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May 25, 2021

**Statement by Mr. Mouminah and Mr. Keshava on Peru
(Preliminary)
Executive Board Meeting
May 27, 2021**

We thank staff for the well-focused report and Mr. Chodos and Mr. Hendrick for their informative Buff statement. We concur with the thrust of the staff appraisal and would limit our remarks to a few issues.

We agree with staff's assessment that Peru continues to meet the qualification criteria for access to FCL resources and support the completion of the review. Indeed, a credible fiscal framework, low public debt, low and stable inflation, comfortable international reserve position, and sound financial system have continued to serve the country well. Here, we take positive note that very strong macroeconomic policies and policy frameworks, buttressed by insurance provided by the FCL arrangement, have allowed a significant policy response to mitigate the socio-economic impact of the pandemic while sustaining strong access to international capital markets. We are also encouraged that the authorities have made progress in strengthening governance and anti-corruption institutions as well as enhancing AML/CFT regulations. In this context, continued efforts toward enhancing institutional quality will reinforce the already very strong policy frameworks.

We welcome the authorities' intention to continue to treat the FCL as precautionary and exit the FCL arrangement in May 2022, conditional on a reduction of global risks. Given continued risks and high uncertainty, it is also reasonable not to request a reduction in access at this time. In this context, we encourage the authorities to announce a roadmap, once conditions permit, to exit the FCL arrangement, supported by a clear communication strategy to manage market expectations.

Finally, we welcome the completion of the safeguards procedures for the FCL arrangement with no significant issues emerging from the conduct of these procedures.

In this regard, we take positive note that the annual financial statements of the Central Bank are audited in accordance with international standards, include comprehensive disclosures, and are published on a timely basis.

With these remarks, we wish the authorities continued success.