to approve the Monetary Program for 2006 and the Monetary Programs for each month, based on the reports prepared by the Committee on

Monetary and Exchange Operations, and also discussed other matters submitted for their consideration by the Bank's Management.

The Board meetings for the approval of the Monetary Program for each month were usually held on the first Thursday of each month, according to the previously announced schedule.

2. Results

In 2006 the Central Reserve Bank of Peru continued to carry out its mission and the tasks assigned to this organization by the Peruvian Constitution and the Bank's Organic Law, and in accordance with the principle of independence governing the Central Bank. The good performance achieved by the BCRP has been and is acknowledged both nationally and internationally.

TABLE 60
MONTHLY DECISIONS ABOUT MONETARY PROGRAM: 2006
Interest rates (%)

	Operations in domestic currency			Operations en Foreign currency	
	Overnight Deposits	Interest reference	Rediscount	Overnight Deposits	Rediscount
January	2.75	3.50	4.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1
February	3.00	3.75	4.50	Libor _{overnight} - 3/8	Libor _{1 month} + 1
March	3.25	4.00	4.75	Libor _{overnight} - 3/8	Libor _{1 month} + 1
April	3.50	4.25	5.00	Libor _{overnight} - 3/8	Libor _{1 month} + 1
May	3.75	4.50	5.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1
June	3.75	4.50	5.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1
July	3.75	4.50	5.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1
August	3.75	4.50	5.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1
September	3.75	4.50	5.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1
October	3.75	4.50	5.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1
November	3.75	4.50	5.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1
December	3.75	4.50	5.25	Libor _{overnight} - 3/8	Libor _{1 month} + 1



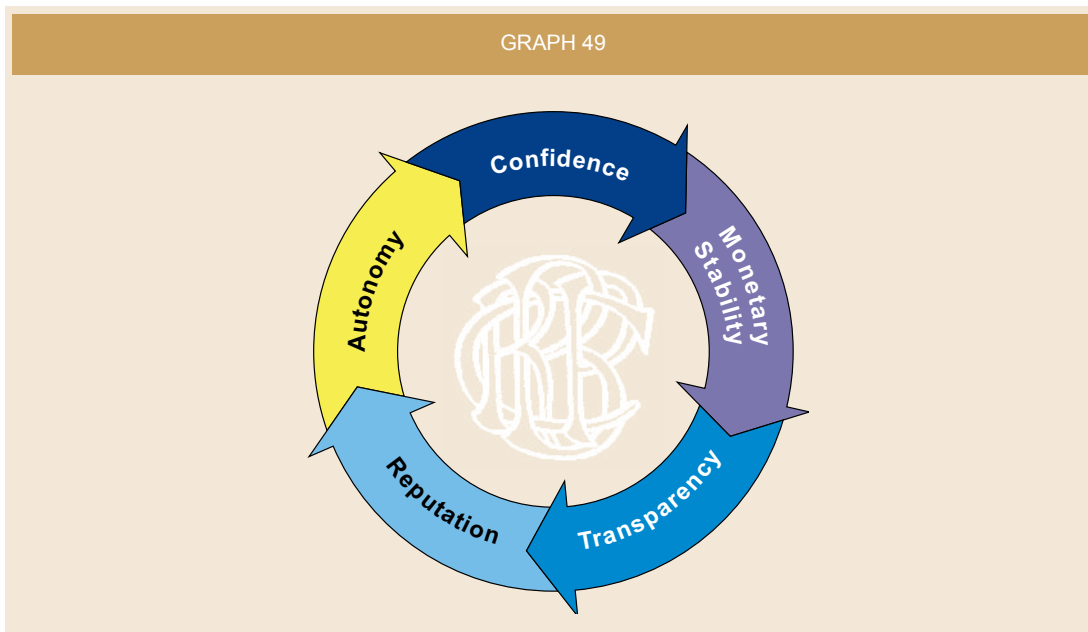
Among the accomplishments achieved by the BCRP in 2006, it is worth highlighting the following:

- a. **Price stability:** inflation was 1.1 percent, a lower rate than the inflation target, as a result of temporary supply-related factors (reduction in the price of food products, fuel and public utilities).
- b. **Dedollarization of the economy:** dollarization of liquidity in the banking system declined from 55 percent in December 2005 to 51 percent in December 2006. Dollarization of credit to the private sector decreased from 70 percent in 2005 to 63 percent in 2006.
- c. **Greater use of the real time gross settlement (RTGS) system:** during 2006, the number of transfers carried out through the RTGS system increased by 15 percent, reflecting that a greater number of high-value transactions are carried out with fewer risks due to this system managed by the BCRP .
- d. **Increased net international reserves and improved the international exchange position of the BCRP:** record levels and accumulations of net international reserves

(NIRs) and in the international exchange position of the BCRP were achieved in 2006. NIRs in 2006 amounted to US\$ 17,275 million, a sum US\$ 3,178 million higher than at end-2005. Moreover, the BCRP's exchange position amounted to US\$ 11,086 million, which represented an increase of US\$ 3,636 million.

- e. **Adequate quantity and quality of banknotes and coins:** the quality of banknotes was improved by replacing 149 million units (49 percent more than in 2005). Likewise, the demand of coins was met with an unprecedented level of production at the BCRP's Mint. Actions to disseminate the characteristics and security features of banknotes and coins in order to tackle counterfeiting were also increased.
- f. **Extension of historical series on macroeconomic variables and greater dissemination of economic information and statistics:** access to over 200 new historical series on macroeconomic variables was offered to the public through the BCRP's web site since July 2006. Visits to the BCRP's web site, which was renewed in June 2006, increased by over 70 percent.

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- g. **Contribution to economic research and to the formulation of economic policies:** the number of working documents that were published increased by 20 percent, 2 papers were published in international reviews, and the CEMLA awarded its annual Rodrigo Gomez Award to a paper elaborated by BCRP analysts. Moreover, the Spanish version of the book “Financial Dollarization: The Policy Agenda” (“Dolarización Financiera: La agenda de política”), was co-published with the International Monetary Fund (IMF).
- h. **Dissemination of educational materials on economic issues for school students:** a new section with Educational Materials for school students was included in the BCRP’s Website in 2006. This section contains information on BCRP-related issues (monetary stability, the BCRP’s independence, dollarization, interest rates, and international reserves), which served as reference for the elaboration of the essays that participated in the Contest for School Students that was organized by the Central Bank. Furthermore, a cartoon strip on the strengthening of the Nuevo Sol was elaborated.
- i. **Social responsibility activities** were also carried out in 2006 with the aim of promoting education and culture in the country. Among the various activities developed, it is worth highlighting the exhibit of the Hugo Cohen Collection of pre-Hispanic gold pieces at the BCRP Museum, the economics courses for university students and professors, and the contests for junior economists, school students and the short novel contest.

3. Communication activities

The main principle on which the Central Bank’s communication policy is based is transparency. This principle is also one of the main characteristics underlying the Inflation Targeting scheme implemented by the Bank’s monetary policy and therefore, monetary decisions –as well as the reasons based on which

these decisions are made– are communicated to the different publics through diverse media in order to reinforce the effectiveness of monetary policy. It should be pointed out that one of the decisions approved by the new Board of Directors was to appoint the President of the Board as the Board’s official spokesperson.

The BCRP’s communication activities are carried out through different means:

- a. **Monetary policy decisions** are disseminated on a monthly basis through the Informative Notes on the Monetary Program, which are published in Spanish and English on the BCRP’s website (www.bcrp.gob.pe) and are also disseminated through press releases. Moreover, web conferences and telephone press conferences are also held with banks’ representatives and with the media respectively.

The Inflation Report, containing a detailed explanation of inflation’s evolution in the period of analysis and inflation forecasts, is also published every four months (in January, May and September). The Inflation Report is discussed in meetings and conferences with banks’ representatives, economic analysts, academics, the media, business associations, and authorities both in Lima and in other cities of Peru.

- b. **Macroeconomic reports and statistics** are disseminated through publications, the Bank’s website and e-mail.
- c. **Seminars:** the BCRP permanently organizes seminars and lectures on different economic issues, both in Lima and in the rest of the country.
- d. **Institutional talks:** Likewise, free institutional talks are permanently organized to disseminate the Bank’s mission and functions, as well as to disseminate information on the security features of banknotes and coins.



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Monetary Program
Informative Note

Inflation Report

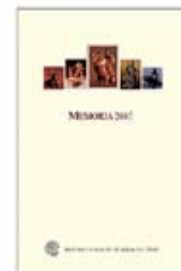


Weekly Report



Study Notes

ECONOMIC
PUBLICATIONS



Annual Report



Moneda Newsweek



Estudios Económicos
Newsweek

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www.bcrp.gob.pe

CENTRAL RESERVE BANK OF PERU

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News

- Weekly Report N° 27-2007
- Informative note on the Monetary Program: July 2007. BCRP raises reference interest rate from 4.50% to 4.75%
- IMF Executive Board Completes First Review under Peru's Stand-By Arrangement
- Inflation Report: Recent trends and macroeconomic forecast - May 2007
- International Reserves Management: April 2007
- Monetary Policy in a Dual Currency Environment
- Quarterly Charts

Monetary and Exchange Operations

10/07/2007
 2:30 p.m. Auction sales of 1- days CDBCRP amounting to S/. 150 million at an average interest rate of 4.72 percent.
 2:12 p.m. The BCRP announced a 1-day CDBCRP auction sale to S/.

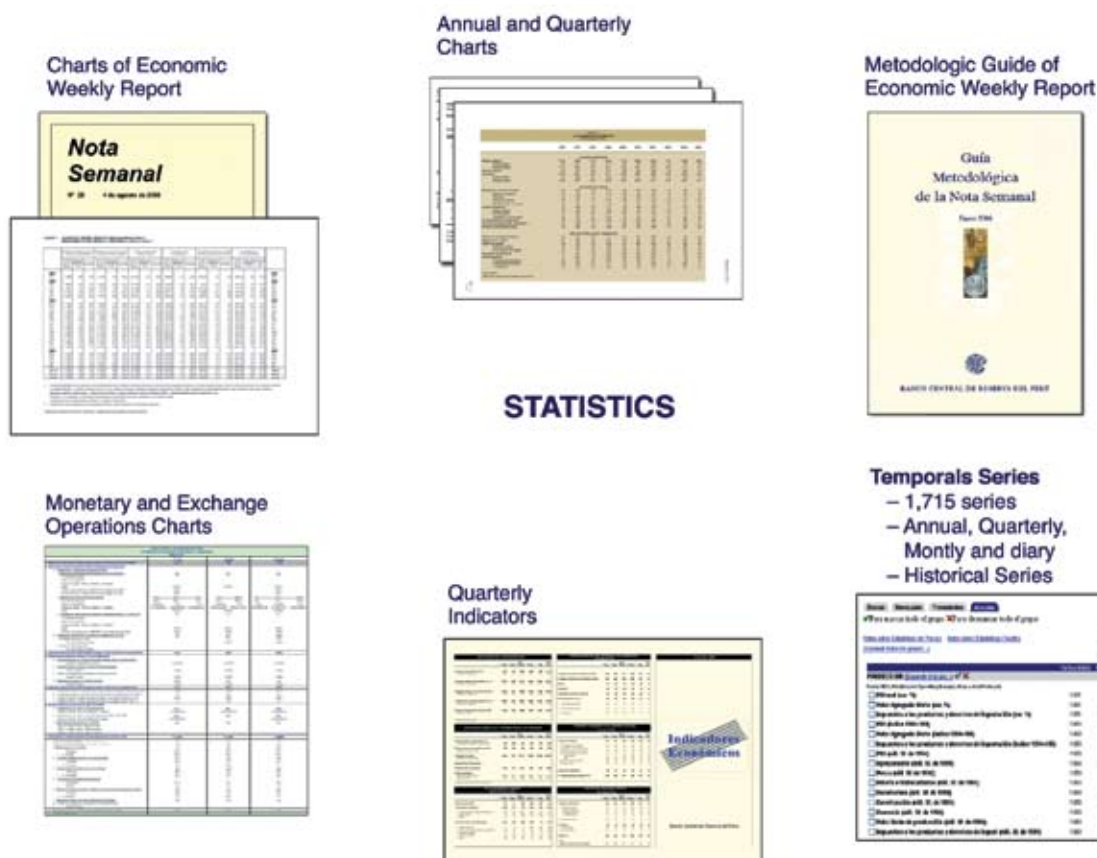
	Jul.10	Jul.09
Inflation (12-month)	1.55	1.55
Core Inflation	1.48	1.48
Policy Interest Rate	4.75	4.50

Interbank Exchange Rate (S/. per US \$)		
	Jul.10	Jul.09
Maximum:	3.1620	3.1640
Average:	3.1597	3.1633
Minimum:	3.1580	3.1620
Source:	Datalec	
12-m. % change:	-2.48	-2.37
Source:	BCRP	

Interbank Interest Rates in S/.		
	Jul.10	Jul.09
12-m. % change:	-2.48	-2.37
Source:	BCRP	

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4. Official activities

Several activities were held in 2006 with the participation of the BCRP's highest authorities, including the following:

- Ms. Beatriz Boza Dibos and Messrs. Alfonso López Chau Nava and Abel Salinas Izaguirre were sworn in as members of the Board of Directors on November 28.
- Doctor Julio Velarde, President of the Bank, presented the macroeconomic assumptions for 2006-2007 to the Congress Budget and General Accounts Commission on October 30.
- Mr. Julio Velarde Flores was sworn in as President of the BCRP on October 17.
- The September 2006 Inflation Report was presented to banks' treasurers, economic analysts and the media on October 6.
- Messrs. José Chlimper Ackerman, Carlos Raffo Dasso and José Valderrama León were sworn in as members of the Board of Directors on September 13.
- The exhibit of the Hugo Cohen gold collection, an extraordinary collection of pre-Columbian metalworks owned by Mr. Roberto Letts Colmenares, opened at the BCRP Museum on September 4.
- The presentation of the book "Dolarización Financiera: La agenda de política", co-published by the BCRP and the IMF, was held on July 21 in the frame of the 75th anniversary of the establishment of the BCRP's division of macroeconomic studies.
- The new facilities of the Bank's Library at one of the premises of the former National Library were inaugurated on July 20.



- Doctor Oscar Dancourt, Acting President of the BCRP, lectured on the inflation targeting scheme, interventions in the exchange market and dollarization at the FLAR's seminar on "Rol de los fondos regionales en la estabilización macroeconómica", held in Lima on July 17 and 18.
- On July 7, doctor Oscar Dancourt, Acting President of the BCRP, participated as a lecturer at the international conference organized by the Peruvian Ministry of Foreign Affairs, the Americas Society and the Council of the Americas. The conference on "Economic Prospects for Peru" was held at the Peruvian Ministry of Foreign Affairs.
- The Acting President of the BCRP and the Minister of Education signed a inter-institutional cooperation agreement between the Central Bank and the Ministry of Education on July 6. The purpose of this agreement is to promote the interest of secondary students and teachers in subjects associated with the BCRP's mission through a School Contest and a Training Program for teachers. The ceremony in which this agreement was signed was the official call for the 2006 BCRP Research Contest for School Students.
- The May 2006 Inflation Report was presented to banks' treasurers, economic analysts and the media on June 2.
- On June 1 the Central Reserve Bank of Peru and the National Library signed an agreement aimed at promoting the development of public libraries specialized in economics and finance-related aspects.
- The XLIIIth Meeting of Central Bank Governors of the American Continent and the LXXXIth Meeting of Central Bank Governors of Latin America and Spain, organized by the BCRP and the Centro de Estudios Monetarios Latinoamericanos – CEMLA were held on May 18 and 19.
- The 75th anniversary of the establishment of the Reserve Bank of Peru as the Central Reserve Bank of Peru was celebrated on April 27.
- The January 2006 Inflation report was disseminated through the media, the BCRP's website and through presentations addressed at economic analysts and bank representatives on February 7.

5. Circulars

During 2006, 28 Circulars were released by the BCRP, of which 4 were associated with the regulations on monetary instruments, 3 were associated with regulations concerning reserve requirements, 6 referred to the payments system, 1 to the investment rate allowed for pension funds abroad, 1 to the circulation of new commemorative coins, and 12 to the monthly announcement of the Daily Index of Adjustment referred to in article 240 of Law 26702 "Ley General del Sistema de Seguros y Orgánica de la Superintendencia de Banca y Seguros".

6. Regional branches

The BCRP has seven regional branches located in the cities of Arequipa, Cuzco, Huancayo, Iquitos, Piura, Puno and Trujillo. The main functions of these branches include the elaboration of studies and reports on economic and financial aspects in these regions; the supply and withdrawal of currency in the regional financial system according to the BCRP's policy for currency management; and the representation of the BCRP at the corresponding regional jurisdiction.

The BCRP Regional Branches published every month 23 reports, called "Síntesis Económica Regional", with economic and financial information on each region on the



"VI Serie Iberoamericana" commemorative silver coins.



Bank's website. These reports were visited by approximately 15 thousand users each month.

Moreover, the BCRP Regional Branches contributed to disseminate economic information in their regions. In this sense, the Inflation Report was presented in the cities of Arequipa, Piura, Tacna and Trujillo. Additionally, lectures on the outlook on the Peruvian economy, macroeconomics, and monetary theory were offered in the cities of Tacna and Ayacucho.

Furthermore, the Regional Branches received currency for a total of S/. 2,431 to meet the regional financial requirements and exchanged banknotes and coins for a total of approximately S/. 297 million.

Likewise, the Regional Branches organized free talks on the security features of our banknotes and coins for banks, commercial companies and the general public. Approximately 11 thousand people attended these talks.

Finally, the Museums of the Regional Branches of Trujillo, Piura and Huancayo were visited by nearly 26 thousand people. It should be pointed out that the Museum

of Trujillo was visited by approximately 19 thousand people.

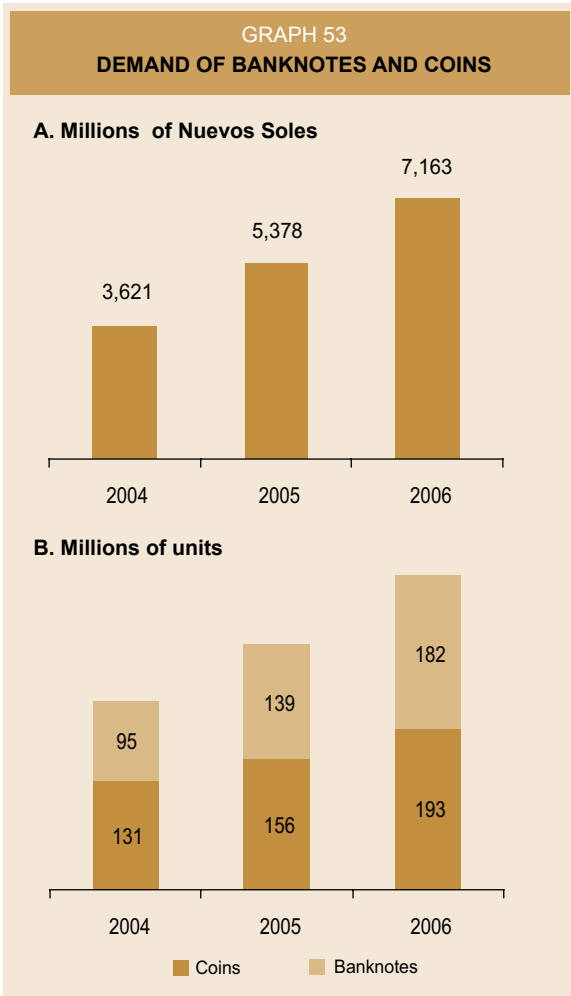
7. Currency management

a. Demand for currency

The demand for banknotes and coins in 2006 reached S/. 7,163 million, a sum 33 percent higher than in 2005.

The demand for banknotes amounted to 182 million units, a level 31 percent higher than in the previous year. The main factor explaining this increase was the Bank's policy of improving the quality of bills, which implied replacing a total of 148 million deteriorated banknotes, the highest level observed in the history of the Nuevo Sol. Additionally, the expansion of the economy and the higher preference for domestic currency contributed to increase people's and companies' demand for currency.

The demand for coins increased 24 percent, a level that exceeded 193 million units, particularly in the case of coins with denominations of S/ 0.01 and S/. 0.05 cents.

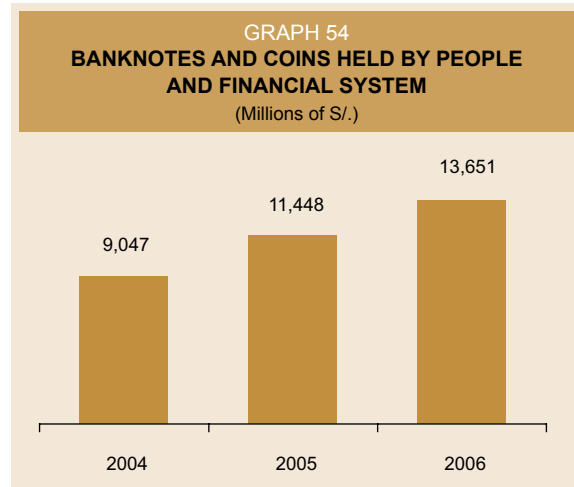


b. Bills and coins held by the public and the financial system

By end-2006, the value of the banknotes and coins held by the public and the financial system amounted to S/. 13,651 million, a figure that was 19.2 percent higher than by December 2005.

Banknotes held by the public and the financial system totaled 246 million units, the S/. 100.00-bill was the one with the highest circulation. As regards coins, over 1,484 million units were held by the public and the financial system, and the S/. 0.10 cents coin was the one with the highest circulation.

The value of bills and coins held by the public and the financial system in per capita



terms increased from S/. 407 in 2005 to S/. 478 in 2006, while the number of units held in per capita terms was 52 coins and nearly 9 banknotes per person.

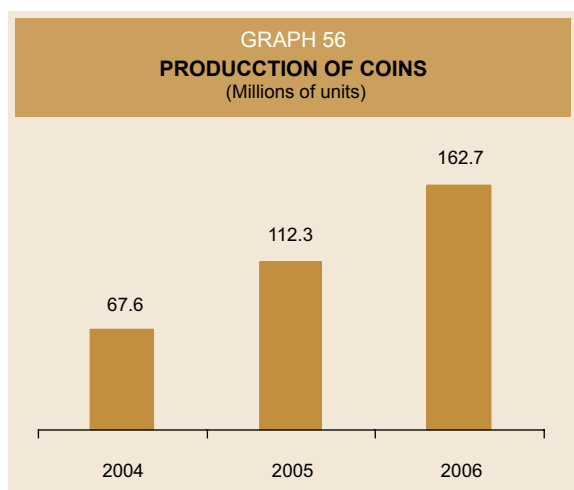
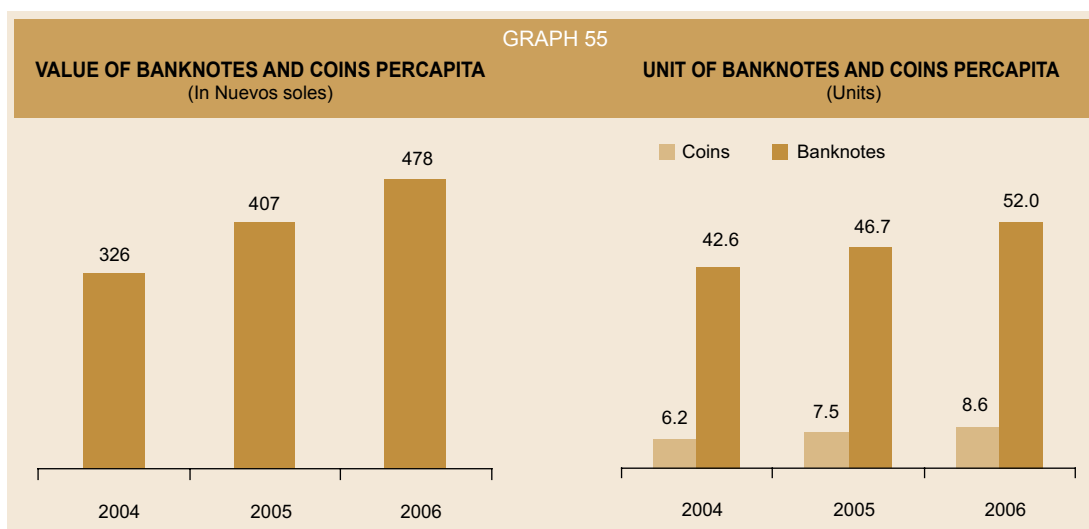
c. Supply

In 2006, the BCRP received 50 million new banknotes of S/. 100; 85 million banknotes of S/. 20 and 40 million de banknotes of S/. 10, produced by the French company Francois-Charles Oberthur Fiduciaire. All these bills have new security features, including an iridescent band and ink that changes colors when looked at from different angles. Moreover, the S/. 100 banknote also has a holographic thread.

In order to guarantee an adequate supply of coins, 701 tons of silver nickel (alpaca) coils, 873 tons of brass coils and 52 tons of aluminum coils were procured. A significant part of these purchases will be delivered to the Bank in 2007.

d. Mint

In order to meet the high demand for coins, the BCRP Mint produced 162.7 million units in 2006, 45 percent more than in 2005, which is the highest amount of coins produced in the last 12 years. The highest volumes of coins produced were S/. 0.10 and S/. 0.01 coins,



as shown on the table on coin production below.

In 2006 the BCRP Mint received 476 tons of alpaca coils, 391 tons of brass coils, and 51 tons of aluminum coils, which were partially used to meet the annual coin production plan.

8. International reserve management

At end-2006, Gross International Reserves amounted to US\$ 17,329 million, a sum US\$ 3,209 million higher than in 2005.

During the first half of 2006, the US Federal Reserve continued implementing a contractive

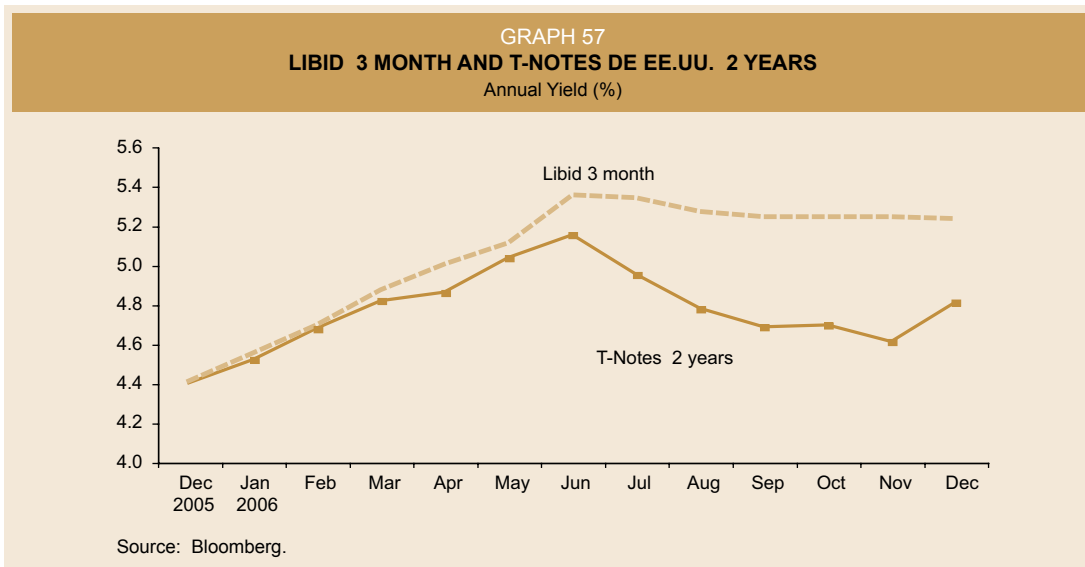
TABLE 61

PRODUCCIÓN DE MONEDAS

Denomination	Aleación	Amount (Millions of units)	Value (Millions of nuevos soles)
S/. 0,01	Aluminium	19.2	0.19
S/. 0,01	brass	19.7	0.20
S/. 0,05	brass	11.4	0.57
S/. 0,10	brass	54.2	5.42
S/. 0,20	brass	3.7	0.74
S/. 0,50	Alpacca	24.2	12.10
S/. 1,00	Alpacca	19.7	19.70
S/. 2,00	Bimetalics	5.1	10.20
S/. 5,00	Bimetalics	5.5	27.50
TOTAL		162.7	76.61

Source: BCRP.

monetary policy and raised the interest rate on federal funds on four occasions (by 25 basis points each time). Then, the 5.25 percent interest rate remained unchanged in the second half of the year. This led the yield on fixed income securities denominated in dollars to increase at a lower rate than the one initially observed. In this scenario, the management of the investment portfolio was reoriented towards a more cautious management, considering an appropriate control of financial risks.



Composition of international reserve assets

By the end of 2006, 54 percent of gross reserves or international assets¹ were invested in liquid securities of high credit quality and 40 percent were invested in first class foreign banks. The security portfolio consisted of debt bonds issued by the US Treasury and Agencies, the Bank for International Settlements and supranational organizations, and by other governments and governmental agencies with long-term ratings not below **AA-**.

Liquid reserve international assets² (at book value) at end-2006 amounted to US\$ 16,594 million. The return³ generated by these assets amounted to US\$ 593 million, increasing relative to that of last year as a result of the higher international rates. As regards the structure of these assets by currencies, the share

TABLE 62
GROSS INTERNATIONAL RESERVES
(Millions of US\$)

Heading	12.31.2005		12.31.2006	
	Amount	%	Amount	%
Foreign deposits	4,485	31.8	6,850	39.5
Securities	8,687	61.5	9,387	54.2
Gold	576	4.1	706	4.1
Others ^{1/}	372	2.6	386	2.2
TOTAL	14,120	100.0	17,329	100.0

1/ Includes contributions to the FLAR and balances from international agreements.
Source: BCRP.

TABLE 63
COMPOSITION OF INTERNATIONAL LIQUIDITY ASSETS
(Percentage structure)

	2004	2005	2006
1. By currency and gold	100.0	100.0	100.0
US\$	88.4	79.1	80.1
Other currencies	9.6	18.8	17.8
Gold	2.0	2.1	2.1
2. By maturity	100.0	100.0	100.0
0-3 month	46.4	56.8	50.2
3-12 month	26.3	13.2	13.2
1-5 years	27.3	30.0	36.6
3. By long-term qualification	100.0	100.0	100.0
AAA	59.9	60.0	54.3
AA+/AA/AA-	40.1	35.9	42.5
A+/A	-	4.1	3.2

Source: BCRP.

1/ Gross international reserves (GIR) are obtained by deducting the value of silver from total liquidity.

2/ GIR minus capital subscription at the FLAR, balance of international agreements (ALADI) and gold holdings at the vault mainly.

3/ Includes accrued interests, book profits for sales of securities and premium amortization or discount for security holdings.

of investments denominated in currencies other than the US dollar decreased, and the share of investments in dollars increased. Moreover, investments maturing at terms of less than 3 months decreased relatively while those maturing at terms of over 1 year increased. Furthermore, as regards the quality of the portfolio, 54% of these assets are invested at entities with an AAA rating, and the rest is invested at entities rated A+ or above. The average term of the investment portfolio in the year was 0.94 years, a longer term than that of 2005.

9. Subscriptions to international organizations

International Monetary Fund

By December 31 2006, Peru's quota to the IMF amounted to SDR 638.4 million.

A total of SDR 31.4 million was paid to the IMF on account of amortizations and interests of the 1996 Extended Service, as well as for interests on SDR Allocations, commissions and account maintenance.

By December 31, SDR allocations to Peru by the IMF remained at SDR 91.3 million. In this sense, it is worth pointing out the IMF Board of Governors proposed the implementation of a Fourth Amendment to the Constitutive

Agreement, which will enable the IMF to make a one time special allocation of SDR 21,400 million, of which SDR 45.3 million would be allocated to Peru. Peru officially agreed on December 11, 1998; however, by December 31, 2006, the IMF still did not have the 85 percent of the votes required to approve this.

International Bank for Reconstruction and Development (IBRD)

By December 31, 2006, Peru's total subscription to the IBRD amounted to US\$ 643.1 million (5,331 shares), which represents 0.34 percent of the voting power.

Inter American Development Bank (IADB)

By December 31, 2006, Peru's total subscription to the IADB Ordinary Capital amounted to US\$ 1,453 million (120,445 shares), which represents 1.44 percent of the voting power.

Additionally, by December 31, Peru's contribution to the IADB's Fund for Special Operations (FSO) amounted to US\$ 80 million. The resources of this Fund are exclusively used to grant loans to less developed country members of Latin America and the Caribbean.

Latin American Reserve Fund (LARF/FLAR)

The capitalization of earnings generated during the fiscal year January–December 2005 was made in April. This was approved by Agreement N° 138 of the Assembly of LARF Representatives held on March 28, 2006.

Peru's earnings, which amounted to US\$ 9 million, were used to partially pay the Eighth Subscription of capital. As of December 31, Peru's capital subscription amounted US\$ 468.75 million and the capital paid amounted to US\$ 331.2 million.

TABLE 64
PAYMENT TO THE IMF: 2006
(SDR)

Concepts	Amount
Net positions	3,184,147
Periodical positions	1,324,374
Re purchases SA 96	26,750,000
Comissions	135,769
Maintenance of accounts	5,113
Total	31,399,403



10. Courses, seminars and national events

In 2006, the Central Bank organized several conferences, seminars and work meetings, among which the following are worth highlighting:

- The 53rd University Extension Course, which is one of the most important training courses for students of economics in the country.
- Updating course for university professors and selection of university students from province universities.
- XXIII Meeting of Economists, organized by the Department of Economic Studies. BCRP technicians and economists from other institutions presented and discussed their investigations.
- Seminar on *Política Monetaria en América Latina*, organized by the Bank for International Settlements (BIS).
- Second Seminar on Monetary Policy Research in Latin America and the Caribbean, organized by the BCRP and the Bank of England.
- Seminar on *Tópicos de la Economía Peruana*, organized by the IMF.
- Lecture on *La Sociedad Sigma: Una teoría del desarrollo económico*, by doctor Adolfo Figueroa, senior professor at the Pontificia Universidad Católica del Perú.
- Presentation of the book *Las máscaras de la representación. El sujeto esclavista y las rutas del racismo en el Perú (1775-1895)*, by Marcel Velásquez Castro, co-published by the BCRP and the Universidad Nacional Mayor de San Marcos.
- Conference on *Economía Mundial*, by Bruno Seminario, senior professor at the Universidad del Pacífico.
- Lecture on *Política monetaria en una economía dolarizada y Estrategias para la desdolarización financiera*, by Eduardo Levy-Yeyati, professor at the Universidad Torcuato di Tella de Buenos Aires, Argentina.
- Presentation of the book series *Ciencia, Tecnología e Innovación en el Perú: la investigación científica y tecnológica*, co-published with the Concytec.
- *Conferencias sobre el Euro*, by Messrs. Carlos Marino González and Rafael Porcel, Bank of Spain.
- Lecture on *El desarrollo de las exportaciones de la República Popular China*, by Mr. Javier Silva Ruete, IMF, Alternate Executive Director.
- Lecture on *La transición demográfica en América Latina: el caso del Perú*, by geographer Juan Francisco Marín, Universidad de La Laguna, Canarias, Spain.
- Lecture on *Acceso de la agricultura de los mercados emergentes a la Organización para Cooperación Económica y Desarrollo, OECD*, by doctor Antoine Bouet, researcher at the International Food Policy Research Institute (IFPRI).
- Lecture on *Real-time model uncertainty in the United States: Robust policies put to the test*, by Mr. Robert Tetlow, senior economist of the Board of Governors of the Federal Reserve System.
- *XI Reunión de Técnicos del Sistema de Información Computarizado de Apoyo al Convenio de Pagos y Créditos Recíprocos de ALADI (SICAP/ALADI)*.

11. International meetings

During 2006, the BCRP participated in several regular meetings, including:

- The Meeting of CEMLA Governors, Governors of Central Banks of Asia and Latin America, and the Annual Meetings of the IMF and World Bank, organized by the IMF, the World Bank and the CEMLA, held in Singapore between September 13 and 16.
- The XLIII Ordinary Meeting of the Board of the FLAR and the XVI Assembly of FLAR Representatives, held in Colombia between March 27 and 28.
- The IX Meeting of Presidents of Central Banks of the MERCOSUR and associate members, organized by the Central Bank of Argentina on April 7.

12. International courses and seminars

The BCRP continued training its staff through their participation in several international courses and seminars on economic and financial-related issues. These events were organized by the IMF, the Centro de Estudios Monetarios Latinoamericanos (CEMLA), the Fondo Latinoamericano de Reservas (FLAR), Federal Reserve Bank of New York, the Study Center Gerzensee – National Bank of Switzerland, the Central Bank of Argentina, the Bank of Spain, the Bank of England, Goldman Sachs and BNP Paribas, and the Bank of Colombia, among others.

13. Cultural activities

During 2006, the Museum of the Central Bank participated in several exhibits, both in Peru and abroad. It is worth out highlighting the following exhibits: "Por ti América-Cultura y Arte Precolombino", held in Brazil; "Nasca-Los artífices de las Líneas de Nasca", in Japan; and the bi-national exhibit called "Divina y Humana: La mujer en el Perú y México antiguos", held in the United States. Moreover, eight educational exhibits were displayed at several schools in different cities of the country, and art works that are part of the Museum's collection were displayed in five art exhibits in Lima.

The exhibit of the "Hugo Cohen Collection of Pre-Hispanic Gold" was inaugurated on September 4. This collection consists of over 500 metalwork pieces that are mainly from the Lambayeque, Chimu and Nasca pre-Columbian cultures.

Furthermore, four workshops were carried out at the Bank's Museum: 2 on the pottery of Cuzco, one on Peruvian engraved gourds and one on the pottery of Ayacucho, all which included demonstrations by artisans. These series of workshops concluded with an exhibit of traditional creches. On the other hand, shows of theater plays for children and Film Club activities were held in the second half of the year. Finally, the Museum took part in the annual fair called "Los Museos a tu Alcance", the International Book Fair and the Book Fair Ricardo Palma.

It should be pointed out that actions are being implemented as part of the BCRP's effort to contribute to disseminate information about the valuable cultural heritage pieces that are part of Bank's Museum. These actions, which include establishing alliances with public and private organizations, contributed to increase the flow of visitors to the Museum which reached nearly 67 thousand people (a level 33 percent higher than in 2005).

14. Contests

The contests organized by the BCRP in 2006 included the 2005-2006 Research Contest for Junior Economists, the 2006 "Julio Ramón Ribeyro" Award for Short Novels, and the 2006 Economic Essay Contest for School Students.

Several research papers on different macroeconomic topics were submitted for the first contest by university students in their last years of studies or having graduated in 2003, 2004 and 2005. The research paper awarded was "*Efectos no lineales entre el Riesgo Cambiario Crediticio y la Depreciación: Un Modelo Umbral para el Sistema Bancario Peruano*", by Mr. Pablo Julio Azabache la Torre.



The “Julio Ramón Ribeyro” Award for Short Novels was established in 1995 with the aim of contributing to culture and Peruvian literature. The novel *Cápac Cocha* by Miss Zoila Vega Salvatierra was awarded the first prize of this contest in 2006.

The BCRP Economic Essay Contest for School Students was carried out for the first time in 2006 with the purpose of promoting the comprehension of economic variables

and concepts associated with the mission and activities carried out by the BCRP among 4th and 5th grade secondary students. The topics of the essays included inflation, dollarization, the independence of the BCRP, interest rates and international reserves. The first prize was awarded to the Institución Educativa Emblemática Luis Fabio Xammar Jurado, from Huaura, which submitted the paper called *La Autonomía del BCR: Mucho más que una palabra*.



Facade of the new library of the BCRP.

15. Library

On June 1, the BCRP and the National Library signed an inter-institutional cooperation agreement to promote the development of public libraries specialized in economics and finance-related subjects. In the frame of this agreement, the new facility of the BCRP library was inaugurated on July 20 in one of the former facilities of the National Library. This new library has allowed to increase the

access of students of economics to reference materials.

Moreover, in 2006, the BCRP's Information and Documentation Center increased its collection of books and periodical publications by 371 and 10,054 volumes respectively. As regards the services provided, the Library served the reading requirements of 6,636 users and loaned 9,320 volumes, including both books and periodical publications.