

■ PERU

Not much of an economy for the people



The transfer of social programmes to the decentralization process, with new opportunities for citizen participation in local government, is a complex process that has just started in Peru under the presidency of Alejandro Toledo, while the lack of consultation with civil society in decisions relative to poverty alleviation plans has generated a sense of unease.

Conferencia Nacional sobre Desarrollo Social (CONADES)

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During the 1995-2005 period Peru was marked by political changes, although at the macroeconomic level the neoliberal approach did not produce deep transformations. The first stage covers the end of Alberto Fujimori's administration (1990-2000)¹ and the second includes the administration of the temporary president Valentín Paniagua (2000-2001) and Alejandro Toledo (2001 to present). The latter stage represents a rather difficult attempt of transition to democracy.

Fujimori: focused policies

Apart from selling a considerable number of national assets, dismissing civil servants, leading national enterprises to ruin and installing a corrupt regime together with secret, illegal procedures against subversion, the Fujimori administration implemented focused programmes to reduce extreme poverty; these programmes followed the guidelines of multilateral financial institutions and focused on the construction of schools, healthcare centres, sanitation systems and massive distribution of food.

At the end of the Fujimori period, poverty levelled off in relative terms but increased in absolute terms. In 1985, five years prior to the 1990 structural readjustment, 42% of Peruvians were affected by poverty. In 2001 the figure was 54.8%.²

Over this period, Peru adhered to the declaration and Action Platform of the IV World Conference on Women (Beijing 1995), and started plans to combat violence against women. However, the already existing National Family Planning and Reproductive Health Programme and its actions in Voluntary Surgical Contraception were contrary to commitments assumed in terms of women's rights.

In 2002, an investigations sub-committee from the Ministry of Health reported that during the Fujimori administration the programme had implemented a "voluntary" sterilization plan for men and women - especially in the poorest areas - and between 1990 and 1999 sterilized almost 340,000 people. It is estimated that between 1996 and 1997, more than 250,000 women were sterilized.³

Toledo: more participation but little change

The administrations of Paniagua and Toledo, in turn, did not dare integrate social programmes into a comprehensive vision with clear objectives, which led to further fragmentation and overlapping. Though political manipulation was eradicated in most cases, an assistance approach to the provision of services kept the poor dependent on the State.

The process took place in the midst of citizenry's dissatisfaction given the continuation of the neoliberal macroeconomic approach, the weakness of the new authorities to try and punish the corruption of the previous Government, its reluctance to repair damage caused by the internal armed conflict (1980-2000)⁴ and by new corruption cases.

The most outstanding aspects of the Toledo administration were the beginning of decentralization and regionalization⁵ and the opening up of new coordination and participation instances for civil society, namely the local coordination councils and the regional and local participatory budgets.

In addition, other social participation forums were sought. Political parties, churches, business organizations and trade unions were convened to discuss a long-term national agreement. However no results were achieved as the agreement is not legally binding and has not been enforced. Moreover, it did not secure the participation of regional fronts⁶ or left-wing parties.

The Mesa de Concertación de Lucha contra la Pobreza (Negotiating Committee to Combat Poverty) was made up of representatives from different State, church and civil society sectors, comprising over 1,000 provincial and district negotiating tables throughout the country integrated by representatives of the State and popular organizations, who design the objectives and actions relative to public intervention at different levels.

Regionalization and decentralization

After the regionalization and decentralization laws were passed, elections were held in 2002 to choose presidents for the 25 regions. These presidents, who tend to have different social policy criteria, lack resources - together, they only receive 18% of the public sector budget, estimated in PEN 38,441 million (USD 12 billion) - and have not taken any remarkable steps. In addition, the majority of them are authoritarian in style, which means that the regional coordination councils are not working.

At the level of local governments the situation is different. The new General Law on Municipalities grants them broad powers, including the possibility to create and manage social programmes, while the new economic scheme increases their resources. In any case, the transfer of social programmes to the regionalization and decentralization framework is a complex and slow process that has only just begun.

The Beijing agenda

Since 2000, Peruvian governments have not implemented any significant measure in relation to the Beijing gender agenda. Official recognition to participate in nutritional planning activities of women's organizations working in soup kitchens seems insignificant given the lack of official support to the National Plan on Equal Opportunities for Men and, which has not yet been approved.

The struggle against domestic violence has ceased to be a State policy since the institution in charge now ranks low in the hierarchy of the administration. Violence is present in many different ways, namely, in the national and international trafficking

1 Fujimori was inaugurated as president in 1990 and in 1992 led a coup. After his re-election in 1995 he amnestied members of the army and police convicted for violating human rights. In the April 2000 elections he once again ran for office despite constitutional impediments. After corruption scandals in November of the same year, he fled to Japan and resigned as president.

2 *National Survey on Living Standards (ENNIV) 1985, ENNIV 1991; National Household Survey (ENAHO) 1994, ENAHO 1997, ENAHO 2001.*

3 Ministry of Health, "Final report on the application of voluntary surgical contraception (AQV) in the 1990-2000 period". 8 June 2005. www.trdd.org/PERU_Informe_Final_AQV.pdf

4 In 1980, the Partido Comunista del Perú-Sendero Luminoso (Peruvian Communist Party-Shining Path) and in 1984 the Movimiento Revolucionario Túpac Amaru (Tupac Amaru Revolutionary Movement), launched an armed uprising against the State. This war went on until 2000.

5 Law No 27680, dated 2002, regulates decentralization and municipal management.

6 Regional fronts are social movements that comprise, depending on the case, grass-roots organizations, trade union federations, labour unions, neighbours' groups, businessmen and micro-entrepreneurs' associations and others.



of women (particularly girls) for the sex trade; the lack of moral and material reparation of victims of guerrilla groups or State repression bodies; the absence of civil and social rights, the unrecognized labour of housewives, etc.

According to figures from the National Statistics and Information Institute, 44% of the economically active population are underemployed, of whom 54% are women.⁷

Indebted to poverty

The need to spend more on social policies clashes with the restrictions imposed by repayment of the foreign debt. The Government defined the priority social programmes as Individual Health, Collective Health, Initial Education, Primary Education, Secondary Education, Social and Community Promotion and Assistance, allocating PEN 38 billion (USD 11.7 billion) to these programmes between 1999 and 2003. A high percentage of this amount goes to salaries, goods and services.⁸

In 2004 the Government developed 19,803 small projects to combat poverty, reaching out to 11.9 million beneficiaries with an investment of USD 1.5 billion.⁹ This represents approximately 12% of the budget for the public sector, estimated at USD 12 billion.

More than twice that amount is allocated to paying off the foreign debt. Servicing the debt accounts for 27.5% of the public sector budget and competes with social investment and welfare expenses, which account for 19.6% of the budget.¹⁰ The Public Social Security System is short of funds and tax contributions are inadequate for it to comply with its obligations. Over the past five years, the Treasury covered on average 81% of those payments.¹¹ Meanwhile, the Private Retirement Fund Administrators, controlled by monopolistic banks, handle individual savings without any type of control from the account holders themselves.

During the 1995-2005 period, social investment fluctuated between 30% and 40% of the Public Sector Budget, which represents a total social investment of approximately USD 35 billion.¹²

Social policy by sectors

Public education faces serious problems in relation to access of rural and poor population to primary education. Also, it is not unusual to find one single teacher in charge of all primary education grades in rural schools, where only half of the boys and girls attend the school grade corresponding to their age. Only 20% of children who start primary school complete secondary education.¹³

In public health, the lack of State investment in prevention campaigns has led to an increase of malaria and dengue. The creation of a Comprehensive Health Insurance, aimed at providing attention to the poor population of the country, has run into infrastructure deficiencies: a shortage of doctors willing to work for low salaries in poor urban neighbourhoods and rural areas and a permanent financial deficit.

In a population of 26 million, only 7.7 million are in some type of paid health insurance system, 5.4 million non-poor people have no insurance at all and 13.3 million live in poverty without medical insurance.¹⁴ In 2000, only 57.95% of childbirths were assisted by skilled health personnel.

For housing programmes, the Government resorted to citizens' contributions made during the previous decade. If the Fujimori administration abused the resources of the National Housing Fund to invest them in infrastructure works in poor neighbourhoods, the Toledo administration used them in programmes specifically directed at lower-income middle-class sectors. However no support is given to personal construction efforts by hundreds of thousands of families in the poor settlements mushrooming on the outskirts of main cities.

Regarding poverty alleviation, figures reveal that in 2002, around 14.6 million people (54.3% of the population) could not satisfy their basic needs. What is more, 23.9% of the population are extremely poor.¹⁵

Social policy is administered by three separate projects: the National Plan to Overcome Poverty, The Rural Development Strategy and the Food Security Strategy. The Glass of Milk Plan is still being carried out, managed by municipalities that distribute milk to committees made up of mothers from poor families; and the National Food Programme, that serves soup kitchens. Both have been criticized by the academic right-wing who considers them wasteful due to their excessive bureaucracy.

In reaction to this criticism, early in 2005 the Government announced the implementation of the Programa Juntos ("Together" Programme), under which beneficiary families would receive 30 US dollars a month provided they met certain obligations in relation to education and public health. The decision led to mixed reactions, as it was taken without participation of the National Agreement, the Negotiating Committee to Combat Poverty and sectors involved in social policies.

When current social indicators are compared with those of 1995, the year in which the World Conference on Women in Beijing and the World Summit on Social Development in Copenhagen were held, infant mortality drops from 55.5 per 1,000 live births (girls 48.8 and boys 68.8) in 1995 to 43 per 1,000 live births (girls 39.6 and boys 50.1) in 2000.¹⁶

In 1996, the maternal mortality rate was 252 for every 100,000 live births, while in 2000 it dropped to 185 for every 100,000 live births, and in 2005 to 180 per 100,000 live births (290 per 100,000 in rural ar-

eas).¹⁷ Chronic malnutrition affected 24.8% of children under the age of 5 in 2000 (national average for the whole period), the rate reaching 60% in some rural areas.¹⁸

As a whole, though social indicators improved between 1995 and 2005, they leave much to be desired. Poverty and chronic infant malnutrition have not been overcome.

Civil society demands

Civil society, in turn, has shown an intense activity in terms of social policies. Even before the preliminary sessions of the Copenhagen and Beijing conferences, a network of non-governmental organizations created the Conferencia Nacional sobre Desarrollo Social (CONADES) or National Conference on Social Development. Its objective is to open a forum for permanent debate around poverty and social policies, with participation of the State, private stakeholders and civil society. Since then, the movement has grown and held nine annual conferences with an average of 2,000 delegates per conference.

For the last ten years, CONADES has been building a platform around the most important topics in social policy. It has supported with determination the work of the Negotiating Committee to Combat Poverty, and participated in the discussions of the National Agreement. Also, it fostered the design of participatory budgets in the 25 regions of the country and in most of the country's 2,000 municipalities. In October 2004, it decided to support a citizens' initiative, the World Call to Action against Poverty, by creating a special committee to promote the campaign on a national level.

The core idea of CONADES is that macroeconomics should be at people's service. Its members contend that the main obstacle to Peru's full implementation of the Beijing, Copenhagen and Monterrey agreements¹⁹ is the fact that a large share of national savings is being exported to creditor countries in payment for the foreign debt.

The macroeconomic programme launched by Fujimori and maintained by Toledo provides enormous benefits to transnational companies. These operate the few profitable sectors of the economy and prevent the State from using tax revenues to finance the struggle against poverty. It is a case of double levying: servicing foreign debt takes one-fifth of the annual budget and it is not possible to obtain further funds given the fact that large companies enjoy privileges. Under such conditions, it is clear that the Millennium Objectives and Goals will not be attained unless somewhere along the way the organized people and civil society exert enough pressure to bring about the political changes necessary for a deep reform of State policies and of the State itself. ■

7 ENAHO 1998.

8 Public Expenditure Monitoring and Evaluation System

9 Vega Carreazo, Rudecindo. "Policies to overcome poverty". Presentation before the Technical Secretariat of the Inter-Ministerial Commission on Social Affairs, 27 January 2005.

10 Ministry of Economy and Finance (MEF). www.mef.gob.pe

11 MEF; Banco Central de Reserva del Perú. 2005-2007 Multi-annual Macroeconomic Framework.

12 MEF.

13 Ministry of Education.

14 Ministry of Health. *Health Insurance Distribution 2001*.

15 MEF; BCRP, *op cit*.

16 National Statistics and Information Institute. *Demographic and Family Health Survey 1992 and 2000*.

17 Latin-American Demography Centre. *Demographic Bulletin*, No 65, 2000; United Nations Population Fund. *Status of the Peruvian Population 1997; Demographic and Family Health Survey 1996 and 2000*.

18 Ministry of Health, 2000.

19 International Conference on Financing for Development. Monterrey NL, Mexico, 18-22 March 2002.