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## ONE IN TWO

Peru has a population of 23 million. One in two of the population live in poverty and one in every five –around five million– in extreme poverty. Poverty spread to include half of the population in the ten years between 1985 and 1995. In 1985, the poor made up 41.6% of the population. In 1994, the figure had risen to 49.6%. In 1984 the extremely poor represented 18.4% of the population, increasing to 20.2% by 1994.

These overall averages conceal far more extreme situations, especially in the mountain and rural areas of the Andes, where poverty has grown faster than in the urban areas.

In the «*Poverty, Growth and Inequality: Peru 1991–1994*», report published in the «*How we are*» document produced by the Cuanto S.A. organisation, Andrés Medina Ayala showed the richest 20% of Peruvian society consume nearly 50% of national expenditure, while the poorest 20% barely take 6% of the total spending.

Using sources from the INEI and the BCR, the Propuesta Group (which includes six of the leading Peruvian research centres) established that in the 1992 to 1994 period, more than 40% of the national income was taken in profits by enterprises, while remuneration accounted for less than 20%.

effort in building for themselves made mainly by poor people, without any help.

Population with access to safe water grew from 17,554,643 in 1991 to 18,711,105 people in 1994. Houses with drinking water grew from 7.8% in 1991 to 82.2% in 1994. It is a matter of two different types of services: pipes inside and outside the house, and public tap and well, both inside and outside the dwelling. (ENNIV 1991, 1994)

In 1991, 14,584,873 people and 66.3% of housing units had some type of sanitary equipment inside and outside the house, dumps and latrines. In 1994 17,413,619 people and 76.5% of all dwellings possessed them. Households who live in overcrowded houses constitute a 17.8% of the total of households (849,724), and affect 25% of the population (5,457,966 people) (*Map of Unsatisfied Basic Needs made in 1993*). In rural areas, overcrowding affects 28.4% of households, i.e. 40.4% of the population.

In 1991 there were more families than available houses. 4,145,522 units housed 4,410,130 households, with a deficit of 6.4% (ENNIV). The Map of Unsatisfied Basic Needs of 1993 registered 4,427,517 houses occupied by 4,762,779 families: the housing deficit grew slightly, reaching 335,266 families, i.e. 7.6%.

TABLE 1.

The evolution of poverty (Percent of the population)		
Year	Poverty	Extreme Poverty
1985	41.6	18.4
1991	55.3	24.2
1994	49.6	20.2

Sources: ENNIV 1994/CUANTO S.A.

## ACCESS TO BASIC SERVICES

Peruvian families build precarious housing units at a very fast rate. The amount of units has grown in 121 thousand per year, an annual rate of 2.8%, slightly above that of population growth which is of 2%. (*Instituto Nacional de Estadística y Censo*) This is an

## EDUCATION

The proportion of illiterate men and women aged over 15 years–old fell from 18.1% of the population in 1981 to 12.8% in 1993, but the illiterate female population is larger than its male counterpart. (National Censuses, 1981 and 1993). 18% of women from all age groups are illiterate, with rural women aged from 30 to 65 years–old worst off. 67% of all illiterate people live in rural areas.

There are 3,325,287 people of school age in Peru. The needs of 92.7% of all primary school–age Peruvians are met by the education system. (IX Census of Population and Housing 1993)

During recent years the quality of public education has deteriorated, the economic situation has worsened along with the professional level of teachers, and malnutrition has become increasingly common amongst the pupils. The situation is compounded by the following problems: female illiteracy; non–completion of schooling – nearly 30% of children aged under 15 years–old do not

finish primary school; 12.8% of children aged between 6 and 12 years–old and 29% of adolescents aged 13 to 15 do not attend school; 35% of first year primary pupils and 26.3% of first year secondary students repeat the year; 10.11% of girls and 9.02% of boys aged under 14 years–old leave school. 9.4% of children who should be in primary school are uncovered by the education system. 1,028,000 (24%) of children and adolescents are attending primary school classes aimed at a younger age group.

There are 2.5 million young people of secondary school age. But only 50.9% of them (1.3 million) study the right level at the right age; 889,000 (33.9%) are still in primary school, and 15.2% (397,000) are uncovered by the system. Of the last total, only 60% (238,000) have finished primary school and are ready to continue into secondary education. 10.11% of girls and 9.02% of boys aged between 0 and 14 years–old abandon schooling, as do 19.11% of boys and 18.22% of girls aged between 12 and 19 years–old. (Compendium of Statistics, 1995–1996, INEI).

## HEALTH

The life expectancy at birth for the 1990 to 1995 period was 66.74 years, being lower for males (64.4) and higher for females (69.2). On average, women have a life expectancy five years longer than men. (INEI)

There are also differences between the rural and urban populations. A man in the urban areas has a 64.4 year life expectancy, while in the rural zones he can only expect to live until he is 58.9 years old. An urban woman would expect to live to the age of 69.2, while in the country this falls to 63.3. (Departmental Population Forecasts 1995–2015, INEI)

An unknown quantity of infants die in the rural and poor urban areas before they are registered by their parents.

The national infant mortality rate is 64 per 1000 live births, although the figure is higher for boys (68 per 1000) and in the rural areas (90 per 1000). (National Demographic and Family Health Survey ENDES, 1991–1992).

The national mortality rate for children aged 1-5 reaches 30/100. The figures for boys (29/1000) are lower than for girls (31/1000). The number of those dead in the rural areas is higher (45/1000). The participation of these micro-enterprises rove from 10.5% in 1990 to 14.9% in 1994.

There are no reliable figures on maternal mortality. The statistics from the Ministry of Health and the Civil Registers show a high rate of omission. According to the 1996 Human Development Index, produced by the UNDP, the maternal mortality rate nationally was 280 per 100,000 births.

Guillermo Vallenias estimated the rate of maternal mortality at 261 per 100,000 live births on the basis of the ENDES National Demographic and Family Health Survey, 1991–1992.

Maternal deaths are ten times more common in the group of

with mothers in the big cities better attended than those in small towns – 85% compared with 70%.

Only 15.2% of births in rural areas are attended by professionals, while the others are handled by the mother, her helpers or a midwife. Meanwhile, in the big cities, 73% of births are attended by health professionals.

In 1986 the average number of children per mother was 4.1, and by 1991, this had fallen to 3.5. While the rural areas had a rate of 6.2 in 1991–1992, the urban zones had a fertility rate of 2.8. In the poorer groups or where there are low levels of education, the average number of children per woman were 6.6 in 1986 and 7.1 in 1991–1992.

In 1991, Peru spent 1.2% of the GDP on health including social security (INEI, BCR, IMF). In 1995 it spent 0.8% of GDP.

## FOOD-NUTRITION

Hunger and malnutrition are still nation–wide problems. As poverty has increased, both in absolute and relative figures over the last ten years, so has the population at–risk from poor nutrition. PRONAA is the State organisation in charge of food distribution.

There are also school breakfast programmes (Ministry of Education); free milk schemes (Municipal authorities and women's groups); and community canteens (women in the poor neighbourhoods).

11 out of every hundred children registered are low birth–weight babies (State of the World's Children, UNICEF, 1990). 40 out of every hundred children over six years–old are smaller than the average size for their age –that is, they are chronically undernourished. The 1993 National Survey of School Children reported that 48% of pupils were suffering from chronic malnutrition. 97% of the affected children of both sexes attend State schools. Some 62% live in rural areas. Boys are more affected than girls, 54% compared with 46%. Meanwhile, in the private schools, only 3% of children have retarded growth (UNICEF, INEI, 1995).

In 1991, the urban population consumed 2,458 calories and 63 grams of protein per day, while in rural areas the figures were 2,261 and 64 respectively. In 1994, the urban population consumed 2,590 calories and 69 grams of protein per day compared with 2,812 calories and 74 grams of protein in rural areas (ENNIV, 1991 AND 1994). However, these are averages, and the group of families living in extreme poverty in the urban and rural hill areas, as well as on the rural coast could not even cover 30% of their nutrient requirements.

## CO-OPERATION AND INTERNATIONAL AID

International Co–operation is supporting programmes aimed at the needs of the population living in extreme poverty. These projects are managed by institutions like: FONCODES (compensation and adjustment), PRONAA (food), INABIF (children and families), the Ministry of Health, Ministry of Education and Special Projects under regional control.

According to estimates from the government Secretariat of

International Technical Co-operation (SECTI), in 1993, Peru received 390.6 million dollars in international co-operation funds, a figure which increased to 434.9 million in 1994, 0.87% of the GDP. 70% of these funds came from the bilateral co-operation sources. But while Peru obtained international co-operation which did not go above 500 million dollars per year –by way of a new debt at 5% per year– it also paid more than a billion dollars towards the foreign debt each year, mostly to the same organisms.

During 1994, most of the co-operation aid –32.56%– was spent on social development, whereas 19.4% went towards Science and Technology, 15.77% to Basic Infrastructure Development and 13.62% on Rural Development.

There are no foreign debt relief mechanisms in place. The Peruvian government has announced it will be joining the Brady Plan and has made arrangements with private banks in the United States and the Paris Club. But all of this has only meant additional payments of 800 million dollars per year, 80% more than was paid annually up until now.

## STRUCTURAL ADJUSTMENT AND PUBLIC SOCIAL SPENDING

In June 1993, the government of Peru presented the consultative group of international donor nations and institutions with a «strategy for relieving poverty which included the following basic principles: economic recovery, greater efficiency in public social spending, the use of the institutional network of civil society and the granting of responsibilities to the local municipal and government authorities». Clause 18 of Peru's Letter of Intent, signed with the International Monetary Fund (IMF) in 1994, said «the government will strengthen its policies to reduce poverty as an essential element for consolidating pacification and the substantial progress which has been made in the stabilisation of the economy». These proposals were repeated to the same group on October 24 and 25, 1995. In July 1995, the Intersectoral Co-ordination Unit of the Council of Ministers published the «Document of Interest for improving basic social spending», which contained guidelines for the State social policy, including the hypothesis that «private investment cannot generate sufficient jobs to satisfy the demand of the population».

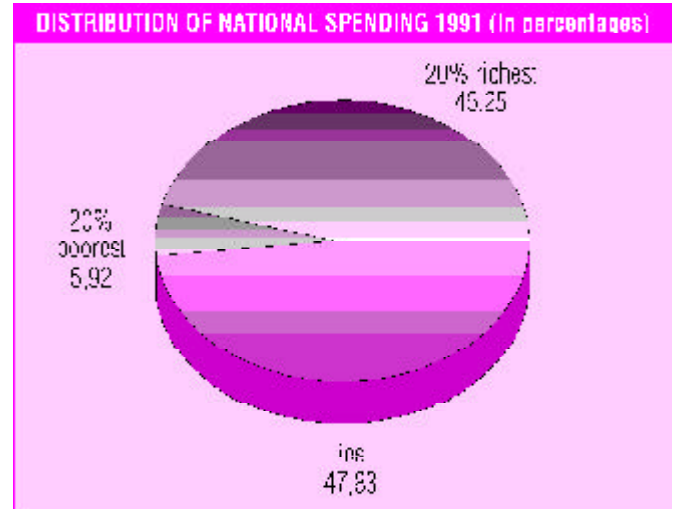
During the 1990–1995 period, the Peruvian government destined increasing amounts to social spending, reaching 4% of the GDP in 1995 and 37% of the National Budget in 1996.

Social spending in Peru is split between the «traditional» sectors of health and education and the poverty relief programmes.

From 1990 to 1995 spending on education increased from 12% to 15.7% and health from 4.3% to 7.5% of the budget. Housing was allotted only 0.1% of the budget. The main housing programme, FONAVI, funded by worker contributions, has been directed towards sanitation projects which should be paid for by the State.

There are eight poverty relief programmes, several of them aimed at areas of extreme poverty. Some of these were united

GRAPHIC 1.

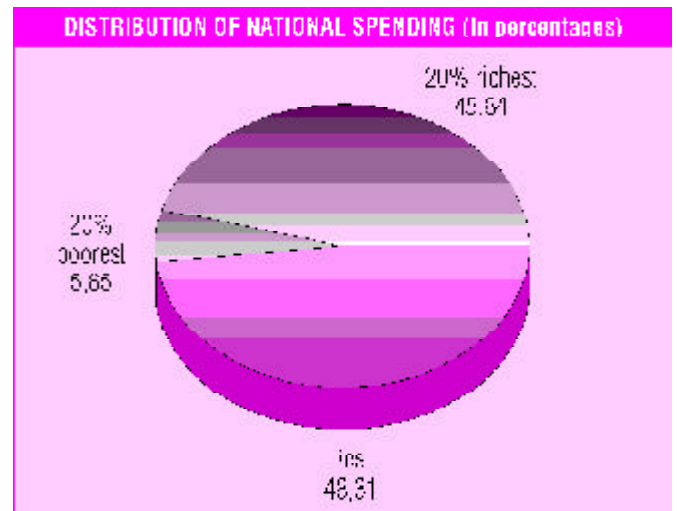


under the new Ministry of the Promotion of Women and Human Development in late 1996. There are no employment creation programmes.

Some small labour retraining programmes are being initiated, paid for with debt, but these are not significant.

The State owes Peru's Social Security Institute a sum estimated at 1.5 billion dollars for quotas left unpaid by the ministries and other public sectors over many years. Despite this, it keeps controlling the system thanks to the majority it has on the directing board. Following the conditions imposed by the adjustment programme, it has transferred the bulk of the Pension Funds to private companies known as AFP's and aims to begin the privatisation of its social security hospitals and clinics in line with the model visualised by the World Bank.

GRAPHIC 2.



Source: Medina Ayala: *Crecimiento y desigualdad* in «Cómo estamos», CUANTO S.A.

## EMPLOYMENT AND INEQUALITY

There are no figures available on employment on a national scale. Between 1991 and 1993, subemployment increased by 7% compared with 1990, reaching 74.3% in 1994, in Metropolitan Lima.

Unemployment grew by 1.5% during the 1990–1994 period. There is no unemployment benefit.

Unemployment is higher among women than men. In 1994, 7% of men in the Economically Active Population (EAP) were unemployed, while the rate for women was running at nearly 12%.

The levels of full employment fell by 2.3% in the same period, due to mass redundancies in the public administration from 1991 onwards, and the recession in production which, in turn, led to an accelerated increase in precarious employment.

Unemployment amongst men has grown faster than the total unemployment rate in Metropolitan Lima. While unemployment across Lima increased by 1.5% in general, it grew by 1.9% for men. In the case of women, in the 1990–1994 period their level of unemployment showed only a slight increase of 0.9%.

According to the 1991 ENNIV, female income was on average US\$84.6 per month; an income 23.3% lower than the average for Metropolitan Lima, in spite of the fact that the number of hours they worked each week actually increased. An opposite trend was seen in male income which rose from 15.4% of the average income in 1991 to 16.3% in 1994.

The same information reveals that in 1991 women earned 66.4% of what men did, a percentage which fell to 62.9% according to the 1994 ENNIV.

Mass redundancies in the public sector resulted in a reduction of public employment in the Economically Active Population of Lima, falling from 10.6% in 1990 to 7.2% in 1994. This led to massive information of employment. Employment in the so called micro-enterprises grew at a yearly rate of 13.3%. The participation of EAP in these in Lima grew from 10.5% in 1990 to 4.9% in 1994.

TABLE 2.  
CITIZEN PARTICIPATION

The 1993 Constitution established some mechanisms to en-

The employment situation in metropolitan Lima					
	1990	1991	1992	1993	1994
Total	100.0	100.0	100.0	100.0	100.0
Unemployment	8.3	5.9	9.4	9.9	8.8
EAP Employed	91.7	94.1	90.6	90.1	91.2
Adequate employm.	18.6	15.6	14.7	12.7	16.9
Subemployment	73.1	78.5	75.9	77.4	74.3

Sources: Peru in Numbers 1995/CUANTO S.A.

courage popular participation, offering the power to request a referendum by presenting a million and a half signatures supporting the move. The additional requisite of votes from an unspecified minimum number of members of Congress has led to heated arguments.

The 1993 Constitution also established the rights of legislative initiative; the right to criticise political authorities on a local and regional level, the right to dismiss these authorities and the introduction of accountability at the same levels. These rights have been converted into regulations by Law 26300 which cannot yet be implemented as it has not been legally activated.

Since 1980, regular and periodic elections have been held for the President of the Republic, members of Parliament, mayors and municipal councillors.

The vote is obligatory under Peruvian law and there are 14 million voters. In the 1995 presidential elections, however, 28% of voters did not turn out to the polls.

Citizen organisations of various kinds have emerged in all the social classes, especially at the poorer levels and their campaigns and actions have earned them the right to intervene. These organisations have not been included in the participatory institutions: the elections and the mechanisms created by the 1993 Constitution.

## POVERTY ERADICATION PLANS

The basic conception of the Peruvian government rests on the argument that «economic recovery based on stabilisation and liberalisation is crucial for the assault on poverty», as was stated in the strategy document for the fight against poverty.

In 1995, Cabinet leader Dante Cordova presented the aims of government social policy to Congress: the reduction of extreme poverty to 50% by the year 2000; and the dedication of 40% of the general national budget to dealing with poverty.

In May 1996, the new Cabinet leader Alberto Pandolfi presented the following government aims on social policies to achieve by the year 2000: the reduction of extreme poverty from 22% of the population in 1991 to 11%; to cut illiteracy from 11 to 9%; reduce infant mortality from 55 to 34 per 1,000 live births; cut chronic malnutrition from 48 to 34% and maternal mortality from 261 to 100 per 100,000 mothers; increase coverage by the piped water service to 80% of the population; increase the provision of sewerage services from 60% to 75% of the population.

There has been no civil society participation in the development of these plans nor is the government expected to formally accept the participation of the civil society in the planning of and follow up to their policies.

## LABOUR LEGISLATION RELATED TO WOMEN

The 1979 Constitution and the 1984 Civil Code explicitly established equal treatment for men and women, seeking respect for the rights and obligations of citizens without making gender distinctions.

The 1993 Constitution treats both sexes the same with no particular advantages for anyone, but without explicitly establishing this; and it proposes State protection for working mothers.

The 1984 Civil Code established equality in the exercising of civil rights. Any married person can exercise any profession or trade allowed by the law, and can carry out any work outside the home with the consent of their partner. If the partner refuses to permit this, a judge can intervene and authorise it if this is for the good of the family. This law corrected that established under the previous Code where only the man was given the right to decide for the family.

Law 22482 (the Health Subsidies Regime) maintained maternity payment rights: allowing 45 days before and 45 days after the birth of the child as long as the woman did not work during this period.

Law 4239 modified article 11 of Law 2851, establishing a redundancy payment of two salaries for women who suffer unjust dismissal.

Chapter II of the DL 688 (the Consolidation of Social Benefits Law) regulated payment according to length of service (BTS), equivalent to 30% of the pay of men and women who have worked for the same employer for 30 years. Similarly, the third transitory disposition established two norms: the continued payment of BTS of 25% for women who attained access to this after 25 years of service (Law 24504), increasing to 30% when they reach 30 years of service.

Law 26513 says the BTS's of 25% and 30% which have been paid so far, must only continue to be paid to those workers already receiving it, remaining without effect for the others.

Even though the 1993 Constitution treats men and women equally, up until July 1985 the law offered women a certain degree of protection which has now been reduced. It is argued the excessive benefits for women could work against them, as they make it more expensive for employers to contract a woman than a man.

Union membership rates fell by 19% during the 1991–1994 period, 20% amongst men and 15% amongst women. The most significant reduction has occurred in the private companies, where it fell 19.2% between 1991 and 1994, while in the public sector the reduction is 14% per year.

- CEDEP
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