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**Draft country programme document for Peru (2012-2016)**

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## I. Situation analysis

1. Over the last decade, thanks to its open economy and its buoyant construction, mining and trade sectors, Peru has recorded the strongest average growth rate of any Latin American country (5.9 per cent) and has therefore been ranked as an upper-middle-income economy. By 2009, it had reached its targets for reducing extreme poverty and child mortality, and had made significant progress in achieving the other targets (2009 report on the Millennium Development Goals (MDGs)).

2. Between 2005 and 2010, economic growth and the establishment of social programmes for the benefit of the most vulnerable population groups led to an increase in the country's Human Development Index (HDI) from 0.695 to 0.724 (four places higher in the world ranking) and reductions of 34.8 per cent and 11.5 per cent in poverty and extreme poverty respectively.

3. Despite the country's economic performance, there are still pockets of severe poverty and unmet basic needs in large segments of the population, owing to the inadequacy of the mechanisms for improving distribution of the wealth generated. Levels of inequality and exclusion remain high, particularly in rural areas, where the most vulnerable population groups live (mainly indigenous peoples and women). The situation is compounded by the insufficient resources allocated to science and technology (0.1 per cent of gross domestic product (GDP)) and the existence of some regions and population groups that are excluded from the dynamism of the market and where State agencies have only a limited presence. In 10 out of the country's 25 regions, over 50 per cent of people — mainly from rural and indigenous communities — are poor.

4. Between 2004 and 2009, some 1.7 million new jobs were created at the national level, which helped to increase employment in the formal economy, accounting for half of the working population. However, rates of unemployment and underemployment are higher for women (8.4 per cent and 41.5 per cent) than for men (4.9 per cent and 27 per cent). Peru ranks fourth among Latin American countries in terms of its gender pay gap: women earn on average 66.9 per cent of men's average income.

5. Peru still lacks mechanisms to strengthen democracy, since over the last decade it has mainly focused on economic growth and, to a lesser extent, wealth distribution, while ignoring calls for reform to institutionalize democracy and develop civic responsibility in the civil and social spheres. This is reflected in the weakness of democratic institutions, as well as political parties, which are unrepresentative and have limited capacity to promote the interests of society as a whole: the public confidence rate in political parties is 13 per cent (Latinobarómetro survey).

6. Over recent years, Peru has maintained a governance model characterized by a high degree of conflict and an equality deficit. Even when economic stability eased tensions in the political system, there was a deterioration in some crucially important stressors with an impact on governance, such as common crime, corruption, social conflict, and the lack of transparency and community participation.

7. As a result of the decentralization and regionalization process, various public functions have been transferred to the country's 25 regional governments. However,

the said functions still need to be better defined, especially in terms of coordination with sectoral authorities and local governments, in order to reinforce the role of regional governments as efficient agencies for the programming and management of public expenditure. In 2010, the rate of implementation of investment budgets by the regional governments was 57.1 per cent.

8. Peru is a megadiverse country, with the second largest Amazonian forest, 84 of the world's 104 life zones and 71 per cent of tropical glaciers. Although the Ministry of the Environment was created in 2008, Peruvian environmental institutions are not yet firmly established. For the most part, regional and municipal governments do not have the necessary institutional, technical and operational capacities to exercise the functions delegated to them as part of the decentralization process.

9. The country's rich biological diversity is a high-value asset at a time of climate change. However, the combined impact of deforestation — estimated at approximately 150,000 hectares per year — the unregulated extraction of mineral resources, and the contamination of land and water resources, among other factors, mean that the effects of climate change pose major risks for the sustainable provision of ecosystem services (agriculture, fishing, hydroelectric power, supply of drinking water). As a result of all these factors, as well as its location in a seismic zone, Peru is considered to be one of the countries most vulnerable to climate change, and also highly vulnerable to natural disasters, which mainly affect the poor in vulnerable areas. In recent years, there has been a growing awareness of the need to prepare for such risks and a new law on the national disaster risk management system has been adopted.

## **II. Past cooperation and lessons learned**

10. The Assessment of Development Results undertaken in 2009 validated the last two programme cycles, while recommending that the programme should be more closely focused on and tailored to the needs of an upper-middle-income country undergoing strong economic development.

11. With regard to poverty reduction, the United Nations Development Programme (UNDP) continued to support the strengthening of important initiatives such as the “Juntos” programme and the Round Table on Combating Poverty, and contributed national human development reports as discussion papers. The Assessment also recommended that UNDP should define with better precision the levels and fields in which each Millennium Development Goal (MDG) is promoted, as well as enhance selectivity in initiatives to be supported with a view to focusing its portfolio still more closely on populations in need.

12. In the area of democratic governance, support was in particular provided for the promotion of human rights, the dissemination of human rights-related information and the modernization of the technical and operational management processes of key Government sectors.

13. UNDP continued to provide technical assistance for the country's regionalization and decentralization processes. Furthermore, the UNDP presence was strengthened in five regions with the establishment of regional technical offices which, often in cooperation with other United Nations bodies, have promoted the implementation of regional planning mechanisms and the execution of initiatives to

incorporate climate change with the policies of each region. In this regard, the Assessment recommended that UNDP should continue to give particular attention to strengthening the capacities of subnational governments.

14. In the area of crisis prevention and recovery, UNDP supported new strategic risk management policies, the strengthening of technical and operational capacities and the review of coordination plans and disaster response protocols. With the support of UNDP, the institutional mechanism for disaster risk management has been strengthened; for example, some 10 per cent of the country's municipalities have begun to apply hazard mapping methodologies.

15. With regard to the environment, the Government of Peru established the Ministry of the Environment in 2008. UNDP was the first cooperating agency to provide it with support, notably in the areas of capacity-building for the conservation of biological diversity and preparations to address the risks of climate change. UNDP also provided the Ministry of Energy and Mines with assistance to change the energy mix, supporting the large-scale introduction of improved wood stoves in rural areas.

16. Given the country's positive economic performance, as a result of which it is now ranked as an upper-middle-income economy, the Assessment recommended that UNDP should develop strategies to systematize its experiences and strengthen its institutional communication in order to disseminate relevant studies and reports and stimulate discussion, as well as to diversify its partnerships and sources of funding.

### **III. Proposed programme**

17. Activities under the country programme for 2012-2016 will take place in keeping with the country's commitment to the Millennium Development Goals and the national priorities reflected in the National Accord, and in accordance with the country criteria contained in the United Nations Development Assistance Framework (UNDAF). Within this framework, and given Peru's status as an emerging economy, the cooperation programme is focused on supporting public policies aimed at building capacities to reduce inequalities and gaps in the opportunities to which the population has access.

18. In the area of democratic governance, UNDP will support the State in formulating strategies aimed at strengthening public management and ethics, capacity for dialogue, the political system, democratic institutions, promotion of human rights, and prevention and management of social conflicts. UNDP will continue to support the decentralization and regionalization process, prioritizing its actions according to the highest levels of poverty and the existing potential. UNDP will promote the exchange of information on best practices among regional governments. In addition, it will continue to support mechanisms at the macroregional level and will assist in the promotion of science and technology.

19. With regard to poverty and inequality reduction, UNDP will give priority to actions in those regions and provinces with the highest levels of poverty and greatest shortage of basic services for human development, and will contribute to building the capacity of agencies at the various levels of government and non-governmental organizations to draft public policies and comprehensive plans, as well as contributing to poverty reduction and the achievement of the MDGs through

plans to base actions in support of the MDGs in priority locations. UNDP will undertake activities to promote inclusive development policies, particularly through the publication of national human development reports.

20. UNDP will promote mechanisms for intergovernmental coordination and consultation between the public sector and the private sector, emphasizing social responsibility and the promotion of inclusive markets.

21. With regard to environmental sustainability, UNDP will provide technical assistance to develop environmental management programmes and instruments, promote the conservation of biodiversity, and draw up climate change mitigation and adaptation policies. UNDP will facilitate consultations with rural and indigenous populations concerning the economic valuation of the environment and access to financing for climate change-related projects, including the carbon markets. UNDP will also coordinate the involvement in these issues of other agencies of the United Nations system and other partners, and will foster partnerships between the public and private sector, for example by encouraging investment by social responsibility funds established by extractive industries in order to promote sustainable environmental management.

22. Pursuant to the new law on the national disaster risk management system, UNDP will support the incorporation of comprehensive disaster risk management within State planning. It will promote corrective actions (reduction of existing risks), reactive actions (efficient response to emergencies) and — principally — prospective actions (avoidance of new risks), applying a climate change adaptation approach in respect of the last mentioned.

23. The UNDP Office will continue to strengthen gender mainstreaming in the formulation of development policies and projects executed with the support of UNDP, and will sponsor events at the national and regional levels to promote the incorporation of gender perspectives in national and regional programmes.

24. UNDP will promote, at the national and regional government levels, South-South cooperation agreements with other countries and/or subnational regions.

#### **IV. Programme management, monitoring and evaluation**

25. For the 2012-2016 programme, the national execution modality will continue to be used, with the Ministry of Foreign Affairs, through the Peruvian International Cooperation Agency (APCI), acting as the national counterpart. Exceptionally, and in order to provide additional assistance, UNDP may use the direct execution modality. The UNDP presence in the regions will be maintained, and in regions where support for poverty reduction is the priority, new offices may be opened.

26. At the same time as efforts are made to align the administrative capacities of the UNDP Office with the size of the programme, its advisory capacities on substantive issues will be strengthened in order to support the implementation of the programme in the proposed focus areas, in accordance with the new programmatic requirements for an upper-middle-income country.

27. UNDP will continue to strengthen its results-based management framework and will formulate, together with the counterparts, a comprehensive monitoring plan, project evaluations, outcome evaluations, and thematic evaluations. It will also

use the “gender marker” to monitor gender mainstreaming in projects. In addition, UNDP will organize annual reviews of the programme, jointly with the annual UNDAF reviews.

28. A total of 1,750,000 dollars is expected to be allocated to the programme from UNDP regular resources. At the same time, efforts will be made to mobilize some 150,000,000 dollars from other sources. UNDP will also develop a strategy of partnerships and resource mobilization with the aim of diversifying its funding sources and broadening its partner base. Similarly, it will formulate an internal and external communication strategy with a view to disseminating information on progress made in the implementation of the programme and lessons learned, as well as strengthening accountability.

## Annex

## Results and resources framework for Peru (2012-2016)

Government partner contributions	Other partner contributions	UNDP contributions	Indicators, baselines and targets for UNDP contributions	Programme outputs	Indicative resources (in United States dollars)
<b>National priority or goal:</b> <i>To help achieve an efficient, transparent and democratic State that promotes governance, guarantees universal access to justice, strengthens peace and supports the decentralization process.</i>					
<b>UNDAF outcomes:</b> <b>1.</b> State agencies, with the contribution of civil society entities, apply public policies in relation to human rights, access to justice, transparency, citizens' security, public management and ethics, and conflict prevention, strengthening opportunities for dialogue that help to improve the political system and good public management practices. <b>2.</b> In the context of the decentralization process, entities at the three levels of government have mechanisms for efficient, decentralized public management, with a particular focus on boosting production, combating poverty and reducing inequalities.					
<b>Indicators:</b> <b>1.</b> Number of sectoral authorities and regional governments whose budgets incorporate policies that take account of the National Human Rights Plan, conflict management strategies and the modernization of public management. <b>2.</b> Number of government agencies that use decentralized public management mechanisms and instruments.					
<b>Related area of the Strategic Plan:</b> Democratic governance.					
The Government will review regulations in the public sector, with a view to modernizing procedures and improving the efficiency of the State. In addition, it will review and update the regulatory framework for the decentralization process, intergovernmental coordination and the strengthening of political parties.	The cooperating agencies and civil society entities will coordinate technical assistance and support in the area of democratic governance. Other cooperating agencies will also contribute to the monitoring and follow-up of the decentralization process. Academic bodies will contribute studies on territorial dynamics in support	UNDP will support the formulation of strategies fostering public management and ethics, the promotion of dialogue, the strengthening of the political system and the effective exercise of human rights. UNDP will foster processes to improve regional management, promote the exchange of information on good practices among regional	<b>Indicator:</b> Number of sectoral authorities and regional governments that take account of the promotion of human rights, democratic dialogue, citizens' security and the strengthening of political parties in their strategies and policies. <b>Baseline:</b> National Human Rights Plan 2006-2010, National Accord and Round Table on Combating Poverty. <b>Target:</b> At least three sectoral authorities and/or regional governments incorporate the National Human Rights Plan, the promotion of dialogue and citizens' security within their	Strategies to promote human rights and social dialogue have been formulated, citizens' security has been strengthened, dialogue has been fostered and conflict management mechanisms have been established. Strategies to promote ethics and transparency in public management have been formulated.	<b>Regular resources:</b> 600,000 <b>Other resources:</b> 60,000,000

<i>Government partner contributions</i>	<i>Other partner contributions</i>	<i>UNDP contributions</i>	<i>Indicators, baselines and targets for UNDP contributions</i>	<i>Programme outputs</i>	<i>Indicative resources (in United States dollars)</i>
The Government will promote human rights in accordance with the international treaties to which it is party.	of the decentralization process.	governments and support the promotion of science and technology. UNDP will continue to support the establishment of macroregional mechanisms.	budgets; at least one measure to strengthen political parties is applied; and at least three sectoral authorities and/or regional governments implement gender-sensitive budgets. <b>Indicator:</b> Number of Government sectors and decentralized agencies that formulate social policies in priority areas and have programmes and/or policies to modernize public management, and to promote ethics and transparency in public management. <b>Baseline:</b> Legislative decrees adopted in 2008 by the Executive, by delegation of Congress. <b>Target:</b> At least three regions and/or sectoral authorities.	The regions have social programmes in the areas with the highest levels of poverty and management plans aligned with a decentralized public management model.	



Government partner contributions	Other partner contributions	UNDP contributions	Indicators, baselines and targets for UNDP contributions	Programme outputs	Indicative resources (in United States dollars)
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**National priority or goal:** *Strengthen social protection strategies benefiting at-risk populations and promote equal opportunities, without discrimination.*

**UNDAF outcomes:** Attainment of the Millennium Development Goals (MDGs), and reduction of poverty and inequality, paying special attention to rural populations as primary areas of focus for action by the State and economic and social actors at the national, regional and local levels.

**Indicator:** Number of sectoral authorities, regional governments and local governments that have coordinated plans, programmes and targets, that adopt development priorities in accordance with the MDGs for poverty and inequality reduction, principally in rural areas, and that use those plans, programmes and targets for performance measurement.

**Related areas of the Strategic Plan:** Poverty reduction and Millennium Development Goals.

The three levels of government (national, regional and provincial) will formulate strategies, policies and management frameworks for poverty reduction and MDG attainment, defining priorities and establishing mechanisms for consultation with civil society entities.	Civil society entities will participate in consultation mechanisms on social policies and programmes. Cooperating agencies will contribute supplemental financing and technical assistance, in the context of official development assistance.	UNDP will strengthen the management capacities of the various levels of government and of civil society, paying particular attention to providing support in priority areas through the formulation of plans to encourage the location of MDG achievement activities in those areas.  UNDP will provide technical assistance and promote coordination and consultation mechanisms on social programmes to reduce extreme poverty.	<b>Indicator:</b> Number of sectoral authorities, regional governments and local governments that have established baselines, targets and plans for poverty and inequality reduction. <b>Baseline:</b> The regional and provincial governments have not established baselines or disaggregated the MDG targets in their respective areas of competence. <b>Target:</b> At least four regional governments and eight provincial governments have established baselines and plans. <b>Indicator:</b> Number of institutions that incorporate the Human Development Index (HDI) and Gender Inequality Index (GII) as a technical reference in their programming.	The three levels of government have coordinated baselines, targets and plans for MDG achievement and the reduction of poverty and inequality in priority regions and localities. National human development reports and MDG reports have been drafted and published, as a contribution to poverty and inequality reduction.	<b>Regular resources:</b> 700,000 <b>Other resources:</b> 35,000,000
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<i>Government partner contributions</i>	<i>Other partner contributions</i>	<i>UNDP contributions</i>	<i>Indicators, baselines and targets for UNDP contributions</i>	<i>Programme outputs</i>	<i>Indicative resources (in United States dollars)</i>
			<p><b>Baseline:</b> The incorporation of HDI and GII in development planning is still at a nascent stage.</p> <p><b>Target:</b> At least three public institutions and at least one private entity incorporate HDI and GII.</p>		

<i>Government partner contributions</i>	<i>Other partner contributions</i>	<i>UNDP contributions</i>	<i>Indicators, baselines and targets for UNDP contributions</i>	<i>Programme outputs</i>	<i>Indicative resources (in United States dollars)</i>
<p><b>National priority or goal:</b> <i>To efficiently achieve the conservation and sustainable exploitation of the country's natural resources and biological diversity, preserving equity and social well-being, and to help to improve environmental quality, promoting the integrated management of disaster risks and environmental risks.</i></p>					

**UNDAF outcomes:** **1.** Capacity is strengthened in the three levels of government, civil society, the private sector and academic and scientific institutions, for the integration and mainstreaming of disaster risk management and climate change adaptation. **2.** The State, with the participation of civil society, the private sector and academic and scientific institutions, will have designed, implemented and strengthened policies, programmes and plans with an environmental sustainability focus, for the sustainable management of natural resources and the conservation of biodiversity.

**Indicators:** **1.** National disaster risk management system in operation at the three levels of government. **2.** Number of State policies, plans and programmes for social and economic development and number of private investment programmes incorporating climate change resilience and environmental sustainability targets and goals.

**Related areas of the Strategic Plan:** Crisis prevention and recovery. Environment and sustainable development.

The State will establish priorities, policies, plans and programmes for environmental sustainability and risk management. It will define the	Other cooperating agencies and civil society entities will contribute to the drafting of promotional and technical analysis, supplemental	UNDP will provide technical assistance for the drafting of risk management and environmental management plans, programmes and instruments; it will	<b>Indicator:</b> Number of regional and local governments using instruments and tools that incorporate gender equality standards for disaster risk management aligned with the national disaster risk management system.	Plans and programmes that incorporate disaster risk management and adaptation to climate change in the three levels of government and the general	<p><b>Regular resources:</b> 450,000</p> <p><b>Other resources:</b> 55,000,000</p>
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<i>Government partner contributions</i>	<i>Other partner contributions</i>	<i>UNDP contributions</i>	<i>Indicators, baselines and targets for UNDP contributions</i>	<i>Programme outputs</i>	<i>Indicative resources (in United States dollars)</i>
responsible entities and will continue to transfer environmental management and risk management competences to regional and local governments.	financing and specialized technical assistance documents, and to the establishment of financial instruments at the national, regional and local levels.	support the preparation of policies for the conservation of biodiversity and adaptation to climate change. UNDP will facilitate access to financing for climate change and will promote partnerships between the public and private sector to support environmental and disaster risk management.	<p><b>Baseline:</b> Initial design of State financial mechanisms that promote prospective and corrective management (strategic budget programme, programme of municipal incentives).</p> <p><b>Target:</b> At least five regional and local governments.</p> <p><b>Indicator:</b> Number of public and private conservation, adaptation and/or environmental sustainability initiatives to which environmental management and financing instruments have been applied.</p> <p><b>Baseline:</b> 23 existing initiatives.</p> <p><b>Target:</b> Nine additional initiatives as a result of support provided by UNDP.</p>	population have been formulated. Management and financing strategies and instruments for climate and environmental issues are applied to the conservation of biodiversity, promotion of climate change resilience and environmental sustainability and quality.	