

PERU

Integrating Gender Responsive Budgeting into the Aid Effectiveness Agenda



**Integrating Gender Responsive Budgeting into the Aid
Effectiveness Agenda**

Peru Country Report

**Marcia Roeder
Carmen Takayama
Patricia Fuertes
Isabel Hurtado**

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This research report has been generated as part of a UNIFEM programme, "Integrating gender responsive budgeting into the aid effectiveness agenda". The programme is funded by the European Commission (EC) and consists of research and programmatic technical assistance. The three-year programme seeks to demonstrate how gender responsive budgeting (GRB) tools and strategies contribute to enhancing a positive impact on gender equality of aid provided in the form of General Budget Support (GBS).

In the first stage of the programme, research was carried out in ten developing countries (Mozambique, Morocco, India, Uganda, Tanzania, Rwanda, Nepal, Cameroon, Peru and Ethiopia) in July 2008. The research aimed to investigate how GRB tools and strategies have been used in the context of currently used aid modalities-specifically general budget support (GBS) and sector budget support (SBS). The ten countries were selected by UNIFEM and EC on the basis of criteria such as the existence of GRB work, the use of GBS or SBS, and the presence of budget reform processes. The investigation was intended to deepen the understanding of national partners and European Union (EU) decision makers of the opportunities for using GRB to enhance accountability to gender equality in aid effectiveness. The second stage of the programme will involve the selection of five countries in which targeted and tailored technical support will be provided to improve country capacity to further institutionalise GRB.

The European Commission (EC) and UNIFEM have a broader collaboration in the area of promoting gender equality including the EC-UN Partnership on Gender Equality for Development and Peace, which was launched in 2007 with UNIFEM, the EC and the ILO International Training Centre. This partnership supports stronger action on gender equality and women's human rights in national development processes and in cooperation programmes supported by the EC.

304 East 45th Street
15th floor
New York, New York 10017 USA
Tel: 212-906-6400
Fax: 212-906-6705
www.unifem.org

For further information please visit the GRB website on www.gender-budgets.org or email gender.budgets@unifem.org.

List of acronyms

ACDI	Canadian Agency for Internacional Development
AECID	Spanish Agency for Cooperation and International Development
AN	National Agreement
AOD	Official development aid
APCI	Peruvian Agency for Internacional Cooperation
APROLAB	Support Programme for Labour training and insertion
ATI	International Technical Assistance
BID	Inter-American Development Bank
BTC	Belgian Technical Cooperation
CEPLAN	National Centre for Strategic Planning
CIL	Centres of Labour Allocation
CINR	Non Repayable International Cooperation
CTB	Belgian Technical Cooperation
DGPM	General Directorate of Multi annual Budgeting
DNPP	General Directorate of Public Budget
DP	Paris Declaration
DBS	Direct Budget Support
DESCO	Center of Studies and Social Development
EC	European Community
FONCODES	Funds for social compensation and development
FORSAT	Strengthening of labour administration programme
GRB	Gender responsiveness budget
ILO	International Labour Organisation
INEI	National Institute of Statistics and Informatics
LIO	Equal Opportunities Law
MEF	Ministry of Economy and Finance
MESAGEN	Gender roundtable of donors
MIMDES	Ministry of Social Development and Women
MM	Movimiento Manuela Ramos
MMM	Multi Annual Budget Framework
SME	Small and Micro Enterprise sector
MYPE	Small and Micro Enterprise Sector
MTPE	Ministry of Labour and Employment promotion
OCDE	Organisation for Economic Co-operation and Development
ONG	Non governmental development organisation
PBI	Gross National Product
PASA	Food security programme
PESEM	Strategic Multi annual Sectoral Plan
PIA	Initial 'Opening' Budget
PIM	Modified institucional budget
PIO	Equal Opportunities Plan for men and women
PIP	Public investment project
PROSIS	Health insurance system programme
PpR	Results oriented budget
SNIP	National System for Public Investment
SWAP	Sectoral wide approach
UNIFEM	Fund for Women of the United Nations
USAID	United States Agency for International Development
VES	Villa El Salvador district
VTM	Villa María del Triunfo district

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Executive Summary

The expansive economic cycle expressed by the Peruvian economy and the increase in per capita income have put Peru on the way of becoming a middle-income country and moved the country further from being an eligible for international development aid. The deeply marked interregional, intercultural and inter-sectoral divides contribute to substantial segments of the Peruvian population being marginalized from development opportunities.

Development aid (grants) in Peru reached nearly 500 million USD in 2006, representing almost 0, 5%¹ of National Gross Product, and 4% of National Budget. Official development aid (in the form of grants) reached 69% out of total aid (grants) captured in 2006.

The United States is the main donor (Grants), providing 54% of the official aid captured by Peruvian Government in 2006, followed by the European Commission (13%), Spain (8%), Italy (5%) and Germany and Belgium (each 4%).

In 2007, official development aid, including loans and grants, reached nearly 1,700 million USD that increased to nearly 1,900 million USD the following year; almost a third of this was made up of grants. Health and sanitation, and transport and communication sectors together account for half of the total of both loans and grants. Agriculture seems to be a priority considering loans expenditure, while education and culture sector is relevant in both cases.

Implementation of new aid modalities

Peru is in initial stages in implementing the Paris Declaration (PD) principles and mechanisms. There is a lack of awareness about these new modalities among Peruvian public sectors and its potential for promoting national and sectoral policies.

The development aid modalities promoted by the Paris Declaration, like DBS and SWAPs, are currently used little by donors. There are a few cases of similar modalities implemented in Peru, and these show little connection with gender concerns and budgeting. The study found that gender is taken into consideration in different ways; in most cases progress on these issues can be explained by the conditionality of aid support.

The alignment of aid with local planning and donor harmonisation are at initial stages, and support is required for an optimal implementation of these modalities. As a transitional path, it would be necessary to design complementary mechanisms, which depend on administrative systems in partnership countries.

Implementing these modalities also faces resistance to change in the complex Peruvian bureaucratic administration. This type of 'heterodoxy' in the application of new modalities is part of the learning process required to validate these modalities in each country and region.

¹ APCI, 2008.

The present context in Peru is likely to favour further implementation of PD principles and modalities. The PEFA mission in Peru, which is expected to validate Peruvian Finance management in coming months, constitutes an important step to assure the high standards quality on finance management that every country requires in order to capture new aid modalities as they have been originally designed.

Versions of DBS and SWAPs exist in Peru, such as the PASA food security programme (funded by the EC), or the PROSIS universal access to health insurance (funded by the Belgian Cooperation) national policies have addressed both issues as national priorities; however, none of these address gender concerns and budgeting. In these modalities women are mostly addressed as vulnerable groups. There is a lack of explicit gender policies in the health and agricultural sectors, which have versions of DBS and SWAP modalities.

The recently created public institution, the National Centre for Strategic Planning (CEPLAN), is due to promote the alignment of national, subnational and sectoral public policies and plans; in fact, this institution will favour further application of PD modalities.

The tracking of gender in main donors' development aid

The monitoring and evaluation of gender responsiveness in projects is carried out by donor focal points through monitoring visits. What is not clear, however, is whether they have specific indicators to track gender responsiveness. The Spanish Agency for Cooperation and International Development (AECID) relies on a document explaining how gender issues are expected to be implemented by partners. This guide provides some methodological steps on how to integrate gender; AECID has also recently disseminated a new aid modalities guide. Since there are no indicators to monitor, the application of these steps depends on the partner.

Public Budgeting

Public budgeting in Peru has incorporated in the last two years important instruments that allow a major focus on poverty and vulnerability targets such as the Result-oriented budget and the multiannual budget framework (PpR, MMM). The recently implemented result-oriented national budget, which represents nearly 3% of the national budget, has included nine programs for poverty reduction as national priorities; some of them have an explicit gender orientation. Civil society has proposed gender indicators to track results in education and health. Nevertheless, these programs do not yet include actions to improve women's access to markets with better conditions, disregarding the opportunity to integrate a multi-sectoral approach in the labour and entrepreneurial sector.

Both the Ministry of Economics and Finance and the National System of Public Investment are strategic targets for the gender machinery (MIMDES) in order to integrate gender issues into national instruments for social investment. The ex-ante evaluation format, used by the SNIP System, is likely to be adjusted to include gender issues, as it has been the case of project appraisals including participatory and environmental approaches. Former attempts to include gender in the SNIP project

appraisal failed due to lack of technical arguments and evidence about the costs and benefits of addressing gender issues through economic and social policies. MEF evaluators are interested in the cost-effectiveness of gender awareness. They are interested in both the use of validated practices and instruments that show cost-effectiveness of addressing gender issues through practical cases in productive, market, and health sectors, and the use of gender criteria at different phases of projects. The human rights and social justice foundations of gender awareness are not enough to satisfy the technical demands of the evaluators at MEF; they need instruments and practical cases to incorporate gender into project appraisals. This task is likely to be possible, as MEF evaluators seem open to include every factor that enhances the provision of services to vulnerable groups. They also acknowledge the importance of gender issues in the use and demand of social and economic services, addressed by SNIP.

Gender responsive budget in Peru

Civil society has been playing a key role in defining poverty reduction-oriented indicators, since National Agreement was launched in year 2002 and proposed four national goals and 31 State Policies. This Agreement has provided the strategic direction for national plans in the present decade. Policies of competitiveness are included in National Agreement and other policy instruments, but none of them has a gender-specific orientation.

In this sense the gender-oriented Law No. 29083 (or ‘The Sasieta Law’), is a promising legal instrument to integrate gender awareness into national budget and policies; it establishes the use of gender indicators to track budget results.

The Equal Opportunities Law (LIO) and the Equal Opportunities Plan (PIO) for Men and Women are the most gender sensitive planning instruments in the Peruvian context; these are being adapted by local and regional governments and national sectors, and will favour gender awareness in national budgeting. In this context, the Ministry of Women and Social Development (MIMDES) is devoted to improving the application of PIO gender indicators by reducing the number of indicators, of which there are 84. The Ombudsman of Peru is also committed to monitoring PIO and LIO achievements as part of its supervisory national role.

Sectoral gender budgeting

The labour and SME sector (MTPE) is crucial for women’s social and economic empowerment in Peru. In the past decade, women have been intensively incorporated into the labor market and production, at a more accelerated pace than men. However, this is taking place in relatively precarious conditions, given the prevailing gender gaps in labour training, salaries, access to credit, reproductive roles, labour rights, and education. The sector is responding to some gender priorities addressed by PIO and LIO, such as equal access of men and woman to labour market and economic resources such as land, credit and technology, and formalization of SME and social security. However, these are not yet proper sectoral policies; most of sectoral programme initiatives are supported by development aid (Inter-American Development Bank (IDB), AECID and EC among others).

Despite the strategic role of the sector, its budget represents just 0.4% of National Budget. Aid allocated to this sector has increased from 5% to 10% in 2005-2008. The sector has addressed gender issues in key aspects of labor and SME development, such as labour training, commercial articulation, market information, enhancing women's access to formal entrepreneurship, providing periodic information on women's participation in the labour market and conducting labour inspections in work places where vulnerable working women work, these are workplaces with high incidence of temporary employment where labor conditions are precarious. All of these activities have been encouraged by development aid.

Gender focal points are at present just a formality in all public sectors institutions with little or no involvement in the main processes. An opportunity exists to strengthen gender focal points in different sectors, as the majority of officials heading key National Programs and schemes addressing women's priorities in economic and labour sectors, such as the MEF and MTPE, are women.

1. Introduction and methodology

National and local budgets reflect government decisions about how to fund to promote opportunities amongst different social actors. In societies with high incidence of poverty and inequality, budgets constitute crucial instruments in addressing the needs and interests of the less visible groups.

The different mechanisms and processes that allow national budgets to reflect and fulfill, or to bypass, the needs and interests of different social groups- especially those of the vulnerable and poor- are major concerns for development planners and other stakeholders worldwide. Effective budgeting became part of the political commitment to defeat extreme poverty by year 2015, with the agreement of national governments to reach the Millennium Development Goals. Participation, gender responsive budgeting (GRB) and new instruments for effective aid funding appear as potential instruments and approaches for national governments to implement their poverty reduction commitments, by opening budget mechanisms and processes to the needs and interests of the vulnerable groups of societies.

The Paris Declaration (PD) in 2005 defined routes, principles and mechanisms to increase the effectiveness of aid support to reduce poverty and inequality. Alignment to national and local development plans, new aid funding modalities such as Direct Budget Support (DBS) and the Sectoral wide approach (SWAP) are expected to bring about a major focus on aid effectiveness for poverty reduction.

In Peru, like in most Latin American countries, with the impetus of civil society, the first decade of the new millennium brought about the strengthening of democratic institutions, economic growth and stability as well as the enforcement of political and economic processes of decentralisation. Nevertheless, Peru still shows a high incidence of poverty and inequality. For example, women still have less years of schooling than men, while rural indigenous women are at the very bottom of the distributional pyramid (EC: 2007).

The increased awareness about the risks of a high incidence of poverty in Peruvian society led to the promising design and implementation of participatory mechanisms for decision-making on local investments. Local Participatory Budgets (LPB), the newly implemented Results-Oriented Budgeting (PpR), Plans for Egalitarian Opportunities (PEO) and one recent Gender Budgeting law appear as opportunities for inclusive development. These developments were part of the context in which the Paris Declaration principles and modalities for aid support were to be implemented.

In the past decades important gender outcomes were achieved in different aspects of women empowerment in Peru² (Barrig: 2007). This progress was achieved by means of state policies and women's participation in decision-making, both in the household and in the public sphere, in key sectors such as health and reproductive rights, paving the way for women's increasing participation in labour and productive markets (Fuentes: 2007). Nevertheless, in recent years this progress seems threatened by the increased neo-conservative practices and discourse of the Peruvian government. The gender

²Increased access to education for women, sustained diminishing of fertility rates for both rural and urban women and increased access to contraceptive products.

machinery has been affected in terms of reduced budget allocations and the “reorganisation”, in fact disappearance, of key public programmes in different sectors that addressed women needs and interests³.

The objective of this paper is to analyse how far have the DP principles and modalities of aid development been implemented in Peru in the period 2006-2008, and how these have addressed gender issues. The paper also seeks to investigate how GRB can contribute aid effectiveness that will promote gender equality. The paper analyses the National Budget process in Peru with focus on development aid and presents a case study of the labour and Micro and Small Enterprise sector (SME) sectors in Peru. The Ministry of Labour and Employment Promotion (MTPE) in Peru is in charge of Labour and Employment policies as well as the policies for the development and promotion of the SME sector.

Labour and SME are key sectors for women interests and gender priorities in the present Peruvian context. Peru is engaged in a process of integration into global markets. The conditions for the inclusion of women in labour markets and other productive sectors will be crucial to improve women’s well-being.

Peruvian women represent 45, 6%⁴ of the active working labour force in Peru, 22 % of entrepreneurs involved in the formal SME sector and 29% of those in the informal SME sector⁵. However, they also represent an important proportion of the unskilled, low waged and non-organised labour force. Together with children they are part of the “invisible” home-based workers that support the most dynamic local and transnational businesses, without any legal protection. Rural indigenous girls have the lowest average years of schooling among all Peruvians and the lowest productivity record. What sectoral policies address the labour status of women in Peru? How far sectoral GRB can contribute to aid effectiveness and gender equality in the SME and Labour sector?

Methodology

To address these questions the study carried out 40 interviews with representatives of different sectors, National Congress, Ministries of Labour and Employment promotion (MTPE), Economy and Finance (MEF), Women and Social Development (MIMDES), among others, Donors and Civil Society. The study applied four interview guides to: a) personnel in charge of the national and sectoral budget processes and other budgeting instruments; b) personnel in charge of sectoral programmes, projects and schemes; c) representatives of two selected donors, the European Community (EC) and the Spanish Agency for International Development Cooperation (AECID) and; d) researchers and activists of women’s social and economic rights. The review of different documents and policy reports, as well as concept papers, including institutional websites, complemented the results of all the interviews. The data on sectoral and national budget were provided by the transparency websites of both the SIAF system “Sistema integrado de administración financiera” and the MEF.

³ This is the case of the National Programme to fight violence against women. It is also the case of PROFECE, a programme run by the Ministry of Labour and Employment Promotion (MTPE) that promoted the entrepreneurial development of poor women at national level.

⁴ According to PEEL – MTPE, 2005 “Report on women in labour market 2005”.

⁵ According to ENAHO – INEI 2002. “Elaboration of MYPES data”. MTPE, Diciembre 2005

2. Development Management Context

This section gives a general picture of development aid and budgeting in Peru. It is divided into two main parts. The first part focuses on development aid frameworks (donor policies, aid flows, main instruments that are in use for aid management in the country, aid monitoring instruments); while the second focuses on the country's budgeting, planning and evaluation framework. These two parts are preceded by some general background information on Peru.

2.1. Background to country

Peru is part of the Community of Andean Nations (CAN) composed of Bolivia, Ecuador, Colombia, Venezuela and Chile in the Andean Region. Most of these countries, except Bolivia, are considered middle-income countries. By year 2007 there were 28,750,770 Peruvians, with almost half being female.

Figure 1: Sex and age, disaggregated in census 2007

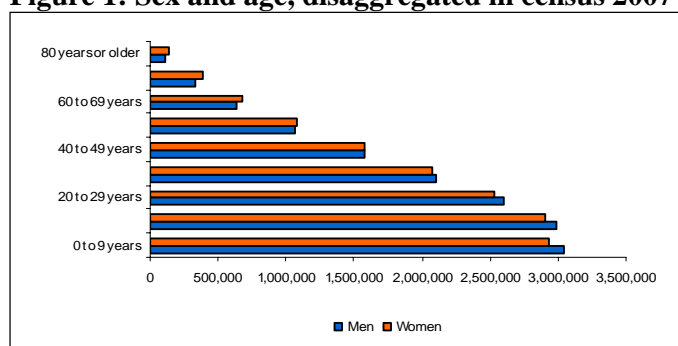
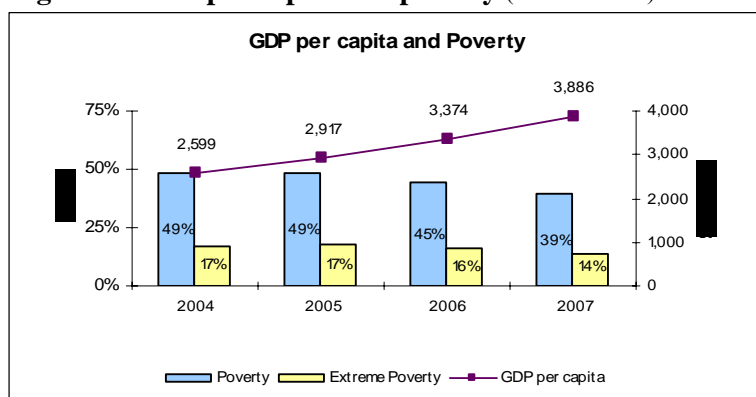


Figure 1 demonstrates that the number of women is smaller in the younger age groups; the situation is the opposite in older age groups. Peruvian inhabitants have diverse social, cultural and ethnic origins; the largest ethnic groups are the Spaniards “mestizos”, the indigenous groups like the Quechuas, Aymaras and about 60 ethnic groups from the Amazons.

Peruvians are highly differentiated by axes of social stratification. This differentiation runs along economic and social or urban- rural categories; it is also linked to the indigenous and non-indigenous origins. For instance, 43.4% of working indigenous women are unpaid family workers, in comparison to 22.4% non-indigenous women.⁶

Figure 2: GDP per capita and poverty (Source: INEI)



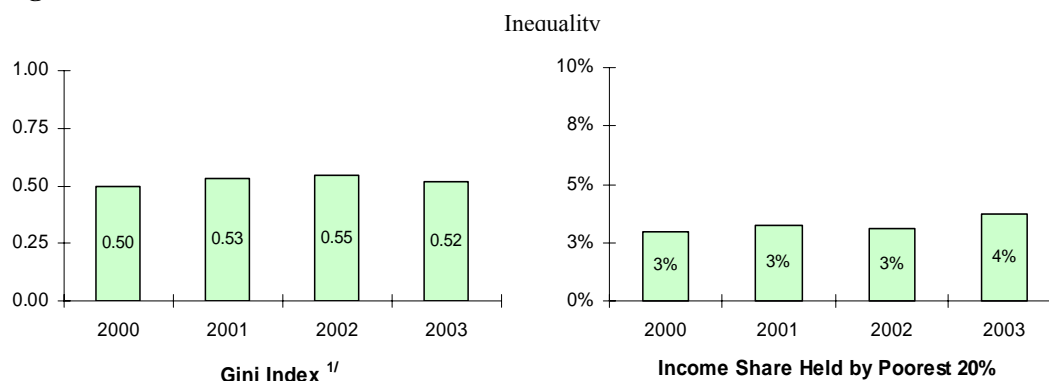
After two decades of political violence and economic catastrophe, in the past seven years, the Peruvian economy grew at sustained and increasing rates and achieved economic stability. Per capita incomes grew from 2,599 USD in year 2004, to 3,886 USD

in year 2007 (Figure 2).

⁶ Based on Trivelli 2005, Table 24. “Los Hogares indígenas y la pobreza en el Peru”. Lima: IEP.

Peru dreams about integration to global markets and national strategies address modernization and competitiveness as national aspirations. Nevertheless, despite sustained economic growth, poverty and extreme poverty were barely reduced; income inequality remains wide- the poorest 20% accounted for just 3% of national income in 2000 and 4% in 2003 (Figure 3).

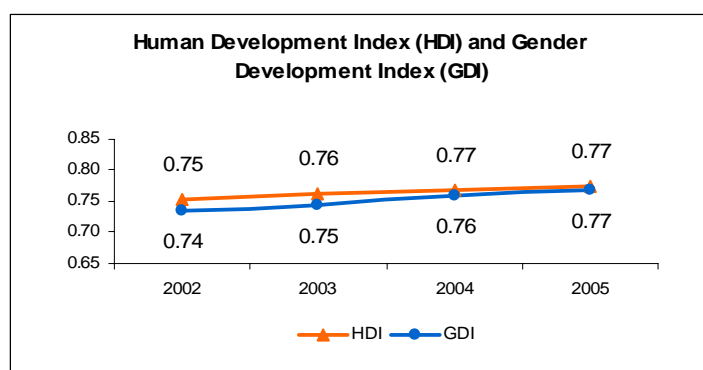
Figure 3: Income share: Peru 2000 - 2003



Source: World Development Indicators (April 2008)

1/ The Gini coefficient measures inequality on a scale of zero to 1; 1 being perfect inequality and 0,

Figure 4: Human Development Index and Gender Development Index



In parallel to economic growth, indicators of human and gender development show similar trends of sustained improvements (Figure 4). These aggregate indicators do not, however, always reflect the position of different social groups in the country. The evolution of the gender development

index for Peru does not necessarily reflect what is happening with rural and indigenous women and girls who belong to the most vulnerable and poorest groups.

2.2. Development aid in country

The expansive economic cycle of the Peruvian economy and the increase in per capita income mean that Peru is becoming a middle-income country, and further moving away from being an eligible for international development aid. Nevertheless, the deeply marked interregional, intercultural and inter-sectoral divides mentioned above, contribute to the exclusion of about half the population.

In this context, development aid (grants) reached nearly 500 million USD in year 2006; it represented almost 0, 5%⁷ out of National Gross Product, and 4% of National Budget

⁷ APCI, 2008.

(Figure 5). Official development aid (in the form of grants) reached 69% out of total aid captured in 2006; the other 31% is captured through non-governmental agencies.

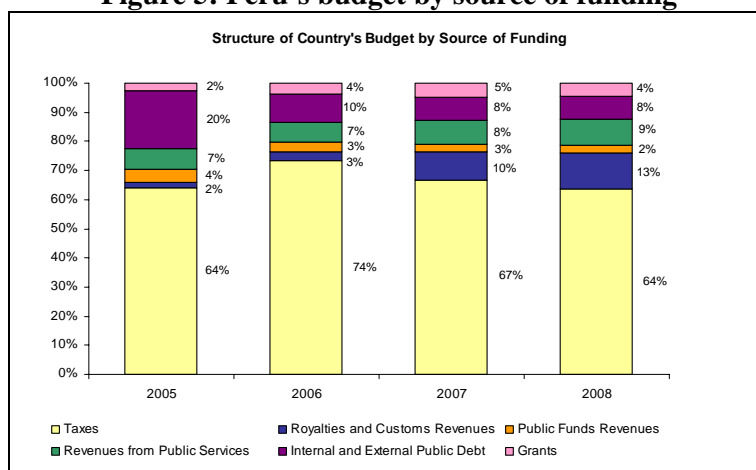
Table N° 1
Non- Refundable Foreign Cooperation by resource and executor origin (US \$ Millions)

YEAR	Resource origin		TOTAL
	Governmental	Non Governmental	
2004	279.8 (72%)	110.2 (28%)	390.0
2005	500.2 (86%)	84.4 (14%)	584.6
2006	340.1 (69%)	155.5 (31%)	495.6

Source: APCI, 2008 and De La Cruz - Barrig – Rodriguez, 2007

In terms of the national budget, Peru maintains an adequate performance on financial management of public finances, having obtained a six-point decrease as a Risk Country on July 2008, moving from 1,90 to 1,84 percentage points, according to EMBI+Peru¹, indicator calculated by JP Morgan Investment Bank. This indicator estimates political risk and the possibility that a country might fail to fulfill its payment obligations to international creditors.

Figure 5: Peru's budget by source of funding



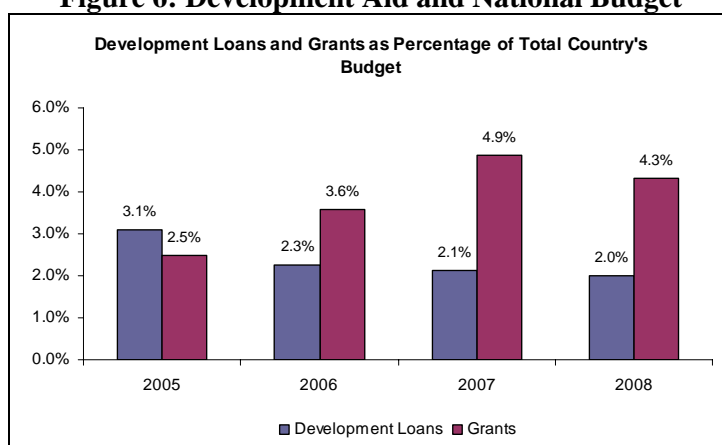
Source: MEF, author's own calculations.

The large diversity of the country's budget sources (Figure 5) allows the traditional dependency on external debt to cover current expenditure to be reduced. Moreover, it is interesting to note that the set of transfers and donations represent around 4% of National Budget; funds for cooperation to refundable and non-refundable development are included in this proportion as well as other donations and Peruvian Government Loans (page 10).

It is worth mentioning that the funds for development cooperation are channeled through two mechanisms: debt is channeled and registered by the Ministry of Economy and Finance, whereas the non-refundable cooperation funds (i.e. grants) are registered by the International Cooperation Office (APCI). The two entities do not necessarily coordinate for information consistency regarding development support¹.

Two types of trends are evident in development aid funds in the national budget (Figure 6). On the one hand, the proportion of grants shows an increase since 2005, probably due to the renewal of the cycle of the Peruvian government. On the other hand, the percentage of development aid coming in as debt shows a progressive decline since 2005. This is probably explained by either the increasing number of partners- the Peruvian government works with several development programs- or the greater availability of public resources.

Figure 6: Development Aid and National Budget



Source: SIAF - MEF, elaborated in-house.

Focusing on official cooperation captured by the government of Peru (table 2), the United States is the main donor (Grants) in Peru (54% in 2006), followed by the European Commission (13%), Spain (8%), Italy (5%) and Germany and Belgium (each with 4%).

Table 2: Bilateral Official (Grants) Cooperation by selected sources (In \$ US)

País	2004	2005	2006
U.S.A.	131,613,838	211,394,189	163,971,103
European Commission	24,791,737	54,822,644	38,391,666
Spain	8,153,625	47,050,854	22,882,198
Italy	5,864,538	17,770,790	14,302,562
Germany	17,285,780	29,003,535	12,601,878
Belgium	3,091,125	13,569,604	12,054,992
Switzerland	11,524,189	14,299,871	10,104,596
Japan	11,235,309	13,370,238	7,867,479
The Netherlands	5,617,299	7,974,326	4,165,553
Sweden	1,074,400	5,045,519	4,126,203
Canada	9,530,972	14,894,369	3,957,798
South Korea	2,960,000	6,579,000	2,745,346
France	1,213,322	5,926,884	1,463,258
United Kingdom	4,016,051	3,259,821	930,375

Sources: APCI, 2008 and De La Cruz - Barrig – Rodríguez, 2007.

In 2007, official development aid, including both loans and grants, reached nearly 1,700 million USD that increased the next year to nearly 1,900 million USD; almost a third of this amount was grants. Health and sanitation and transport sectors together account for half of the total of loans and grants (See table No. 3). Agriculture seems to be a priority

when considering loans expenditure, while the education and culture sector is relevant in both cases.

Table N° 3: Structure of Peru's Development Aid according to loans and grants: 2007 - 2008

Development Aid	2007			2008		
	Loans Expenditure	Grants	Loans and Grants	Loans Expenditure	Grants	Loans and Grants
Development Aid (new soles - S./)	1,529,689,518	3,478,249,067	5,007,938,585	1,701,133,844	3,680,555,191	5,381,689,035
Development Aid per Area (%):						
Legislative	0.5%	0.0%	0.1%	0.2%	0.0%	0.1%
Justice	1.0%	3.4%	2.7%	1.0%	1.1%	1.1%
Public Administration and Planning	9.2%	5.8%	6.9%	9.2%	4.2%	5.8%
Agriculture	17.1%	2.0%	6.6%	15.7%	2.2%	6.5%
Social Security	8.8%	7.1%	7.6%	1.1%	6.0%	4.4%
Communications	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Defense and National Security	0.0%	6.8%	4.8%	15.6%	5.2%	8.5%
Education and Culture	7.2%	9.8%	9.0%	4.0%	10.7%	8.6%
Energy and Natural Resources	4.8%	5.8%	5.5%	4.2%	3.9%	4.0%
Industry, Commerce and Services	0.8%	1.3%	1.2%	0.6%	1.3%	1.1%
Fishing	0.0%	0.7%	0.5%	0.3%	1.9%	1.4%
Foreign Relations	0.0%	0.6%	0.4%	0.0%	0.2%	0.2%
Health and Sanitation	16.0%	33.0%	27.8%	16.3%	27.7%	24.1%
Labor	1.1%	0.2%	0.5%	1.7%	0.2%	0.6%
Transportation	28.6%	23.0%	24.7%	25.3%	34.6%	31.7%
Housing and Urban Development	5.0%	0.3%	1.8%	4.8%	0.6%	2.0%

Source: Ministry of Economy and Finance; SIAF.

2.2.1. Donors and new aid modalities

New aid modalities have only been implemented in Peru in a few instances. The European Commission (EC) funds the two currently in use; one is a basket funding arrangement, financed from several sources, and, the other, is a kind of DBS, financed by the Belgian Technical Cooperation (BTC) (Table 4), in current process at the moment.

Table 4: Peruvian Government's Experience in new aid modalities

Project	Donor	Sector	New aid modality	US \$ millions	Period
PASA	EC	PCM	DBS	120	January 1997 March 2008
AGORAH	EC	PCM	SWAP	14	January 2004 December 2007
Equity and inclusion promotion	ACDI, AECID, COSUDE ASDI	Ombudsman	Basket Funding	5	January 2006 December 2009
Support to SIS	BTC	Health Ministry	SWAP	8,6	May 2006 December 2008

Source: Interviews and Electronic newsletters.

Among all of them, the largest experience has been the EC Food Security project (PASA), implemented under a DBS modality, during 1997 – 2007, before the Paris Declaration had taken place. The PASA project improved food security for the poorest families in rural communities in the highlands through a kind of DBS project. It is an atypical DBS modality that can be described as “indirect” since the finance support was provided once the Peruvian Government had already made the expenditure.

The counterpart entities for the PASA project were from the Peruvian Government were the Ministry of Economy and Finance, Ministry of Women and Social Development, Cooperation Fund for Social Development, Ministry of Agriculture, Ministry of Education and the Ministry of Health. Within the frame of sector strategies, PASA has directly supported a substantial process of participatory local planning, which allowed the execution of social investment and development plans in hundreds of district municipalities in the regions of intervention of the PASA, being Ayacucho, Huancavelica and Junín among them. In this way, PASA actively supported mechanisms and instruments for Peru’s decentralization policy, promoting civil participation in local and regional development planning, receiving great acknowledgement from involved local governments.

The PASA project has been implemented in four different governments. Extensive delays have occurred in the financial execution of the project because of the particular procedures of the donor and those of the Peruvian public administration. As mentioned above, the project has a special feature: the funds were used to return the already invested amounts.

The other Project AGORAH, which is in the process of closing at the moment, had a mixed modality differentiating two main focuses of activity. The first component focused on strengthening regional governments, and the second one focused on road and other infrastructure building. For the latter component, the budget support modality was stipulated, having as counterpart the National Committee for Decentralization, the Presidency of the Minister’s Council, on behalf of the two regional governments involved; there was some delay on the execution of the project, probably due to management procedures that are quite complex, in conjunction with weaknesses in official personnel in regional government institutions, particularly when it comes to projects that should go through the National System of Public Investment (SNIP). Both projects, AGORAH and PASA, have not addressed gender issues explicitly; women have treated as another vulnerable sector: the PASA project addressed rural women on a small project aimed to empower women in the alpaca fiber selection process⁸.

⁸ Interview to Patrick Riboud, EC.

BOX 1: A type of a SWAP to improve the access of the poor to health services

The SWAP modality seeks to orient development aid to support public policies in a particular sector in the recipient country. The Belgian Technical Cooperation in Peru has decided to focus on the improvement of the National System of Integral Health Insurance (Sistema de Seguro Integral de Salud- SIS). Improving the access of the poor to health services through integral and universal insurance plans was set as a national priority in Peru by 2001. The SIS programme has opened access to the poorest social groups to 7 insurance plans all over the country reaching vulnerable groups such as working children in both rural and urban locations. In year 2007, the Peruvian government allocated 283 million new soles to the programme (0, 4% of National Budget). The programme shows far reaching, by year 2008 there were 8 million people with access to the system. Nevertheless, improving the quality of services is the main challenge. Evaluations have found that the poor are covered by SIS but with “poor services”.

The Belgian and Peruvian governments subscribed an Agreement in year 2005 and launched PROSIS (Financial Support Programme for the National System of Integral Insurance). The agreement will support the financial mechanisms of the SIS. The Belgian aid amounts to 6 millions Euros and the Peruvian government allocates 9 million USD for a two year period. In the first year PROSIS has focused on increasing coverage by 20%, but the second year is devoted to improving the quality of health services by increasing in 5% the amount of expenses per user in favour of the two poorest quintiles. It also seeks to increase the number of institutionalised partos in 4%.

Based on: “Nuevas tendencias de la cooperación internacional en el Peru” p.16, 29 .

BOX 3: A type of direct support to the national budget

The Support to Food Security in Peru (PASA), run by the EC cooperation is an example of how aid support could be transformed into budget direct support even before the Paris Declaration. The EC aid support in former years was oriented to food programmes; in the past decade these programmes were subject to distorted uses to orient the votes of the poor. To avoid distortion, the EC operated different mechanisms (working with NGOs). Later on, the EC decided not to support food donations projects anymore. Instead, the EC decided to *support national policies for poverty reduction*. In 1996 the Peruvian government defined a strategic line called “increase and organisation of public investments” and the “national Plan to improve social expenditure” for poverty reduction. They also established a strategy to reduce to 50% the number of Peruvians under the poverty line. A multi sector committee, the CIAS, coordinated the implementation of the strategy. By 1997 the EC subscribed an Agreement to implement the budget support to all the sectors involved in the national strategy to defeat poverty in Peru.

Based on: “Nuevas tendencias de la cooperación internacional en el Peru” p.21, 22

At the moment, the EC is formulating the second part of the financing planned in its Country Strategy for the period 2007-2013. Four projects are part of the first period of three years starting in 2009, and are aimed at modernizing the Peruvian public sector through key public institutions such as the Ministry of Economics and Finance, the APCI, the Ombudsman and the Ministry Council Presidency. In the previous financing period a PEFA (Public Expenditure and Financial Accountability) study was planned in order to evaluate the management of Peruvian public finances, on the bases of 28 established criteria. In the months of September and October 2008, the mission will come to Peru and the donor agencies expect the results to evaluate the possibility of adopting new modalities of cooperation in future programs. In fact, the EC is likely to adopt the SWAP modality for the second part of its Country Strategy.

The other main donor, the Spanish Agency for Cooperation and International Development (AECID), is planning to increase financial support to Peru's development aid, for next period 2009 – 2012. According to its own data, official Spanish aid flows to Peru have increased from 53 million USD in 2002 to 137 million USD for year 2007, bilateral aid included⁹. The Spanish Cooperation Director Plan for the period 2009 – 2012 is being currently designed, and since data reveals significant inequity in indicators in income distribution, Spanish aid development is likely to be increased.

Forty-two percent of Spanish official grants are channeled through Spanish NGOs, since there are 138 Spanish NGOs operating in Peru, which are executing 901 projects. Two-thirds of this amount is financed by decentralized cooperation.

“Peruvian-Hispanic development aid programme 2007 – 2010” has a particular focus on poverty reduction and good governance consolidation process, through three major programmes: democratic governance, social cohesion and sustainable economic development. AECID is executing 19 projects, channeled through governmental and non-governmental organizations, with the following focuses: good governance, social needs network, culture, environment, economic and entrepreneurial promotion, gender and peace construction, among others. One of the projects supports the Ministry of Social Development and Women (MIMDES), in order to ensure that the Peruvian National Plan to fight violence against women is not withdrawn.

AECID also participates in the Basket Fund (Box3) implemented by the Ombudsman of the People and is expecting the results of the PEFA Mission. Last year, AECID tried to contribute to the reconstruction of the south of the country through one of the new modalities of aid; however, this possibility was never firmly agreed with the new entity FORSUR, in charge of leading the whole process of reconstruction. Due to this delay in settling the demand, AECID decided to use a traditional modality to support the rebuilding of a hospital in the affected area.

BOX 3: Peruvian Ombudsman and Basket fund

This aid modality consists of the finance support from different donors to executing a project or programme under common management mechanisms which have been designed by all donors and are to be followed by them all. This modality requires a great deal of confidence in local institutions, with clear and transparent proceedings and a common interest and commitments among all donors.

In 2005 the Ombudsman of Lima proposes this modality based on the Bolivian experience, setting a Promotion of equity and inclusion in order to achieve the human rights, demanding support to its donors.

In December 2005 the first donors interested in financing through a basket funding modality were COSUDE (Switzerland), CIDA (Canada), Sida (Sweden) and the Belgian Embassy and they all signed the “Interest declaration” letter. APCI was integrated as a regulator institution. Afterwards the AECID was incorporated to the donors group. Finally all those donors have committed their finance support through the basket funding, but (whereas) the Belgian Embassy supports the programme directly. So far it nearly 5 million USD have been executed through the basket fund, during 2006 - 2010.

⁹ AECID, 2008.

This modality allows reducing the cost of aid supervision and accountability, for both the Ombudsman and the donors involved.¹⁰

Both the EC and AECID have their own strategy documents. However, they do not usually report the final results of the strategy implementation itself. Instead, they usually report results achieved in every programme and in final project documents, after the regular evaluation has taken place. These are published and disseminated among all the cooperation social actors and stakeholders involved.

2.2.2. The achievement of Paris Declaration goals

APCI has the purpose of going further on developing effective mechanisms that facilitate the achievement of Paris Declaration goals. Two projects, one financed by AECID and the other financed by EC, will perform different activities on behalf of alignment, harmonisation and mutual responsibility goals, such as implementing monitoring systems, staff training in sectors and sub-national administration, among others. Both projects will also improve the monitoring and evaluation system of official development aid, integrating regional governments; the AECID project is implemented in four departments since 2008, and the EC project will probably start in 2009, taking place all over the country.

In addition, the Policies and Programs Directorate at APCI is involved in supporting appropriation and alignment principles among national sectors and sub-national governments; APCI has activities to develop planning capacities on regional governments. The APCI has development priorities in five sectors, some of these are aligned to the National Poverty Reduction priorities (PRS), such as health, education and water provision services. As the chief of the recently created CEPLAN is the former APCI's chief, it is expected that these priorities will be taken into account in CEPLAN planning.

A donor forum was launched by APCI in year 2006; however this forum has not been continued because of conflictual relationships between APCI and Peruvian NGOs under the present central administration¹¹. Donors have organised themselves in working groups, divided by different topics, such as water, good governance, gender, environment, disasters, justice, education, among others. The purpose of these meetings is to share information on specific topics according to an annual agenda, including the new mechanisms of official development aid, regarding Paris Declaration goals¹². The frequency, attendance and number of participants varies from one group to the other.

¹⁰ CTB – CIES – Observatorio de la Salud. *Nuevas tendencias de la Cooperación Internacional en el Perú*. Lima, abril 2008.

¹¹ DE LA CRUZ-BARRIG-RODRIGUEZ, *El financiamiento para la igualdad de género y la nueva arquitectura de la ayuda. Los casos de Guatemala y Perú*. Documento de trabajo n° 26. Fundación Carolina Ce ALCI; Madrid, 2008.

¹² Interviews and DE LA CRUZ-BARRIG-RODRIGUEZ, Op. Cit.

2.2.3. Gender responsiveness

Among these working groups, the gender roundtable of donors (MESAGEN), aims to discuss gender issues, and gathers together all the donor gender focal points and is headed this year by CIDA representative, Cecilia Aldave¹³. This coordination unit is now 13 years old and is financed by CIDA, UNFPA and UNIFEM, and relies on the active participation of their representatives as well as those from AECID and USAID. There are 24 donors involved in this working group; the group promotes gender criteria in public sector decision-making spheres, especially in the case of MIMDES, where it should be one of its main purposes. Nevertheless, CEDAW 2007 reports raise concerns over MIMDES achieving the gender equity commitments¹⁴.

The AECID promotes the implementation of the National Plan to Reduce Violence Against Women as one of its strategic working lines. AECID also supports the Dirección de la Mujer, to establish the Gender Observatory and the following-up of the implementation of the Equal Opportunities Plan (PIO). AECID supports as well the so-called “Ministry rapid initiatives” in the MIMDES. This support consists of financing consulting services to increase women’s access to information services involved in the implementation of PIOs, for instance the translation of the plans into native languages.

2.2.4. Gender policies of the Spanish Agency for Cooperation and International Development (AECID) and the European Commission (EC)

The gender approach in development agencies is translated through institutional policy and is explicit in the EC’s and AECID’s documents. In the case of EC, there is a special interest in interventions aimed at strengthening the equal opportunities policy through mechanisms for monitoring progress all over the country¹⁵. The EC supports gender-responsive NGOs and other civil institutions and organizations through smaller funds.

AECID includes a gender approach explicitly in all its interventions including in its own organizational policies. The AECID directorate and sub-directorate are headed by women. Among its seven strategic objectives one objective is aimed at increase women’s autonomy and capacities, which can be addressed by promoting women’s representation and enhancing gender equity policies and mechanisms¹⁶.

The monitoring and evaluation of gender responsiveness in projects is carried out by donor focal points through monitoring visits. However it is not clear whether they have specific indicators to track gender responsiveness according to the donor gender policy. In particular, AECID has provided a document of how gender concerns are expected to be implemented by partners. This guide has some methodological steps on how to integrate gender within new development aid modalities; they have also recently disseminated a new aid modalities guide. Since there are no indicators to monitor, the application of these steps is up to partners themselves.

¹³ Interview to Cecilia Aldave.

¹⁴ De La Cruz-Barrig-Rodríguez, 2008.

¹⁵ Interview to Jean-Charles Fiehrer, charged of EC Cooperation, and to Patricia Ramos, Adjoint Chief from AECID.

¹⁶ España. Ministry of Foreign and Cooperation Relationships, AECl. Strategy Country Document 2005-2008. Spanish Cooperation. PERU.

2.3. Description of Country Budgeting Process

This section focuses on national budgeting process and the new practices involved: Multi-annual budget and Results-Oriented Budget. Evaluation and transparency mechanisms are included in order to present national budget challenges.

Strategic Budget Planning

After the deactivation of the Planning Institute in 1992, the Ministry of Economy assumed responsibility over planning functions. Strategic Sectoral Multiannual Planning and Strategic Institutional Planning were introduced in the late 1990s, both for the medium and long term, and should articulate what is defined in the Institutional Operation Plans. All the sectors and levels of the Public Administration formulate their own Plans.

Nevertheless, one of the most important problems in national budgeting concerns different criteria identified in the programming and planning processes. The Multi-annual Sector Strategic plan (PESEM) and the Strategic Institutional Plan (PEI) refer to a single budget item ‘pliego’. Each ‘pliego’ in the national budget is independent from the others, since there is no incentive to coordinate sectoral and institutional planning. What is evident in the practice is that institutional strategic objectives do not match 100% to what is specified within the PESEM.

The budget and its execution are classified according to three criteria: the institutional, the functional and type of expenditure. Evidence shows that this instrument (PESEM) has restrictions in its strategic planning capabilities due to the inconsistency of programmatic (sector) and institutional perspectives (executer entity) at the moment of planning. In addition, the public administration has weaknesses in its technical resource capabilities.

Additionally, within the decentralization process frame, a level of territorial type planning was established, called Concerted Development Plan (PDC). This PDC, along with the PESEM are the referents for the PEI at decentralized level.

Due to the World Bank’s influence, the System of Monitoring and Evaluation of Public Expenditure started to be implemented in 2003 later to become the Budgeting Programme by Results. The component of Planning by Results (PpR) is in an embryonic stage of development in the whole Peruvian Public Administration, including local governments. With the change of government in 2006, the Parliament approved the start of this process with five programs, where the actor “woman” appeared as a vulnerable sector. The programs that are “protected” against any budget cuts, and, moreover, should be prioritized in the face of a surplus in the national budget, are:

- Minimum malnutrition
- Health mother-neo-natal
- Achievements in Education – 2nd year
- Access to identity

- Access to health and education services as well as to markets

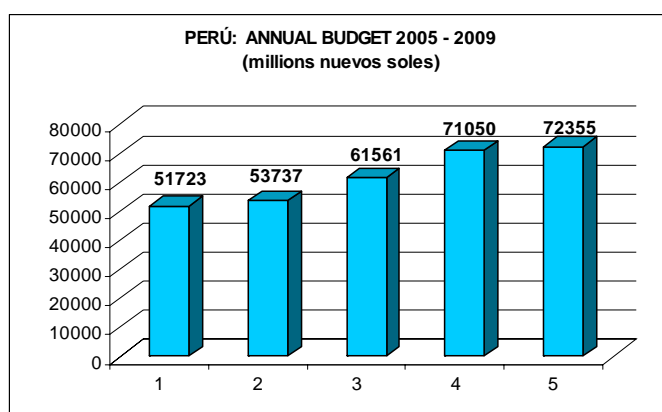
In 2008, four new programs in Rural Development are being formulated, and will be incorporated into the PpR starting in 2009: infrastructure building in the sectors of repair, telecommunications, environment and electrification.

At the moment, the PpR comprises around 3% of the national budget, whereas the Participatory Budget, at sub-national governments, represents 13% to 15% of the total national budget. Taking into account that half of the budget comprises foreign debt payments (around 25%) and state pensions (25%), the desired improvement in expenditure quality will tackle a fairly limited extension. The MEF proposes that more fractions of the national budget are incorporated into in Budgeting by Programs; it has sensitized local and regional governments about the convenience of transferring their budget to this programme.

This recent change has motivated joint working of officials and technicians in charge of elaborating the budget, to discuss the budgets and their eventual results. This joint working is expected to contribute to the improvement of the quality of expenditure.

The National System of Public Investment (SNIP) was created in 2002, by Law 27293 it is an ex-ante evaluation system for social investment projects meant to contribute to allocate public resources more efficiently. The SNIP seeks to ensure that scarce public resources have greater impacts, adequate levels of social profitability and sustainability. The effective sphere has been the pre-investment stage, which prioritizes the Ex-Ante Evaluation instrument, the main objective of which is to guarantee the appropriateness and efficiency of projects that are to be financed. The current government has given flexibility only to projects where the investment is over 10 million soles for sub-national governments from May 2007 onwards.

Despite of the fact that the total budget has increased every year (Figure 7), the estimated rate of increase for year 2009 will diminish in order to avoid possible



inflation tends in Peruvian economy. The new Economic and Finance Minister has reduced public expenditure in most sectors, in real terms, as inflation rate has arisen to more than 5% in the first eight months of year 2008.

Table No.8 shows main budget allocations in the current year. Central government takes up nearly

two-thirds of national expenditure, while sub-national governments (local and regional) take up less than a fifth.

Table 8
Budget 2008 by big “pliegos” consulted through 6 August 2008

Government Levels	PIA	PIM	Execution			Complete %
			Obligation	Accrued	Remitted	
E: NATIONAL GOVERNMENT	48,204,512,196	52,977,253,080	26,941,963,925	25,782,053,837	25,390,794,427	48.7
M: LOCAL GOVERNMENTS	10,881,556,746	16,641,441,522	6,514,376,573	6,220,997,318	5,899,328,518	37.4
R: REGIONAL GOVERNMENTS	11,709,121,769	15,455,339,981	6,908,664,090	6,438,620,919	6,286,312,551	41.7
TOTAL	70,795,190,711	85,074,034,583	40,365,004,589	38,441,672,073	37,576,435,496	45.2

Source: MEF. Elaborated in-house.

In this context of increasing fiscal resources, Peruvian state employees tend to spend less than the total public budget mainly because of lack of skills in public procedures, which are complex to young employees without adequate capacities. Long and bureaucratic procedures and mechanisms prevent state employees from managing finances effectively. The government has also reduced top salaries for state personnel. The SNIP and SIAF state systems are two of the most difficult obstacles for administrative personnel. Regional and local governments, in particular, are still reluctant to accept the changeover to the SNIP system. In 2007, they, together with public pressure, obtained that Peruvian government acceptance to lower the threshold to 10 million nuevos soles per project (approximately 3, 5 million USD).

There were important budget increments in the first quarter of 2008. An initial Opening Institutional Budget (PIA) of S/.48, 205 million has increased to a Modified Institutional budget (PIM) of S/. 51,438 million, which represents an increase of S/. 3,233 million. These resources mainly come from three sources: S/. 1,416 million from ordinary resources, S/. 836 million from donations and transfers, and resources collected directly.

Annual calendar

The budgeting process starts with the promulgation of the law by the Parliament in December each year. After the promulgation, the period of the following year’s budget planning starts with the closure and conciliation of the previous budget, during the months of March and April. The final evaluation of the previous year’s budget takes place in May.

The formulation of the budget starts in June, with the formulation of the PESEM which, later on, is consolidated at all “pliegos” level by the National Department of Public Budget in August. In late August, the Central Government sends the national adjusted budget to the parliament, having to advocate the budgets for each sector up to September. The Parliament approves the National Budget in late November.

For effects of budgetary control, the General Directorate of Public Budget (DNPP) undertakes the budgetary control of the execution of the authorized foreign debt funds; additionally, the Controller’s office and internal bodies of each sector are in charge of doing so along the year. Expenditure level evaluation per each entity is done every semester within the 45 calendar days after the first semester of the current year, that is, in the months of August and January.

Participatory Budget

The process of implementation of the Participatory Budget as a mechanism for making decisions about the allocation of regional and local government investment expenditure is adequately regulated. It has a law, and, furthermore, an annual directive is published which gives standards for its operations. Since the budgeting process of 2004, this mechanism has been implemented regularly. Its preparation stages along the year are the following:

Table 9: Participatory Budget Calendar

Activities	Month
Publication of manuals	January - February
Spreading, inscription of participating agents	March - April
Trainif Workshops to participating agents	May - July
Prioritization workshops	July - September
Technical Analysis of projects	September - October
Send summarizing reports to MEF	November

Source: MEF, 2008.

Evaluation

The national budget's (national sectors and sub-national governments) execution of goals is evaluated every three months by the National Budget Office and the annual budget is reformulated depending of the aggregated expenditure.

Several factors have been associated with the minimal impact of national budget evaluations. Evaluations are isolated, and in general, linked to fulfillment of the conditions for loans from multilateral organizations. Evaluation reports tend not to be disseminated effectively and therefore do not contribute to improvements in the quality of budget execution. The insufficient and inadequate dissemination of the evaluation results outside of the Executive Power limits the social control of the budget. Other weaknesses are the lack of a results approach in public management. Evaluations are not articulated tools neither in the budgeting process nor in the multiannual planning of actions and resources. The evaluation process also over-emphasizes budget execution.

Another problem relates to the differences of programmes, activities and projects, at level of the programming structure of National expenditure (Integrated System of Financial Administration – SIAF). This system is being improved with the definitions of performance indicators of each level of goals, expenditure programmes and specific actions, as it is being validated with the Results-Oriented Budget.

In the budgetary exercise 2008, strategic planning has already been included. Performance measurement and the goals which were set and achieved will be elements to be discussed in the meetings supporting the budget. This experience is fairly recent and no results are yet available from the evaluation process. Some problems have been identified in registering activities in the monitoring and evaluation systems: staff in charge of monitoring need further training.

Transparency and submission of accounts

Promotion of 'Civil Participation' and 'Transparency' are two of the pillars of the Peruvian Public Budget. The process of submission of accounts, piloted particularly by local and regional governments, require improvement in terms of providing adequate information to consolidate a culture of transparency in the Peruvian government and society. The current transparency mechanisms are not accessible, and the information is neither timely, nor disaggregated. Moreover, in many cases there is still resistance from officials to share information.

The promulgation of the Law of Transparency and Access to Public Information (Law N° 27927), in 2002, regulates the fundamental right to information. The implementation of the Portal of Economy Transparency of MEF, free-access informative platform which allows any user to access information regarding the execution of the Public Budget contained in the Integrated System of Financial Administration. Budget documents are also publicly available through digital versions available in websites from Economic and Finance Ministry; since the Budget Law since it is approved regularly in December.

The poverty maps, elaborated by the National Institute of Statics and Research (INEI) and Funds for social compensation and development (FONCODES), are the most demanded documents to monitor the territorial distribution of poverty along each year. The Household survey, elaborated also by INEI, analyses the levels of poverty in the population each year. At national level, this survey constitutes the official document that reports progress in poverty reduction.

There are important experiences of monitoring of the national budget by civil society at both national and local level. One example is 'Municipios al Día', produced on the internet by the Instituto Peruano de Estudios, the Participa Perú, an organization related to the Grupo Propuesta Ciudadana, the Economic and Social Research Consortium (Health budgeting observatory), the Universidad Pacifico Center for Research (Children Observatory), among others. These initiatives have web pages to enable access to monitoring documents of social programmes, and analysis of the execution of national and regional budgets.

The spaces of coordination between civil society and the state, on implementation of public policies at national as well as regional levels, are important advances in the culture of transparency. At the national level, these consist of the National Agreement, the Consensus Committee for Poverty Reduction, the National Health Committee and the National Education Committee. At the Regional level the Regional Coordination Committees, Local Coordination Committees, Consensus Committees for Poverty Reduction in departments or provinces, and the Regional Health Committees and the Regional Participatory Education Committees provide these spaces.

3. GRB Experience in country

This section provides an overview of GRB activities undertaken in Peru in the context of the instruments that are relevant to development aid.

3.1. Gender priorities

From 2004-2008, national surveys on the situation of Peruvian women showed that violence against women, inadequate access to education, unwanted pregnancy, sexual harassment, and unemployment are the most acute problems facing Peruvian women.¹⁷ These issues and priorities were addressed by the National Plan for Equal Opportunities for Men and Women (PIO) in 2006. The PIO also addresses different kinds of violence against women (family, sexual, and violence from armed conflicts). Equal access of women and men to labour markets and natural resources was addressed by better labour conditions (access to former jobs), and job creation through the National Directorate of Micro and Small Enterprises (MYPE) sector promotion. Better access to economic resources was addressed by better credit opportunities, labour training and land tenure process.

Regarding unwanted pregnancy, the PIO promotes women's autonomy to decide over their sexual and reproductive rights, better access to family planning, and the use of contraception. In order to accomplish equal access to education, the PIO has a particular focus on girls' education in order to accomplish the Law on promoting rural girls' education, supported by multi-sectoral networks which involve participants from public sector, the development community, and civil society. The MIMDES is in charge of monitoring and evaluating this national plan at local and sectoral levels. Gender is taken into account in different ways among Peruvian sectors. The advances achieved depend particularly on the focus and priorities of development aid or on the leadership of programme sectors. Nevertheless, there are some advances on gender sensitive budgets. One of them is the enactment of the law 29927 on Planning and Formulating the Public Sector Budget based on results, which constituted an advance to promote efficiency and transparency in assigning and executing funds from the national treasury. The Law 29083 has added to this, modifying the Article 47^a of the General Law of the National budget System, incorporating gender analysis into the process of evaluation and execution of the public budget (Box 4).

¹⁷ V Annual Survey on Woman Condition. Public Opinion Group from University of Lima. February 2008

BOX 4: Working on the gender responsiveness of national budgets “The Sasieta Law”

Congresswoman Rosario Sasieta is a well-known lawyer in Lima, Peru. Before becoming congresswoman in year 2006, she conducted a far-reaching radio programme called “Señora Ley”. The programme was opened to women and was effective in raising women issues. Last December Mrs. Sasieta presented a legal project that was sanctioned in the Budget Working Group at the Peruvian Congress. The Law establishes the monitoring and evaluation of national budgets from a gender perspective as part of the general budget law of the country. The spirit of the law acknowledges importance to the elaboration and use of gender indicators to track the outcomes of public budgets.

*“The evaluation of the budget execution of all the public sector should include the analysis of the impact of public policies in terms of gender equality”*¹⁸The main challenge for the implementation of the law is that the Ministry of Economy and Finance of Peru gets to elaborate a gender code system to be included in the annual programming of the national budget. This crucial step is in hands of the gender machinery (Ministry of Women and Social development – MIMDES).

Based on: Interview with Congresswoman Mrs. Rosario Sasieta.

After Law No. 29083 was sanctioned, a working group was formed, which is responsible for the realization of the law. This working group is part of the Public Budget Committee at the National Parliament, headed by the congresswoman Rosario Sasieta Morales. This group comprises the Ministry of Women and Social Development (MIMDES), the Ministry of Economy and Finance (MEF), representatives of the civil society and International Cooperation agencies.

The author of the law points out that the law will contribute to making priorities of public expenditure visible in the reduction of gender gaps in the short term. She considers that the application of the law might start with three basic regulations: ensure full access to higher education at an appropriate age; generation of women’s jobs with adequate working conditions; the increase in mother/child health service coverage and quality.

The Ombudsman in the Peruvian state is an important example of GRB in the Peruvian state. From the very beginning it has had a Women’s Directorate and it is the only institution from the Peruvian state that acknowledges an explicit gender perspective in the institution’s management and budgeting (BOX 5). The Ombudsman has decentralised offices all over the country.

¹⁸ Centro Peruano de Investigación y Desarrollo de Proyectos. “Manual de Presupuesto Público 2008”, p. 245 numeral 47.4, Lima, enero 2008

BOX 5: The Ombudsman has the potential to become the first GRB in Peru

The Ombudsman operates in Peru since 1993 with the mission to *protect human and constitutional rights of people and communities*. To carry out its mission, the Ombudsman supervises the accomplishment of the state's duties in the provision and administration of public services to citizens. In former years, its annual budget was funded almost entirely by aid, but currently, 60 percent of the budget is financed by public funds. The planning and budgeting takes place in a participatory process that collects the initiatives and priorities identified by the offices at local and national levels in a process that lasts 3 months. This planning allows the adoption of gender priorities in the supervision of people and communities' rights with regard to AIDS, maternal and child -care; reproductive and sexual rights, the promotion and monitoring of gender friendly language in the communication materials of different State agencies. Gender training is provided to national and local teams of the Ombudsman as part of the induction training whenever new members are incorporated. The annual budget allocates 3% to address violence against women and other 3% to the issues raised by the Women Directorate. The information system provides information on services by gender and it also gives information about the gender nature of the attended cases, to that extent, it opens opportunities to link the budget to the record of institutional activities by gender. Gender responsiveness can be tracked in the processes, but not in results as indicators still need to be defined at this level.

Based on: Interview to the responsible of the Women Adjoin, Mrs. Eugenia Fernan- Zegarra.

The Ombudsman has the acceptance of all sectors of Peruvian society; its management enjoys a high level of acceptance. The Ombudsman is an autonomous entity and not a sector of the governmental apparatus, its function is to supervise the implementation of the LIO.

3.2. Civil Society and GRB

Civil society organizations committed to gender equality have been active in propelling and generating instruments for implementing potential mechanisms to make the gender perspective and its possible results evident in the execution of national budgets. An example is the organization Movimiento Manuela Ramos (MMR), which is developing gender indicators for the programs prioritized in the Budget by Results 2007 (Box 6).

Box 6. Gender Indicators for gender responsive budget

The "Movimiento Manuela Ramos" (MMR) is a civil society organization in Peru. It is one of the oldest feminist organizations and has been successful in addressing women issues and priorities particularly in the area of women's economic, social and political rights.

In year 2007 the National Budget General Law included 11 priorities to reduce poverty: most of them explicitly addressed women's interests but had no indicators to track final outcomes in terms of gender equality¹⁹. The MMR supported the elaboration of gender indicators for these priorities in the national budget. These indicators have been proposed to the Gender Machinery (MIMDES) for monitoring the Results Oriented Budget implemented in 2007, to increase the quality of the National Budget. The MIMDES is promoting discussions on these indicators among different sectors.

¹⁹ The 2007 Result oriented budget, explicitly addressed gender concerns "Health care for pregnant women and Priority education for boys and girls from 5 to seven years"

For example, one priority in the budget is improving access of boys and girls below five years old to kindergarten and the monitoring of the attendance and training of teachers.

The proposed indicators to track outcomes in these fields are:

Gender gap in the access to kindergarten.

Description: gap between the percentage of boys and girls from 3 to 5 years old who attend kindergarten

Gender gap in training opportunities among teachers.

Description: percentage of women teachers training by educational grade minus percentage of men.

Based on: "IG; presupuesto por resultados indicadores de género: educación, salud y programa juntos". Movimiento Manuela Ramos, Lima, diciembre 2007, p. 12. with the support of gender consultant Rosa Bravo.

The MMR also supported the Parliament Committee in charge of monitoring the LIO, with president the Member of Parliament Hilaria Supa, where five indicators have been worked out for each sector. In May, the MMR and MIMDES, promoted a public hearing to evaluate the advances in the fulfillment of the LIO, and recently, in July, they have asked to the PCM, in their role of citizens, about the extent to which the MEF has incorporated a gender classification in the public budget.

Civil society has also been involved in elaborating methodological proposals for the inclusion of gender in the processes of local and regional Participatory Budgeting (PP), as in the case of the network 'Red Peru'. This network is composed of organizations and professionals committed to making processes of budgeting, planning and local and regional development more democratic.

3.3. Local-level GRB

UNIFEM and other donors²⁰ in the Andean Region have supported local-level GRB work in Peru, Bolivia and Ecuador as part of the "Gender Responsive Budgets Programme"²¹. From 2005-2006 UNIFEM analysed the Participatory Budget processes in two poor districts in Lima: Villa el Salvador and Villa María del Triunfo. In partnership with the local NGO DESCO, UNIFEM promoted local appraisals of women's status in the two districts as well as the formulation of women's agendas that would be negotiated in the Participatory budget processes. UNIFEM also trained women's organisations and local government staff. For the fiscal year 2008-2009 the local government in VES allocated a specific part of the local budget to projects addressing gender priorities in the district. Another outcome of UNIFEM actions has been the validated methodology to analyse public budgets from a gender perspective in the Peruvian Andean region. The challenge is to up-scale this experience in coming years.

²⁰ Belgium Aid Cooperation, Volunteers United Nations Programme, DFID and AECID.

²¹ UNIFEM. Towards a gender responsive budget in Villa El Salvador and Gender Approach in the Cono Sur from Lima-Perú. Work Notebook N° 7. 2007. In Economics we all count, Series. Quito UNIFEM, 2007.

4. Gender budget analysis of the labour and small and micro enterprise sector

This chapter discusses the case of a sector that represents a key priority for addressing women's needs and interests in Peru. In the Peruvian context of integration to global markets, the labour and the Small and Micro Enterprise (SME) sectors are critical for women's empowerment. At least 55% of the active labour force in Peru work in the SME sector, and almost 50% of those employed in the informal SME sector are women. Sixty percent of SMEs are rural.

The Ministry of Labour and Employment Promotion (MTPE) in Peru is in charge of the labour, employment and entrepreneurial development policies. The MTPE emphasises SMEs as a priority. Although the sector budget increased by 8.1% during 2005-2008, it has the lowest allocation of public funds, with just 0.4% of the national budget. This allocation is small in terms of the role the sector plays in increasing the integration of women and vulnerable groups into markets with better conditions.

The share of development aid increased in the sector budget from 5% in 2005 to 10% in 2008. The sector is supported by the EC and AECID.

4.1. Labour status of Peruvian women

Economic growth in Peru is accompanied by the sustained increase in activity rates of Peruvian women, who are being incorporated into labour markets and production more intensively than in past decades as compared to men. This incorporation takes place in quite precarious conditions: just 40% of working women have access to "decent work" compared to 53% of men (Table 10). Inadequate jobs do not observe women's labour rights such as maternal rights, social security, organisational and labour training. These constitute key elements for women's effective economic empowerment.

Table 10: Gender gaps in labour - Peru

	Men	Women
Wage labour (2005)	40,9%	23,5
Adequate employment (2005)	53,6%	40,0%
Salary gap (2005)	100	88
Salary gap (1987)	100	74.5

Sources: ILO 2005, MTPE 2005

Source: "Institutions and gender empowerment in the global economy: the case of Peru 1995-2005".

Salary gaps have decreased between men and women in Peru but there is still an important gap to be addressed by labour and employment policies from a gender perspective. Most SMEs run by women are subsistence businesses (low productivity and incomes) and are not represented among SMEs that have high productivity such as those run by men. Gender inequalities (the reproductive roles, fewer mobility possibilities; fewer years of schooling compared to men etc.) prevent women from participating in training programmes for entrepreneurship development, or labour training. These programmes usually fail to adjust conditions to allow women to participate. Women's subsistence businesses are not adequately linked to dynamic and innovative commercial chains and channels.

4.2. The Ministry of Labour and Employment Promotion in Peru (MTPE)

The MTPE has the mission to become "the leading institution for the administration of Labour and Employment Promotion, with the capacities to guide and implement policies and programmes aimed at the creation and improvement of employment as well as those addressing the development of the Small and Micro Enterprise sector (SME), enhancing social prevision, the promotion of job training; to supervise the accomplishment of labour norms and rights with a dialogue and concerted approach among different actors and the Peruvian State".²²

The MTPE has two main sectors: a) the Labor Sector that provides the following services: Free legal defense, Labor inspections, Protection of the Under-aged, Health and Safety at work, Assistance to home workers; b) Employment and MYPE Sector. It is organized in: National Department for Employment Development and Professional Training that comprises the Pro Youth programs, the Statistics and Labor Studies Programs, the Programme of Professional Training, the Labor Intermediation System which connects the Nets of the CIL Labor Intermediation-Net, with national outreach. The National Office for Small and medium Sized Business comprises the Directorates of Managerial Development, the Directorate of Promotion of New Enterprises and the Programme Mi Empresa.

4.3. Identification of gender priorities in labour, SME and the MTPE

Despite the fact that no explicit gender policy exists, the MTPE addresses key issues that are central to the status of women in labour markets and production. These issues are included as priorities or objectives in different national instruments and policy documents such as: *Decent work and social justice* (Acuerdo Nacional); *Competitiveness* (Acuerdo Nacional); *Gender equality in the access to labour markets* (Plan for Egalitarian access to opportunities 2006-2010) and *Opportunities to access markets* (2008 Results oriented Budget). Although the priorities in the different documents differ from each other, they are complementary and have a potential to address the improvement of women's status as labourers and entrepreneurs.

Nevertheless, in spite of the advances in policies, the state has not adopted the operational measures to incorporate gender issues to report on progress on gender issues. A welfare and anti-poverty approach still persists in the way that gender is addressed in the state and in sector proposals. Women are mainly considered to be part of vulnerable groups which need assistance and are not explicitly included in competitiveness, managerial development and job-getting policies. These reasons provide a basis for selecting the sector as a case study. The sector has programs that favor women's participation as economic agents. These programs, however, tend to be initiatives supported by development cooperation agencies, rather than part of public policies. However, these projects have the potential to become part of public policies through the support of development cooperation agencies, and the modification of policies that are potentially favorable to gender issues.

²² Portal del MTPE

4.4. Policies, plans, programmes and projects addressing women's issues in the sector

The study has analysed four directorates in the MTPE sector that demonstrate gender concerns in the implementation of their programmes and projects. Particular focus has been accorded to how gender issues are reflected in the sector's budgeting. These units are Directorate for the Promotion of Employment, Labour and Entrepreneurial Training, the National Directorate of Labour Inspection, the National Directorate of Micro and Small Enterprises (MYPE) and the National Directorate for Entrepreneurial Development.

Matrix 1 shows the analysis of programmes and projects, the gender priorities addressed and not addressed, as well as the likely outcomes. The information was provided by the interviews held with the sector representatives, sectorial documents and the MTPE website.

Employment and MYPE Sector	PROGRAMME	Actions that respond to priorities of gender (favorable to gender)	Actions' Results	Gender Aspects not being considered
National Directorate of Employment Promotion and SMEs	APROLAB- Supporting Programme to Professional Training for Labor Insertion in Peru- Capacitate Perú	The objective is to “Contribute to a higher competitiveness and quality in the working force for economic development and reduction of poverty in Perú”, and its specific objective is to “reorient the technical professional training towards market demand, the socio-economic needs and the potentialities of development of the country”. (Taken from Report from APROLAB). The programme was operated through the strategy of Funds on a Competitive Basis, promoting a contest of initiatives for the development of laboring and enterprising capabilities.	The programme was not developed with a gender approach. However, the Funds’ implemented strategy to execute employment training projects based on a competitive basis has resulted in women’s increased participation. Therefore, the programme has achieved, at least in coverage, an important call for women.	Lacks indicators to measure effects and neither impacts of gender nor effectiveness of International technical cooperation in these terms. Some initial requirements for women to participate in the project represented barriers such as land tenure and being a member of associations
	Statistics and Labor Studies Programme -PEEL This programme is supported by Public Funds	PEEL’s objective is to “Give timely, reliable and quality information about the principal variables in the labor market (job and income); monitor two basic indicators regarding women’s status in the labor market, the existing salary gap between men and women and trends in their labor market activity rates.	It is useful to have information on the trends and developments in the labor status of women. These studies are demanded by different actors and have the potential to make decisions about the public and private sector policies.	Although Studies on salary gaps between men and women are carried out, they lack follow-up work.
	Productive Programme of Social Emergency “ Construyendo Perú”	“Construyendo Perú” aims at the generation of temporary income and the development of capabilities for the unemployed population in extreme poverty, in rural and urban areas, through the financing of workforce-intensive works and service projects, proposed by the inhabitants through their Social Organizations by local, province and regional authorities.	Temporary job insertion of women of wide coverage, which will allow them to develop employment skills in non-traditional sectors like construction, from which they were traditionally excluded.	A quota of participation is considered only in the case of people who are young and have disabilities but not in the case of women. It is the working demand of women itself which determines their larger participation in the programme.
	Pro Joven financed by the BID as a refundable fund that covers 80% of the total budget.	The objective of Pro Joven is to enhance the working feasibility of young people and to strengthen the labor training supply at a national level. The beneficiaries of the programme are poor young people of both sexes, between 16 and 24 years old, with little	From July 2007 to June 2008, the service has been given to 25,000 youngs across the country; 13,366 are women (53% of the total).	Pregnant women are not accepted in some enterprises during the training process and the programme lacks measures to remark sensitization about gender.

		or null working experience, unemployed, underemployed or inactive.		
National Directorate of SME	MI EMPRESA Programme	Mi Empresa provides integrated services for SMEs (training, formalization, entrepreneurship development, and market articulation). The programme provides bonuses for appraisal and support of business plans.	The programme helps women to improve their entrepreneurial skills. The contests of new enterprises, with positive discrimination criterion is allowing women access to training and assistance services and a seed capital amount awarded from Italian cooperation funds. Women's participation has been promoted in spaces of commercial articulation, like fairs, business sessions, business circuits, with good results; an indicator of this is that some of them have started their formalization.	Pregnancy or childcare limits further entrepreneurship development for women and the does not carry out actions to address this issues.
	New enterprises Directorate	The Directorate of Promotion of New enterprises emphasizes its performance in the development of an enterprising culture and has focused school as the base to cultural change. One successful project has been the Concurso Escuela Emprende carried out in the years 2004 to 2006 in which women teenagers participated.	On average, the percentage of young female participants in the contests reaches the 545, which indicates the potentiality for gender inclusion that activities and projects of this nature.	This directorate does not address explicit gender targets.
	Programa de apoyo a la MYPE APOMYPE	The supporting programme to PYME APOMYPE aims at improving competitiveness and bargaining power with the MYPEs in Cajamarca, Cusco and La Libertad.	A gender indicator is included that will measure the results of the National Plan of Support to the small and medium size enterprise in Peru, from a gender perspective. Number of consolidated nets and sustainable businesses that count with relevant participation of women (50% in the 3 zones).	Young men are the ones who tend to be more persistent in their entrepreneurial activities. Women persist less due to their gender conditions like pregnancies or little children care, or because of the existence of male power relationships in the family, they cannot overcome. The programme does not assist this kind of disadvantage that women face.
National Labor Directorate	National Directorate of Labor Inspection	Labor Inspection watches the fulfillment of social-labor regulations and social security regulations in accordance with the Agreement N° 81 of the International Labor Organization.	Home workers' demands have decreased which seems to be the result of campaigns and operatives. There has been a contribution to the home workers in terms of informing them of their rights and that they can report abuses. Right now employers are highly aware of labor rights of people working in their homes.	The pending gender priorities are: defense of the Rights of pregnant mothers, labor inspection in homes where there are home workers, sexual harassment, labor inspection of workplaces with agricultural women workers, the right to become a member of a union.

The matrix shows that the Directorates and Programs analyzed have achieved improvements in the working and enterprising capacities. Attention has been given to the working rights of vulnerable groups of working women, such as home workers and women that lead survival small and micro enterprises.

- a) In the case of labour or working capabilities, the programs Mi Empresa and APROLAB have given attention to women in rural areas. The programmes have done this by integrating a gender perspective into technical training, by adjusting schedules, training venues, and topics which allow women to be included. Thanks to an International Technical (ATI) assessment gender has been included in the selection of productive projects of the Funds on a Competitive Basis.
- b) Improvement in working women's employment skills is carried out through the Programs "Pro Joven" and "Construyendo Peru". The latter fosters temporary large-scale employment for women and men especially in urban areas and is now moving into the rural spheres where income levels are lower than in cities. Women's participation in the programme in 2007 was higher than that of men's: 129,693 women compared to 84,646 men. Some signs of the potential of this programme in relation to gender are the measures adopted to ensure the inclusion of women heads of households who have children under 18. Women's rate of drop-out from the programme is lower than that of men. The measures have favored the establishment of community services for self-help for children care of working mothers, facilitating their access to employment.
- c) Promotion of small and micro business. The MYPE National Directorate has favored the inclusion of survival micro-businesses, particularly the ones led by women, to commercial circuits like fairs and business sessions. This Directorate will start the implementation of the project: "*Fortalecimiento de la Dirección Nacional de la Mype para el desarrollo de políticas e instrumentos para las MYPE*" (*Strengthening of the MYPE National Directorate for the development of policies and instruments for the MYPES*), with the financial support of the Belgian Technical Cooperation (CTB). The project will run for three years with a Belgian contribution of 2 450,000 Euros and 245,000 Euros from national sources.

Because of sector restructuring, PROFECE, the only programme which had a clear gender orientation was integrated, along with PROMPYME, to the programme Mi Empresa, losing the explicit attention to the promotion of improvements in employment skills of women.

An important improvement in the sector is the inclusive language used in documents and communications. Although it has not been explicitly regulated with an internal directive, some female and male workers are promoting a greater sensibility to gender on their own initiative.

- d) Another advance is the periodic supply of information and dissemination of indicators on women's participation and conditions in labor markets through the PEEL programme and its annual reports on "Women in the labor market" at national level, and in some cases, at local level. The PEEL has implemented labor

observatories in different localities in Peru that use labor indicators from a gender perspective.

- e) The Labor Inspection Office monitors the realization of working rights of groups of vulnerable women, such as pregnant women and domestic workers. The office has a labor inspection form that enables information about labor inspections to be disaggregated according to gender. Thanks to the support of the programme FORSAT (Strengthening of Work Administration) financed by the OIT, an assessment was carried out, as a result of which a set of rules for labor inspections, and the formation of inspection groups specialized in gender, children's work and hard labor issues were included.

The Labor Inspection Directorate addresses these services to the attention vulnerable groups like disabled people, children and the home workers sector. The Directorate is the only service that can receive formal complaints and demands of socio-labor protection from the sector of low-income workers.

♀ Gender issues NOT addressed

Although some programmes (Construyendo Peru and APROLAB) have addressed the rural population in their programming, rural women and their enterprises are not covered at all in the information generated by the sector. There is an increasing interest in the PEEL to move the analysis of employment and SMEs towards rural areas. Rural women are also not covered by the sector in terms of monitoring their basic labour rights in key productive sectors such as the increasingly export-oriented agro-business sector that employs large numbers of women. The labour rights of pregnant women are also covered to a limited degree and the budget allocated to the Directorate of Labour Inspection is small.

Economic growth has also brought about a growing trend female-dominated sectors, such as textiles, organizing in trade unions. The participation of women in this new wave of trade unionism is not currently monitored by the sector. There is little information about the protection of these labor rights for working women on the part of the National Directorate of Labour Inspection. The result-oriented budget for 2009 has included labour inspections as a priority in the national budget. This measure responds to the requirements of the Trade Agreements signed with the USA and EC. The measure does not yet explicitly incorporate gender issues. The labor Directorate is expected to play a key role in this regard to address women's labor rights.

In the new MYPE Law there is no particular emphasis on promoting new entrepreneurship and competitiveness with a gender perspective. Even if the interventions are apparently 'gender neutral' and non-discriminatory, the lack of gender focus means that women may face obstacles in accessing equal opportunities in order to develop entrepreneur abilities and better access to markets.

4.5. Rapid gender budget analysis of aid and expenditure

The MTPE Budget has two main budget statements: a) Budget statement (Pliego) 012: the Labour Sector that provides the following services: Free legal defense, Labour

inspections, Child Protection, Security and Health in Labor, Support to Home Workers; b) (Pliego) 120 Employment and SME Promotion, it is organized in to Directorates: National Directoral for the Promotion of Employment and Labor Training; it is composed by the programs PROJOVEN, Construyendo Peru; PEEL and Mi Empresa). Table 12 shows how development aid has increased its participation as part of the overall sectoral budget.

Table 11: Development aid as part of Sectoral Budget "Labour and Employment Promotion" Peru 2005-2008 (USD)

	2005	%	2006	%	2007	%	2008	%
Total Sectoral Budget	91,071,736		84,845,929		106,448,699		116,141,143	
Donations	1,709,812	2	2,235,162	3	2,744,673	3	2,131,383	2
Repayable funds	4,275,700	4.7	4,024,294	5	5,766,207	5	9,718,190	8

Source: Ministry of Economics and Finance web.

Note: tc = 2.9 year 2008; 3.3 year 2006; 3.4 year 2005

4.5.1. Funds allocated to gender-responsive programmes

The budget statements in the sector's budget are not organised as cost centres by programmes, instead the sector budget is organised by specific targets each year. However these sectoral targets respond to national objectives and priorities in different national instruments such as competitiveness, formalization and promotion of SMEs, as well as training to improved capacities for SMEs.

Funds allocated to previously discussed gender-responsive programs and schemes, are outlined in Table 13 for years 2007 and 2008. In 2007, the sectoral budget included the programme Mi Empresa and made explicit a gender target for the promotion of access of poor women to market opportunities. This specific target disappeared in 2008. The programs Pro Joven and APROLAB were supported by BID and EC respectively. From 2006 – 2008, the Movimiento Manuela Ramos with EC funding supports the project "Promoting the access of women in SME into formal labour markets". This project has 118,047 USD from public funds and 458,963 USD from EC.

The programmes have spent 95% of their allocated funds, i.e. almost fully spending their allocations.

Allocated funds to gender responsive programmes and projects (2007-2008)

PROGRAMME / PROJECTS / DIRECTORATE	Allocation by funding source 2007			Allocation by funding source 2008				
	Public Funds (nuevos soles)	USD	Development aid	USD	Public Funds (nuevos soles)	USD	Development aid	USD
SUBMINISTRY OF EMPLOYMENT PROMOTION AND FROM MYPE 1/	842.696	290.585	-		1.587.116	547.281	-	
NATIONAL DIRECTORATE OF EMPLOYMENT PROMOTION AND PROFESIONAL TRAINING 3/	5.165.960	1.781.366	-		6.570.022	2.265.525	-	
PEEL	714.968	246.541	-		730.968	252.058	-	
CIL NETWORK	416.572	143.646	-		248.000	85.517	-	
PROFESIONAL TRAINING DIRECTORATE	278.159	95.917	-		176.200	60.759	-	
CONSTRUYENDO PERU	15.264.000	5.263.448	-		200.264.000	69.056.552	-	
PROJOVEN	7.436.000	2.564.138	16.650.000	5.741.379	7.436.000	2.564.138	25.600.000	8.827.586
APROLAB	1.351.724	466.112	5.870.973	2.024.473	723.498	249.482	4.327.644	1.492.291
LABOUR INSPECTORY DIRECTORY	18.758.053	6.468.294	-		14.781.998	5.097.241	-	
MYPE NATIONAL DIRECTORATE 2/	3.399.468	1.172.230	-		5.923.787	2.042.685	-	
ENTREPRENEURSHIP DEVELOPMENT DIRECTORATE	-		-		-		-	
NEW ENTREPRENEURSHIPS PROMOTION DIRECTORATE	-		-		-		-	
MI EMPRESA	4.268.541	1.471.911	1.377.589	475.031	3.759.840	1.296.497	1.242.885	428.581

Notes: 1/ The budget goal involves both sub-ministries; the disaggregated data is not available.

4) Pro Joven is co-financed by the BID; APROLAB is co-financed by the EC and Mi EMPRESA by AECID and EC (the disaggregated data by source is not available in this last one)

5. Recommendations: Potential of the Paris Declaration and GRB in Peru

1. Given the potential of new instruments of the national budget, it would be important to invest in building capacities of staff in MIMDES and MEF to operate a systemic approach to linking national policies (including those of gender), programming and budget with the monitoring of results indicators.
2. The most potential instruments for GRB are the Results-Oriented budget (PpR), the new Law of Gender Public Budget Evaluation and the monitoring of the national budget (Sasieta Law). It is important to support the design of specific gender indicators for all sectors included.
3. Conducting advocacy to include a gender focal point in CEPLAN will allow new aid modalities to address the priorities of vulnerable groups of women in national planning. Strengthening capacities of gender focal points in different sectors will also enable a gender perspective to be integrated into national and sectoral policies, and will facilitate the implementation of new development aid modalities and GRB.
4. The formulation and inclusion of a gender-specific national budget classification code is an urgent task, as is providing technical support to the working group (conformed by parliament, central government, donors and civil society representatives) in charge of the promotion of Law 29083. Additionally, it will be important to disseminate information on the potential of this law to local authorities of sub-national governments and civil society, particularly women's organisations.
5. It is also urgent to provide the MEF evaluators with a technical proposal for the incorporation of gender awareness in project appraisal format regarding National System of Public Investment (SNIP). This technical proposal should provide evidence of the costs and benefits of integrating a gender perspective into public investments, as has already been the case with environmental and participatory approach. This task should be in charge of both MIMDES and MEF.
6. It is highly recommended that permanent technical assistance be provided to the National Gender Machinery, and for the MIMDES to monitor programmes included in the result-oriented budget with gender indicators. In particular, it is important to promote the inclusion of a programme of market opportunities of women in the results to address economic empowerment as part of poverty reduction strategy.
7. The civil society initiative to include gender indicators for health, education and poverty reduction in results-oriented budgeting should be enlarged to include gender indicators in other crucial sectors such as labour, agriculture, and international commerce. Conducting advocacy is recommended in order to make the crucial importance of gender in labor and productive sectors in the context of the different trade agreements Peru has already signed visible for donors and Peruvian state. A strategic instrument to support this effort is the Observatory of Labor and Productive Conditions of Women, which can guide sectoral policy design and the further implementation of new development aid modalities.

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Appendix: Interviews

MIGUEL PRIALÉ, National System for Public Investment Director, MEF

ANA MARIA GUEVARA. Multi Annual Budget Framework Coordinator, MEF

JOSÉ CARLOS CHAVEZ CUENTAS. Results oriented budget, MEF, consultant.

JAVIER PAULINI. Results oriented budget Programme, MEF, consultant

SAMUEL TORRES TELLO, Local Governments Responsible, at the General Public Budget, MEF

ROSARIO SASIETA, Congress woman

CHARI ARCIA BACA Congreso Sasieta consultant

JULIO OROZA, PROSIS responsible, Belgium Technic Cooperation

CECILIA ALDAVE RUIZ, Gender Fund Coordinator FIG – ACDI and MESAGEN participant.

AIDA FERRUA, Multi Annual Budget Framework, MEF

SILVIA QUINTEROS, Women Directorate, MIMDES

LIZBETH GUILLEN, Movimiento Manuela Ramos

GINA, YÁNEZ, Movimiento Manuela Ramos

EUGENIA FERNAN –ZEGARRA, Ombudsmen women adjoint

CARMELA VILDOSO, Nacional Agreement Technic Secretary

FEDERICO ARNILLAS, Nacional Agreement. MNCLCP

JEAN-CHARLES FIEHRER, EC Cooperation chief

ROXANA GUERRA, UE, EC Gender Focal Point

PATRICK REBOUD, PASA, EC PASA programme

PATRICIA RAMOS, AECID Chief adjoint

KAREN SUAREZ, PSG, UNIFEM – Perú Responsible

ANA MARIA RIOS, Labour Statistics and Studies Programme (PEEL)

GIULIANA ORMEÑO COLLAZO, APROLAB, Support Programme for Labour training and insertion MTPE

MARCO CRIOLLO, Labour market specialist, Support Programme for Labour training and insertion Especialista en Mercado de Trabajo, APROLAB, MTPE- UE

SIRIS MORI y SILVIA DEL CARMEN, Support Programme for Labour training and insertion, administration unit personnel

LUIS GALVEZ LEON, MYPE Nacional Director

YOLANDA ERAZO FLORES, Labour Training Director

VANESSA CANTURIAS, MTPE Labour inspectory

MILAGROS DEL RIO VASQUEZ, Labour inspectory Director

JORGE FERNANDEZ and MARIA EUGENIA MOYANO, Technical supervision area and Registering and Training entities selection, from PRO JOVEN

DAVID ADOLFO PALACIOS, Nacional director of Construyendo Perú Programme

SANDRA ROCA, Labour inspectory Sub-Director

TERESA QUEZADA, Mi Empresa, MTPE

NATALIA GAMARRA, Entrepreneurship Sub directorate – MYPE Directorate