

VI. Institutional activities

1. Board of Directors

At December 31, 2008, 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, Martha Rodríguez Salas, and Abel Salinas Izaguirre.

2. Transparency and Social Responsibility Activities

All the actions implemented by the Central Reserve Bank of Peru (BCRP) are based on the principle of transparency. Under the Inflation Targeting Scheme, the Bank periodically informs the public about its monetary decisions and the reasons for adopting said decisions through different media in order to reinforce their effectiveness.

2.1 Transparency

The Board informs the public about monetary policy decisions through monthly communiqués or **Informative Notes on the Monetary Program**.

The Board's decisions regarding the bank's reference interest rate and the interest rates on rediscount operations and overnight deposits are announced through these communiqués, which are published on the BCRP's website (www.bcrp.gob.pe) and also disseminated through press releases. This information is also sent to subscribers via electronic mail. Web conferences and telephone press conferences are also held with banks' representatives and with the media, respectively.

In 2008, the Bank's **Inflation Report** was published with information at January, May and September. This report, which discusses economic developments in the period of analysis and the BCRP monetary policy actions, provides a detailed explanation of the evolution of inflation and the macroeconomic variables influencing this evolution, as well as inflation forecasts. The Inflation Report is disseminated through meetings and conferences with bank representatives, economic analysts, academics, the media, business associations, and authorities both in Lima and in other cities of Peru.

Additionally, during 2008 Governor Julio Velarde spoke before the **National Congress** and held meetings with Congress representatives on several occasions. Doctor Velarde spoke twice before the Commission on Economy, Banking, Finance, and Financial Intelligence, explaining the measures implemented by the BCRP to control inflation and support sustained economic growth in his first presentation, and clarifying how monetary instruments were being used to ensure liquidity in the financial system and mitigate the impact of the international financial crisis in our country in his second presentation. In February, Doctor Velarde also met with the representatives of the Budget Commission to explain the actions implemented by the BCRP to prevent the volatility of the exchange

rate and maintain a sound reserve position, in a context of a massive inflow of short-term capitals. Doctor Velarde appeared again before this Commission in September to explain the macroeconomic assumptions for the 2009 Budget.

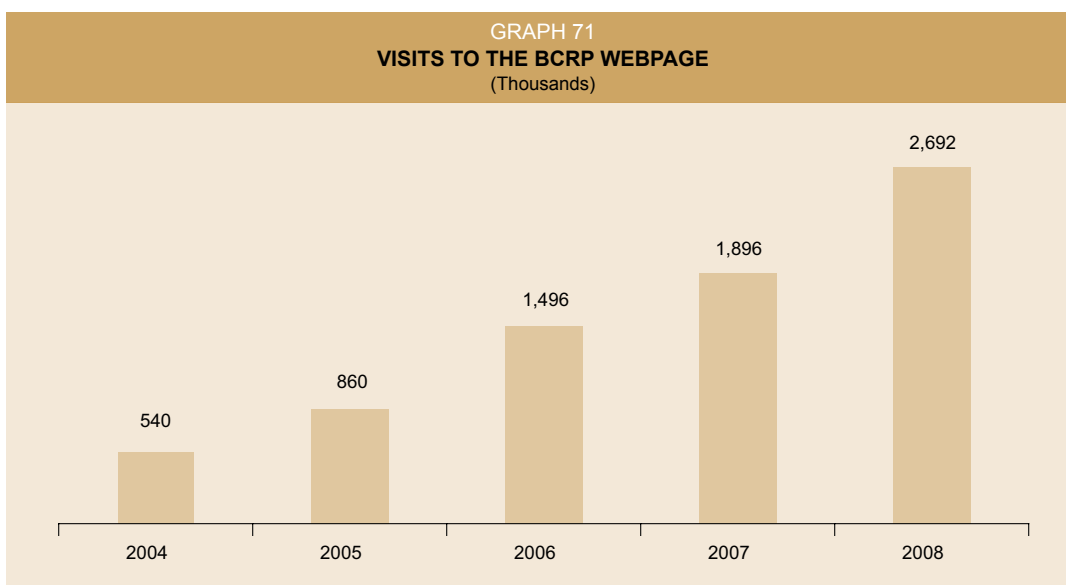
The indicators on the BCRP's administrative and budget management, as well as the Bank's Financial Statements, audited by internationally prestigious firms, are also included in the Transparency section of our institutional web page.

During 2008, the BCRP answered all the requests for information formulated in the frame of the Transparency and Access to Public Information Law, which included 26 requests in this period.

2.2 Dissemination of Economic Information

The BCRP complies with its constitutional mandate of informing the public about the state of national finances by periodically publishing and disseminating various reports and macroeconomic statistics using different mediums. Printed publications include the Inflation Report, the Weekly Economic Report, the Annual Report, and the Revista Moneda. Additionally, the Weekly Economic Report, the Notas de Estudio, the Working Papers, and the Reports of the Regional Branch Offices are disseminated on the Bank's web page. Moreover, Informative Notes on the evolution of the main economic variables and the main institutional events are sent to the media.

Because of the greater information included in the BCRP's web page (www.bcrp.gob.pe), an increasing number of people can have access to relevant macroeconomic information through our institutional web site. Thus, the sample of historical statistical series that are published in the tables of the Weekly Economic Report was expanded in 2008. Moreover, information on the security features of bank notes was included in our web page, and greater web accessibility was achieved following the guidelines of the World Wide Web Consortium (W3C). As a result of these innovations, total visits to our web page in the year (2,692 thousand visits) increased by over 41 percent compared to 2007.



Other activities developed in the area of economic and institutional dissemination include seminars, lectures, and institutional talks. Several events on different economic topics of interest are organized each year, both in Lima and in other cities of the country. Likewise, talks on the mission and roles of the bank and on the security features of banknotes and coins are permanently offered. Thus, 48 lectures were given in 2008 to 3,436 university students of different programs in the country (the number of students attending these lectures increased 23 percent compared to the previous year). Moreover, 705 talks were offered and over 145 thousand posters with information on the security features of bank notes and coins were distributed.

2.3 Social Responsibility Activities

During 2008, the BCRP continued contributing to education and culture in the country through several cultural activities, including courses and contests, as well as through its museums and library services.

2.3.1 Courses

- **University Extension Course for Economists.** Forty economists and economics students of 20 public and private universities of Lima and 20 universities of other cities of the country participated in the 55th Extension Course in 2008. This course is offered with the aim of disseminating new knowledge achieved in the field of economics and improving the professional level of participants. The course is also a channel for recruiting competent technical staff since the best students are invited to integrate the Central Bank's technical team.

Additionally, the BCRP organized its **First Extension Course on Advanced Finances**. A total of 25 students were selected among the applicants of different universities and fields who are interested in the area of finances. The best students were also invited to integrate the BCRP staff.

- **Updating and Selection 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 56th Extension Course in 2009.
- **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.** Organized every year since 1998, this contest seeks to promote economic research. In 2008 the paper "Un Modelo con Economía Abierta para analizar los cambios en los Precios de los Minerales en el Perú", by Luis Luciano Villacorta Gonzáles was awarded the first prize. The second prize was shared by "Participación de la Fuerza Laboral en el Producto Peruano a partir de la Encuesta Nacional de Hogares", written by Sergio Rubini Castro and Carlos Eduardo Zuzunaga Vargas, and "Consumo e Ingreso de los Hogares frente a los movimientos del Tipo de Cambio ¿Quiénes son los más afectados?" by Edgar Salgado Chávez.



- **Short Novel Contest “Julio Ramón Ribeyro”.** The novel entitled “Entre el cielo y el suelo”, by Lorenzo Pedro Helguero Morales, was selected as the winning short novel among a total of 63 literary works that participated in this contest in 2008. Chaired by Luis Jaime Cisneros and integrated by Abelardo Oquendo, Alonso Cueto, Mirko Lauer, and Marcel Velázquez, the jury unanimously decided to award the S/. 20,000 prize to Helguero’s novel. The prize also includes a diploma and the publication of the winning novel.
- **BCRP Third Contest for School Students 2008.** A total of 310 schools from all over the country participated in the 2008 contest. The students of school Santa Úrsula of Sullana obtained the first prize with the paper entitled “Hasta el cuello”, which analyzes the importance that borrowers have the adequate information before engaging in a loan with banks and highlights the responsibility of banks and regulating organizations of providing this information. The students of the educational center Santa María, of the city of Piura, and the students of school Juan Croniqueur of Lima obtained the second and third prizes, respectively.
- At end 2008 the BCRP announced its **First National Painting Contest 2009**, which is aimed at stimulating the creativity of plastic artists. The winner of the contest will receive a prize of S/. 20,000 and the artist obtaining the second place will receive a prize of S/. 10,000. In addition to the winning paintings, the other finalist works will be temporarily exhibited at the Bank’s Museum. The jury is integrated by prestigious members of the Peruvian artistic community, like Luis Eduardo Wuffarden, María Burela, Gustavo Buntinx, Moico Yaker, and Ricardo Wiesse.

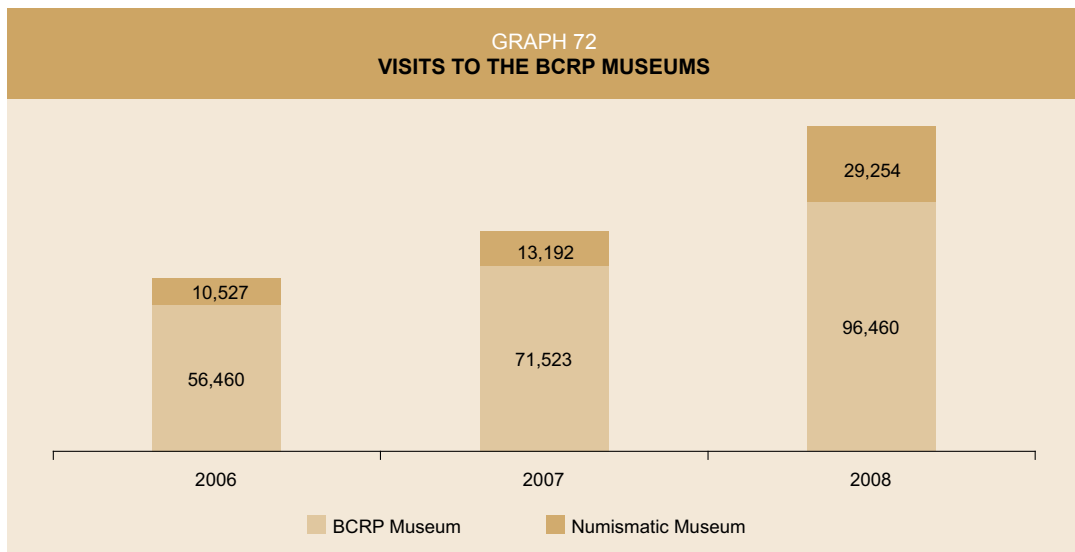
2.3.3 Book Presentations

The book entitled “Borbones y Aguardientes. La reforma imperial en el sur peruano: Arequipa en vísperas de la independencia”, written by Professor Kendall Brown, of Brigham Young University, was presented at the regional branch office of the BCRP in Arequipa. This book is part of a project on the economic history of Peru that is sponsored by the BCRP.



2.3.4 Museums

As a result of the alliances established with several public and private institutions to further disseminate the Bank’s valuable cultural heritage, the number of people that visited the two museums of the bank increased 48 percent compared with 2007. A total of 96,460 people visited the Museum of the BCRP and 29,254 people visited the Numismatic Museum of Peru.



The Bank’s Museum participated in exhibitions both in the country and abroad in 2008. It is worth highlighting the traveling exhibition “Nasca - Los artifices de las Líneas de Nasca”, which was displayed in several cities of Japan, and the exhibition of “Plata del Perú: 2 000 años de arte”, in Finland. Part of the Museum’s collections were also displayed in the exhibition “Tradición y Diversidad del Arte Peruano” at the Museo de la Nación during the fifth ALCUE Summit. Other exhibitions organized in the country included exhibitions of pottery reproductions and paintings in schools and at the ICPNA Institute in Miraflores, as well as the exhibition “Re-Inventing Tradition” in Cuzco, Ayacucho, and Lima.

Other Museum activities included the presentation of theater plays for children and film shows at the Museum’s Auditorium and at the Auditorium of the Tribunal of Accounts.

Four workshops on Retablos Ayacuchanos, Andean textiles, Cuzco’s pottery, and traditional Christmas crèches were organized in Lima.

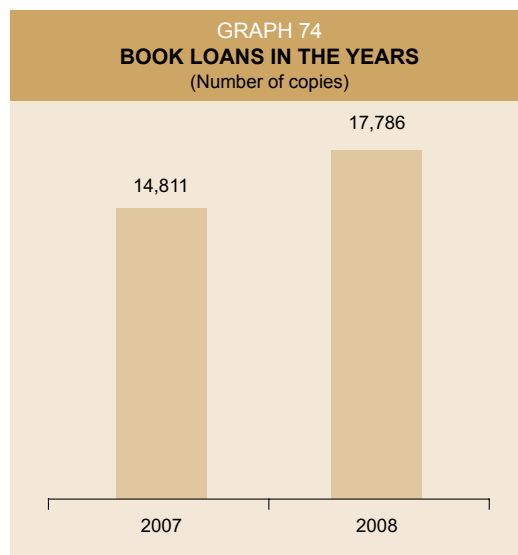
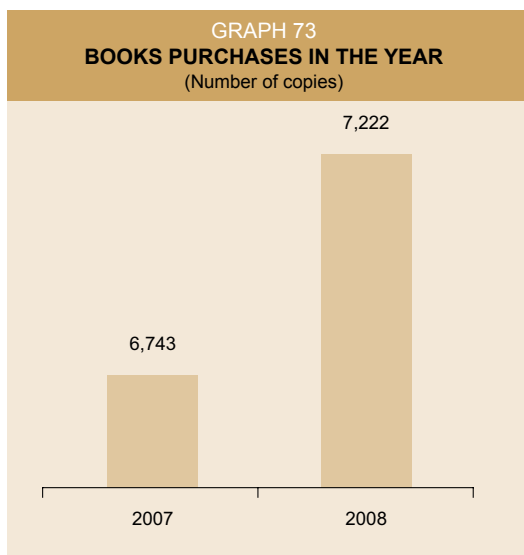
Moreover, the Museum of the BCRP participated in the VI Feria de los Museos a tu Alcance, in the XIII International Book Fair, and in the XXVIII Feria del Libro Ricardo Palma.

2.3.5 Library

In 2008 the Library of the BCRP, which specializes in economic and financial publications, increased its collection of books and periodical publications by 7,275 volumes, of which 967 are books and 6,308 are



periodical publications. The Bank's Library managed 7,637 reading requests and lent a total of 17,786 books and periodical publications.



3. Main Events

The highest authorities of the BCRP participated in several national and international meetings in 2008, including the following:

3.1 International Meetings

- XIV Meeting of Central Bank Governors of country members of MERCOSUR, Bolivia, Chile, and Peru, organized by the Central Bank of Chile in Santiago de Chile, January 24-25.
- The 2008 BIS Annual Conference of Vice Governors, organized by the Bank for International Settlements, and held in Basel, Switzerland, January 31- February 1.
- Meeting of the Technical Committee of Central Bank Reserve Management, organized by the Fondo Latinoamericano de Reservas (FLAR), held in Bogota, Colombia, March 13-14.
- Annual Meeting of IDB Governors and the Inter American Investment Corporation, organized by the Inter American Development Bank, Miami, USA, April 3-8.
- XLV Meeting of Central Bank Governors of Latin America and Spain and XLI Meeting of ALADI Council for Financial and Monetary Affairs, organized by CEMLA and ALADI, held in Ottawa, Canada, May 7-9.
- XXVII Meeting of the Latin American Network of Central Bank Chief Economists and Finance Ministers, organized by the Inter American Development Bank, and held in Washington D.C., USA, May 8-9.

- XV Meeting of Central Bank Governors of country members of MERCOSUR, Bolivia, Chile, and Peru, organized by the Central Bank of Bolivia, held in Santa Cruz, Bolivia, May 22-23.
- 78th Annual Meeting of BIS Governors and Adam Smith Seminars, sponsored by the Bank for International Settlements and Adam Smith Seminars, held in Basel and Bern, Switzerland, June 28-July 2.
- XVI Meeting of Central Bank Governors of country members of MERCOSUR, Bolivia, Chile, Peru, and Venezuela, organized by the Central Bank of Argentina, held in Buenos Aires, Argentina, August 14-15.
- IX Meeting of Central Bank Treasurers, organized by CEMLA and Banco de la República, and held in Bogota, Colombia, September 2-5.
- LIII Session of the Board of the FLAR, organized by the Fondo Latinoamericano de Reservas (FLAR), and held in Bogota, Colombia, September 29-30.
- Working Party in Monetary Policy in Latin America, sponsored by the Bank for International Settlements and Banco de la República, and held in Bogota, Colombia, October 3-4.
- Annual Meetings of the International Monetary Fund (IMF) and the World Bank (WB), CEMLA's Board of Governors and Assembly, XLIV Meeting of Governors of Latin America, Spain and the Philippines before the IMF-BIRF, III Meeting of Governors of Central Banks of Asia, Latin America and the Caribbean, LXXXVI Meeting of Governors of Central Banks of Latin America and Spain, and Plenary Sessions of the G-24, organized by the IMF, the World Bank, and the CEMLA, held in Washington D.C., USA, October 8-14.
- Meeting of Central Bank Governors of the BIS Consultative Council for the Americas, organized by the Bank for International Settlements and held in Santiago de Chile, October 18-19.
- 28th Meeting of Chief Economists and Finance Ministers, organized by the Inter American Development Bank, held in Washington D.C., USA, October 23-24.
- XXII Annual Conference on Management of Sovereign Funds, organized by the Fondo Latinoamericano de Reservas in Cartagena de Indias, November 12-14.
- The Governor of the BCRP participated in the Non Deal Road Show on the Peruvian economy in New York, London and Madrid, December 11-18.

3.2 National Meetings

- Forum on International Reserve Management, speakers included representatives of UBS Asset Management, Goldman Sachs, JP Morgan, FFTW/BNP Paribas, and Barclays Bank.



- Lecture on “Risk Management in Action: Robust Monetary Policy Rules under Structured Uncertainty” offered by Doctor Paul Levine, Professor of the University of Surrey Guildford, Great Britain.
- Third BIS Meeting on Reserve Management in the Americas, co-organized with the Bank for International Settlements.
- Lecture on “The global rise in foods prices and the US slowdown: Issues and challenges in monetary policy”, co-organized with the World Bank.
- Meeting to coordinate joint research on stochastic dynamic general equilibrium models and monetary policy transmission channels, carried out together with CEMLA.
- II Seminar on Numismatics: Banknotes in Peruvian history.
- Professor Sherman Robinson, Sussex University, lectured on “The state of the art in modeling macro-micro links in poverty analysis”.
- Doctor Julio Velarde, Governor of the BCRP, participated in the APEC Meeting of Economy Ministers.
- Lecture by Mister Herman Kamil, IMF: How do exchange rate regimes affect firms’ incentives to hedge exchange rate risk?

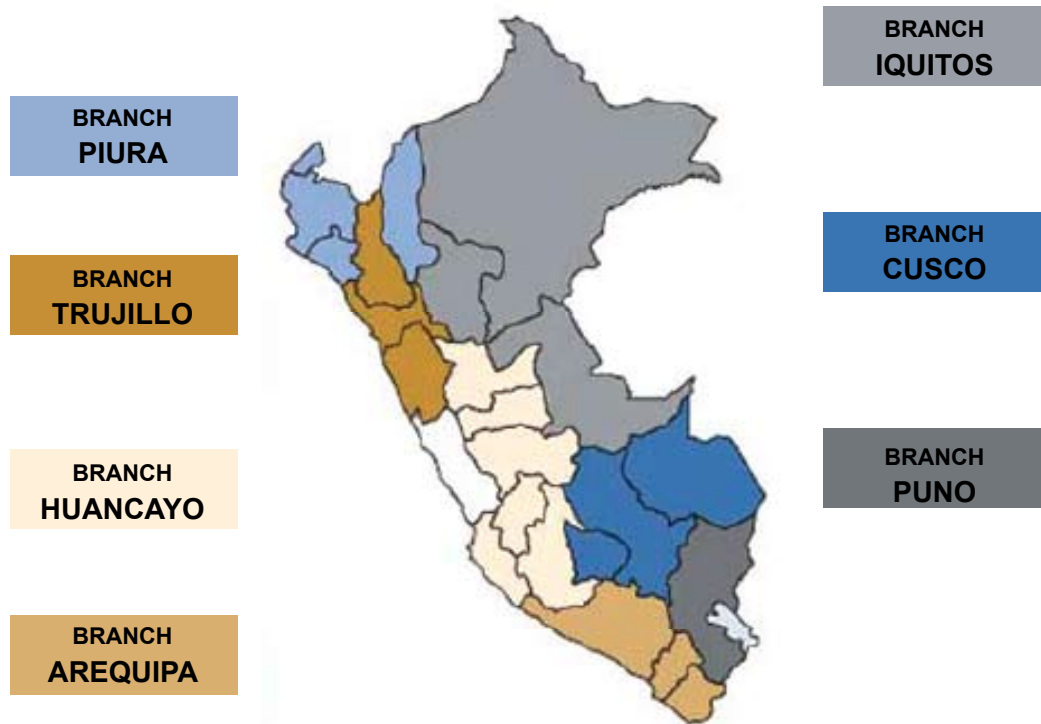
4. Branch Offices

The BCRP has decentralized branch offices in the cities of Arequipa, Cuzco, Huancayo, Iquitos, Piura, Puno, and Trujillo. The BCRP branch offices elaborate and disseminate studies and reports on economic and financial-related aspects and on the supply of currency to the financial system in their respective regions.

The BCRP branches publish a monthly report entitled “Síntesis Económica”, which analyses the main economic and financial developments observed in their jurisdictions –23 regions, excluding Lima and Callao.

As part of the BCRP institutional activities, presentations of the Inflation Report were carried out in the cities of Cuzco, Piura, Puno, and Trujillo, and Regional Economic Meetings were held in San Martín, Piura, and Lambayeque. Moreover, the lecture “Perspectivas de la Economía Peruana” and the presentation of the book entitled “Borbones y Aguardiente. La reforma imperial en el sur peruano: Arequipa en vísperas de la Independencia” were carried out in Arequipa. A seminar for journalists was also developed in Trujillo.

BRANCH OFFICES



Training and talks on the security features of banknotes and coins were offered to the personnel of financial, commercial, industrial and service companies and to the general public. A total of 10,051 people participated in the 317 talks offered by the BCRP branch offices in 2008.

The Bank has museums in its branch offices of Trujillo, Piura, Arequipa, as well as an art exhibition in its branch office of Huancaayo. A total of 29,712 people visited these facilities in 2008. It is worth pointing out that a total of 19,500 people visited the Bank's Museum in Trujillo because of its important historical value.

Currency for a total of S/. 1,964 million was delivered to the Bank's 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. Likewise, deteriorated banknotes and coins for a total of S/. 1,393 million were removed from circulation and sent to the main office of the Central Bank to be destroyed.

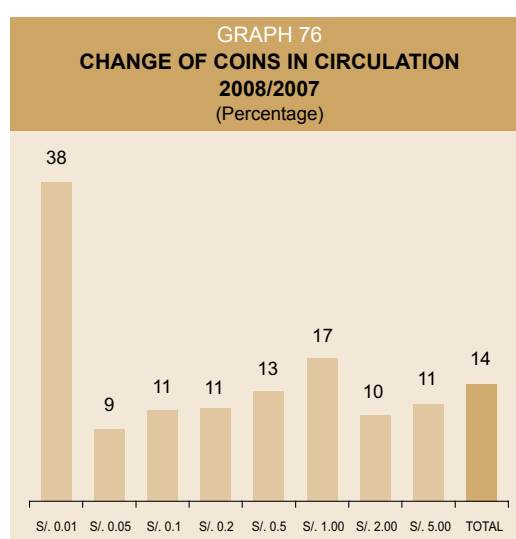
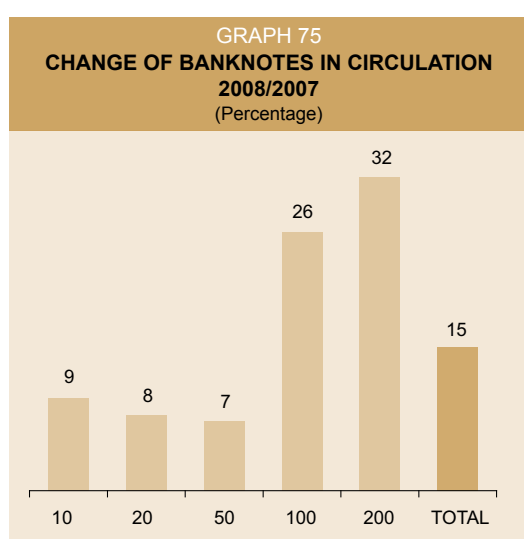
5. Currency Management

The BCRP increased the levels of currency stocks to meet variations in the demand for currency during 2008. As a result of this, currency in circulation can currently meet a demand of 18 months in the case of banknotes and of 22 months in the case of coins. Actions to disseminate the safety features of banknotes and coins were also increased to combat counterfeiting.

5.1 Banknotes and coins in circulation

Banknotes in circulation at December 2008 amounted to S/. 19,448 million (a sum 21 percent higher than in 2007), while coins in circulation amounted to S/. 1,010 million (a sum 13 percent higher than in 2007). The country's economic growth accounts mostly for this increase.

The balance of banknotes and coins in terms of units at end 2008 was 345 million units of banknotes in circulation and 1,918 million units of coins (these figures are 15 and 14 percent higher than in 2007, respectively).



5.2 Destruction of banknotes

A total of 186 million banknotes with a total value of S/. 5,944 million were destroyed in the year.

TABLE 79
DESTRUCTION OF BANKNOTES

Denomination	Amount (Millions of units)	Monetary value (Millions of nuevos soles)
S/. 10.00	97.4	973.5
S/. 20.00	38.3	765.0
S/. 50.00	18.8	942.3
S/. 100.00	31.2	3,123.0
S/. 200.00	0.7	140.4
TOTAL	186.4	5,944.2

Source: BCRP.

5.3 Coin minting

The National Mint produced 274 million coins in 2008. This amount is 15 percent higher than the one produced in 2007.

TABLE 80
PRODUCTION OF COINS

Denomination	Alloy	Amount (Millions of units)	Monetary value (Millions of nuevos soles)
S/. 0.01	Aluminum	63.8	0.64
S/. 0.05	Aluminum	11.6	0.58
S/. 0.10	Brass	79.4	7.94
S/. 0.20	Brass	24.3	4.86
S/. 0.50	Nickel-silver	36.2	18.10
S/. 1.00	Nickel-silver	42.8	42.80
S/. 2.00	Bi-metal	5.8	11.56
S/. 5.00	Bi-metal	9.9	49.50
TOTAL		273.8	135.98

Source: BCRP.

Moreover, the BCRP also produced a coin commemorating the 100th anniversary of the first railroad travel between Lima and Huancayo.



6. Circulars

During 2008, the BCRP released 55 Circulars, of which 15 were associated with the regulations on monetary instruments, 19 with reserve requirement regulations, two refer to the payments system, two to first-class banks, three to the investment limit for pension funds' investments abroad, two to banknotes and coins, and 12 circulars include 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".

The Circulars released during 2008 are listed below:

Circulars on monetary instruments

Circular N° 005-2008-BCRP

Regulation on overnight and term deposits in domestic currency and foreign currency.

Circular N° 006-2008-BCRP

Regulation on the Acquisition and Negotiation of BCRP-Certificate of Deposit.

Circular N° 009-2008-BCRP

Approved issuance of Certificates of Deposit with Restricted Negotiation.

Circular N° 018-2008-BCRP

Approved banks' negotiation of Certificates of Deposit with Restricted Negotiation.

Circular N° 019-2008-BCRP

Extended list of participants in auctions of Certificates of Deposit with Restricted Negotiation.

Circular N° 023-2008-BCRP

Regulation on repurchase agreements of BCRP Certificates of Deposit.

Circular N° 024-2008-BCRP

Modified regulation on Certificates of Deposit with Restricted Negotiation. Extended list of participants in auctions of these certificates.

Circular N° 034-2008-BCRP

Modified regulation on BCRP Certificates of Deposit. Extended list of participants in auctions of these certificates.

Circular N° 035-2008-BCRP

Modified regulation on Certificates of Deposit with Restricted Negotiation. Extended list of participants in auctions of these certificates.

Circular N° 041-2008-BCRP

Regulation on repurchase agreements of certificates in foreign currency.

Circular N° 044-2008-BCRP

Regulation on repurchase agreements of certificates in foreign currency to ease injections of liquidity.

Circular N° 045-2008-BCRP

Modified list of entities authorized to participate in repurchase agreements.

Circular N° 048-2008-BCRP

Modified calculation of the exchange rate used for operations with financial entities.

Circular N° 052-2008-BCRP

Provisions for auctions of Banco de la Nación funds deposited at the BCRP.

Provisions for rediscount operations in domestic and foreign currency. General Regulation on Interbank Exchange and Settlement Services. Operational regulation of the RTGS system.

Circulars on reserve requirements

Regulations on reserve requirements in domestic currency.

Circular N° 003-2008-BCRP

Circular N° 011-2008-BCRP

Circular N° 014-2008-BCRP

Circular N° 020-2008-BCRP

Circular N° 025-2008-BCRP

Circular N° 028-2008-BCRP

Circular N° 042-2008-BCRP

Circular N° 050 -2008-BCRP

Circular N° 054-2008-BCRP

Regulations on reserve requirements in foreign currency.

Circular N° 004-2008-BCRP

Circular N° 010-2008-BCRP

Circular N° 015-2008-BCRP

Circular N° 021-2008-BCRP

Circular N° 030-2008-BCRP

Circular N° 031-2008-BCRP

Circular N° 038-2008-BCRP

Circular N° 043-2008-BCRP

Circular N° 051-2008-BCRP

Circular N° 055-2008-BCRP

Circular N° 012-2008-BCRP

Precisions about reserve requirements.

Circulars on the Payment System

Circular N° 032-2008-BCRP

Regulations on the operation of the RTGS system.

Circular N° 049-2008-BCRP

Regulations on the operations of the CEE.

Circulars on First-Class Banks

Circular N° 039-2008-BCRP and Circular N° 047-2008-BCRP provide a list of the banks meeting the requirements of first-class banks.



Circulars on investment cap for private pension funds' investments abroad

Circular N° 002-2008-BCRP

Investment cap increased from 15 to 16 percent.

Circular N° 007-2008-BCRP

Investment cap increased from 16 to 17 percent.

Circular N° 017-2008-BCRP

Investment cap increased from 17 to 20 percent.

Circulars on banknotes and coins

Circular N° 029-2008-BCRP

Issue of silver coins with images featuring images associated with Ibero-American countries and Olympic Sports.

Circular N° 037-2008-BCRP

Issue of coins commemorating the 100th anniversary of the first railroad travel between Lima and Huancayo.

Daily Adjustment Index

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" was published in the following circulars:

Circular 001-2008-BCRP (02/01/2008)	January
Circular 008-2008-BCRP (01/02/2008)	February
Circular 013-2008-BCRP (03/03/2008)	March
Circular 016-2008-BCRP (01/04/2008)	April
Circular 022-2008-BCRP (02/05/2008)	May
Circular 026-2008-BCRP (02/06/2008)	June
Circular 027-2008-BCRP (01/07/2008)	July
Circular 033-2008-BCRP (01/08/2008)	August
Circular 036-2008-BCRP (01/09/2008)	September
Circular 040-2008-BCRP (01/10/2008)	October
Circular 046-2008-BCRP (03/11/2008)	November
Circular 053-2008-BCRP (01/12/2008)	December

