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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX I**

of the Commission Implementing Decision on the financing of the multiannual action plan in favour of Peru for 2023-2025

**Action Document for “Towards a universal, inclusive Social Protection System (SPS), with equal opportunities for women and men”**

**MULTIANNUAL PROGRAMME**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans in the sense of Article 23 of NDICI-Global Europe Regulation.

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	<b>Towards a universal, inclusive Social Protection System (SPS), with equal opportunities for women and men</b> CRIS number: NDICI/2023/61-853 – OPSYS: ACT JAD.1164616 Financed under the Neighbourhood, Development and International Cooperation Instrument ( <u>NDICI-Global Europe</u> )
<b>2. Team Europe Initiative</b>	No
<b>3. Zone benefiting from the action</b>	Peru
<b>4. Programming document</b>	Multi-annual Indicative Programme (MIP) Peru 2021-2027 <sup>1</sup>
<b>5. Link with relevant MIP(s) objectives / expected results</b>	Budget line(s) (article, item): BGUE-B202-14.020140-C1-INTPA MIP Priority Area 2: Human development and social inclusion Specific objective 2.1: Social protection networks and fundamental rights are strengthened Expected result 2.1.1: Increasingly universal rights-based social protection networks provide insurance and quality services to citizens, according to different stages in life. Expected result 2.1.2: Universal health coverage benefits an increasing number of citizens, providing an increasing number of services of quality. Expected result 2.1.3: The respect of fundamental social and labour rights is increased. Specific objective 2.2: Migrant populations have increased access to social services and decent employment, free of discrimination.

<sup>1</sup> C(2021) 8996 of 14.12.2021

	Expected result 2.2.1: Migrant and refugee populations have greater access to social services, (formal) work or income generation opportunities.			
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>				
<b>6. Priority Area(s), sectors</b>	160 – Social Services			
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDGs: SDG 1 (No poverty) SDG 2 (Zero Hunger) SDG 3 (Good health and wellbeing) SDG 5 (Gender Equality) SDG 8 (Sustainable and inclusive economic growth) SDG 10 (Reduced inequalities)			
<b>8 a) DAC code(s)</b>	16010 Social Protection – 33.3% 16020 Employment generation – 33.3% 15136 Migration – 33.3%			
<b>8 b) Main Delivery Channel @</b>	<i>Delegated cooperation – 13000</i>			
<b>9. Targets</b>	<input checked="" type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance <sup>2</sup>			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<sup>2</sup> Thematic target for geographic programmes (at least 15%) in delegated act.

	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @ Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity @ Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @ (methodology for tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Total estimated cost: EUR 19 000 000 Total amount of EU budget contribution EUR 15 000 000 This action is co-financed in joint co-financing by: - EU MS DE-German Cooperation for an amount of EUR 4 000 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing<sup>3</sup></b>	<b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.1.			

## 1.2 Summary of the Action

Peru is currently experiencing a political and social crisis. In December 2022, President Castillo was arrested and Vice President Boluarte swore to lead a technical, transitional government. The scenario led to nationwide protests and a national state of emergency was declared. The protests reflect discontent with the political class, wide social inequalities, and the exclusion of a large part of the population from decision processes and access to social services.

Peru has an updated National Policy for Development and Social Inclusion (PNDIS) and an ambitious development plan 'Vision 2050'. However, a national consensus on social protection, or a social pact, are yet to be built.

<sup>3</sup> Art. 27 NDICI

The EU is a reference and privileged partner in the field of social protection. Based on relevant expertise, EU added value and potential impact, as well as its importance for sustainable development, the MIP 2021-2024 includes Human Development as priority area 2. It includes the sectors of social protection and migration. Consequently, the action also supports Peru's efforts on migrant regularization, inclusion of migrants into national social protection schemes and their labour market integration.

The Overall Objective is to see Peru make progress towards a universal, inclusive Social Protection System (SPS), with equal opportunities for all, regardless of nationality.

Specific objectives (Outcomes) are:

- To design and enforce legal and policy frameworks for a) non-contributory and contributory social protection and b) employment policies with a right based, intercultural and gender focus;
- To increase the coverage, enhance the adequacy and improve the quality of social protection programmes and schemes as well as active labour market services at territorial level, with a clear focus on gender equality and interculturality;
- To improve social protection and social-economic integration measures for migrants and refugees.

The EUR 19 million Action (EUR 15 million EU and EUR 4 million DE) shall be implemented by IILA and GIZ. It is complementary to bilateral health sector and migration support, and the regional TEI Inclusive Societies.

## 2 RATIONALE

### 2.1 Context

During the last decade, political fragility has increased significantly in Peru. The country has been led by six presidents in the last five years and ministers and technocrats alike change frequently. In December 2022, an attempt to dissolve Congress by then President Pedro Castillo led to his impeachment and confinement. Consequently, Vice President Dina Boluarte swore to lead the transitional Government, becoming Peru's first female head of state. The political scenario led to nationwide protests breaking out and a national state of emergency was declared. During these protests, indigenous peoples and citizens from rural and marginalised areas were strongly represented. New elections were one of main protesters' request, yet so far, the Congress has dismissed such a possibility.

This context of political fragility and the social and economic inequality within Peru have been exacerbated by the COVID-19 pandemic and existing horizontal inequalities, including those related to ethnicity, gender and rural location. Prolonged confinement measures led to a decline in GDP of 11.1% in 2020, with revenues dropping dramatically. Inequality and poverty increased. Labour informality, at 72% before COVID-19, rose to close to 80%. The pandemic highlighted the inequalities and deficiencies of the health and social protection systems. Even with a positive projection of GDP growth at 2.7% in 2022 and a stable public debt at 35% for 2022-2024 (World Bank), there will be still limited fiscal space to increase the quality and reach of the social protection and social policies and programmes, and access to formal employment will remain limited.

Peru's Constitution establishes that "the State recognises the universal and progressive right of each person to social security, for their protection from contingencies specified by law and for the elevation of their quality of life". However, the social protection system is fragmented and generates segmentation between high-income formal workers (who benefit from the contributory component)

and low income, informal workers (the large majority) who benefit from targeted social assistance and cash-transfer programmes, if they can qualify as poor or extremely poor <sup>4</sup>.

The approval of a new National Policy for Development and Social Inclusion (PNDIS)<sup>5</sup> in December 2022 is a step forward towards restructuring non-contributory social protection policy and schemes. The policy establishes the general framework for articulated interventions between the three layers of Government and has five strategic axes: Child nutrition, Early child development, Childhood and adolescence, Economic inclusion, and Protection of the elderly. It reaffirms the coordinating role of the Ministry of Development and Social Inclusion (MIDIS) who is the administrator of social and inclusion programmes and focuses on a new multi-dimensional concept of poverty, more focused on vulnerability factors than monetary considerations only. It also includes a dedicated focus on urban poverty, which is a much-needed reorientation, considering that social assistance programmes have traditionally been very rurally oriented.

High informality rates among urban as well as rural population, with a rise of informality to close to 80% after the COVID-19 pandemic, not only generates the exclusion of millions of workers from social security and the formal labour market but also affects the productive growth of the country. Stronger efforts are needed to tackle labour informality. The Sectoral Strategy for Labour Formalisation 2018-2021<sup>6</sup>, and the most recent National Decent Employment Strategy (PED 2022)<sup>7</sup> both strive to address some of the challenges, including improving the articulation at municipal level with the creation of integrated centres to promote labour formalisation “Centros Integrados Formaliza Perú” and intermediation centres, “Centros de Empleo”.

Another dimension of inequality is fuelled by alarmingly high rates of gender-based violence and gender stereotypes, which have resulted in aggravating inequalities for women and increasing the barriers to access (and remain in) the formal and informal markets, especially given increased housework and care overload responsibilities that women have assumed during the pandemic. The Ministry of Women and Vulnerable Population (MIMP), in line with the guidelines established in the National Policy for Gender Equality, has advanced with the definition of the Conceptual Framework to establish a National System of Care for people who require care and caregivers. Some pilot centres of the care system will start a pilot phase in 2023.

According to an ILO report of December 2022, the COVID-19 pandemic has disproportionately affected more than 800 groups of indigenous peoples, who are overly affected by poverty and informality, have few opportunities for decent work, and face obstacles in accessing education or participating politically<sup>8</sup>.

Since 2017, the national protection and inclusion networks had to respond to a significant additional challenge with the Venezuelan humanitarian crisis, which led to a massive arrival of Venezuelan migrants and refugees in Peru.

According to UNHCR Global Trends Report<sup>9</sup>, the Venezuelan humanitarian crisis (before the war in Ukraine) is the crisis with the highest number of citizens displaced abroad and the third for number of refugee seekers (13 800 per 100 000 inhabitants). The Inter-Agency Coordination Platform for

<sup>4</sup> According to the National Statistics Institute (INEI) in 2021 monetary poverty affected 25.9% of the population and extreme poverty 4.1% of the population. The definition of poverty in Peru is monetary. A poor person is someone who lives on less than USD 3.3 dollar per day, an extremely poor person on less than USD 1.9 per day.

<sup>5</sup> <https://www.gob.pe/14234-ministerio-de-desarrollo-e-inclusion-social-politica-nacional-de-desarrollo-e-inclusion-social>

<sup>6</sup> [https://cdn.www.gob.pe/uploads/document/file/355675/Estrategia\\_Sectorial\\_para\\_la\\_Formalizaci%C3%B3n\\_Laboral\\_2018-2021.pdf](https://cdn.www.gob.pe/uploads/document/file/355675/Estrategia_Sectorial_para_la_Formalizaci%C3%B3n_Laboral_2018-2021.pdf)

<sup>7</sup> <https://cdn.www.gob.pe/uploads/document/file/1948868/Pol%C3%ADtica%20Nacional%20de%20Empleo%20Decente%20-%20PED.pdf?v=1623777587>

<sup>8</sup> [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_864176/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_864176/lang--en/index.htm)

<sup>9</sup> UNHCR, Global Trends Forced Displacement in 2021, 2022

Refugees and Migrants from Venezuela R4V estimates that at least 7.2 million Venezuelans have left their country, and 6.1 million reside in countries of Latin America and the Caribbean ([R4V, 2023](#)). Out of these, approximately 1.5 million live in Peru, including 1 million in the capital Lima, making it the second largest city with Venezuelan inhabitants after Caracas. Peru is the second country for refugees and migrants from Venezuela after Colombia and the leading host country for Venezuelan asylum seekers (530 000).

The Peruvian Government created new legal mechanisms for regularising migrants and refugees in 2021: the Humanitarian Residency and the Temporary Permanence Permit Card (CPP). Both mechanisms support the integration of the Venezuelan population and grant access to different levels of health, social insurance and social services.

Notwithstanding advances in the regulation of migrants and access to some services for migrants, a strategic improvement of inclusion and social policies at territorial and local levels is required to guarantee the implementation of inclusive social protection programmes and services for all.

The EU is both a key ally in the field of social protection and has been providing support extensively, under various instruments, to the Venezuelan migration crisis.

The action builds on previous work and results of the highly regarded EUROsociAL programme, with the advantage of setting-up a permanent in-country dialogue and support. It will operate in synergy with the bilateral support to Peru's health sector and the regional TEI on Inclusive Societies in LAC. It will contribute to the regional Global Gateway Flagship on Human Development, supporting the EU-Latin America investment agenda.

It is also complementary to the array of EU-funded actions providing assistance and support to the inclusion of migrants, in particular the project *Supporting Host Communities for Refugees and Migrants in the Border Regions of Colombia, Ecuador and Perú* (SI Frontera), implemented by GIZ.

## 2.2 Problem Analysis

### **Social protection**

The severe socio-economic impact caused by COVID19 pandemic highlighted the structural fragilities and underinvestment in the social protection, in rural and indigenous areas. These are exacerbated by a fragmentation of social protection policies and programmes and lack of articulation of the various social protection schemes and programmes in Perú. The sector has been historically fragmented in a contributory and a non-contributory pillar.

The non-contributory pillar, whose responsibility lies with the Ministry of Social Development and Inclusion (MIDIS) and the Ministry of Women and Vulnerable Population (MIMP), serves the poorest sectors of the country with programmes and services that are targeted to prevent, alleviate and overcome poverty and to some extent vulnerability, primarily in rural areas. These programmes generally lack articulation with other social policies or even within the contributory pillar of the social protection.

MIDIS oversees the administration of these social assistance programmes, including:

- *Pension 65*: the national solidarity assistance programme for people over 65 living in extreme poverty;
- *Juntos*, the conditional cash transfer programme for the poorest;
- *Cuna Más*, subsidised day-care for children;
- *Contigo*, a non-contributory pension for people with severe disability in situation of poverty;
- *Qali Warma*, the national school food programme;
- *Trabaja Perú*, the programme for the generation of inclusive social employment;
- *Productive Youth*, the national youth employment programme; and

- *Red Amachay*, which is not a programme, but an inter-sector and intergovernmental support network to protect for elderly people at high risk and people with severe disability.

Some of these MIDIS programmes take the form of non-contributory cash transfers, others target specific vulnerable categories or particular groups. Cash-transfers are primarily conditional to children school enrolment, attendance and vaccination or to natal care for mothers and new born babies.

MIMPV is responsible for social care services targeting specifically vulnerable women or women victim of violence, including:

- *Casa de la Mujer*, municipal centres responsible for the promotion and protection of women's rights and their active participation;
- *Centros Emergencia Mujer (CEM)*, women's shelters specialised in attending cases of domestic and sexual violence and their prevention preventing; and
- *Centros de Desarrollo Integral Familiar*, shelters for vulnerable and migrant children.

The contributory pillar, whose responsibility lies with the Ministry of Labour and Employment Promotion (MTPE) includes the programmes that provide its beneficiaries with insurance that allows them to maintain minimum quality of life in times of sickness, unemployment, incapacity and retirement.

MTPE is responsible for the health insurance for the formally employed which is administrated by its Social Health Insurance *Essalud*. It also administers insurance and/or subsidies covering invalidity, maternity and lactation.

The Ministry of Economy and Finance (MEF) is responsible for public pensions disbursed by its *Oficina de Normalización Previsional (ONP)*, which calculates pensions rights and pays pensions for retirement, invalidity, widows, orphans and other.

Articulation of social assistance programmes needs to be improved at national level (horizontal coordination) and between national, regional and local governments (vertical coordination).

The non-contributory health insurance is provided by the SIS, the state subsidised *Seguro Integral de Salud (SIS)*, which is managed by the Ministry of Health and covers above 70% of the population. It offers a low quality health coverage to vulnerable and informal workers. The contributory social assistance and social insurance components of social protection in Peru are not part of a coherent system where each part converges with the aim of providing a responsive security social net or is responsible for specific social protection floors.

Within the health sector exists the same fragmentation because the two main insurers, the SIS (subsidised) and Essalud (contributory paid by formal workers) generate different sub-systems, each one managing its health centres and clinics nationwide with no inter-operability and with different quality and standards in the services offered.

If the overall social protection system is not reformed, as it stands is not providing adequate coverage of Peruvians and foreign residents in Perú throughout their life cycle.

Major short-comings and challenges to be tackled include:

- The fragmentation of the social protection system and the lack of coherence and coordination between social assistance, social insurance and active labour market policies;
- The need to increase investment in social protection, not least in the light of the current protests, and with a focus on ethnic minorities and gender inequalities;
- The need for a comprehensive social protection system in Perú: public debates show that not all stakeholders have a common understanding of social protection. It is critical to promote public discussions, build a shared vision and define a mechanism to ensure the fiscal sustainability and governance of the social protection system;



- The need to define an urban social protection strategy that provides dedicated social assistance and care services focusing on multi-dimensional vulnerability, horizontal inequalities and focuses on the very specific needs of the marginalised urban population, where poverty factors are very different from those of rural areas;
- The need to digitalise and interconnect social protection databases and systems to generate updated information and improve targeting and focalisation of social protection programmes;
- The need to upscale the services offered at territorial level by programmes such as *Cuna Más*, which offer fundamental day care services for families with young children, single parent's households and women.

Challenges in the contributory sector include:

- The segmentation between different categories of labour and limited formalisation of the economy, with a formal workforce of around 20% only, and some 80% informal, either legally or illegally;
- The politically difficult revision of the outdated and widely ignored regulatory framework for labour relations;
- The major legal and regulatory disincentives for formalisation, discouraging also the growth of businesses;
- The low attractiveness of the pension system, which results in a low rate of (voluntary) affiliation;
- A regulation and jurisdiction in cases of dismissals of personnel, which although well-intentioned, is creating the adverse effect that employers avoid recruiting under formal labour contracts.

### **Migration**

Migrants and refugees residing in Perú face considerable challenges to access social protection and benefit of social programmes intervention. It is estimated that by the end of 2023 1.6 million Venezuelan refugees and migrants will reside in Perú. Of these, around 60% will not have a valid regular residence permit, which is a precondition to have access to social protection and hence social economic integration.

The profile of migrants and refugees arriving from Venezuela has shifted from predominantly single adults to vulnerable families with young children, with very limited economic resources.

According to the National Statistics Institute INEI, 93% of this population works in the informal sector, largely exceeding the already high informality of the Peruvian work force. Difficulties in obtaining recognition of qualifications is a specific barrier to entering into the formal labour market. Even if there is a gradual improvement in the regularisation and registration processes of migrants and hence improved access to some social services (especially education for children) a strategic improvement of the national protection system, making it more right based and inclusive will be required to ensure that migrant population can be included in social safety nets. Integration of migrants in host communities of higher affluence, Lima, Callao, bordering areas have proved successful when working directly with like-minded Municipalities. Expansion of specific social programmes (*Cuna más* of MIDIS, Employment centres of Ministry of Employment) have proved to offer a window of opportunity to generate inclusion at territorial level.

### **Employment**

Peru is facing numerous labour market challenges: significant informality, low wages, youth unemployment and geographical, ethnic and gender discrimination. Informality, in addition to generating the exclusion of millions of workers from social security, also affects the productive growth. Indigenous peoples and rural workers are disproportionately affected by such informality.



The proportion of informal employment in the labour market (unpaid and non-contributory workers, non-professional self-employed workers or workers without income) is very high for a country with a level of economic development such as Peru.

Because of the pandemic, there was a strong exit of the population from the formal labour market, and despite a post pandemic recovery, the unemployed now take longer to find a formal job. Deteriorating labour market conditions and uncertainty about the future of the economy are discouraging the demand for formal jobs. Extending cash-transfers during the emergency has been instrumental in providing much needed support to contain vulnerable population from falling back into poverty and fighting poverty and extreme poverty. However, cash-transfers are insufficient and unsustainable if not completed with activation measures for working-age people. It is important to strengthen employment policies and Active Labour Market Policies<sup>10</sup> aimed at improving employability and access to formal quality jobs.

The government has taken some positive steps to promote labour formalisation and employment with the creation at regional and municipal levels of dedicated centres, *Formaliza Perú* and *Centros de Empleo*, both under the responsibility of the Ministry of Labour and Employment (MTPE).

*Formaliza Perú* centres are intended to help enterprises and wage workers wanting to formalise themselves providing support in the administrative procedures and taxation obligation they have to comply with; they also provide a virtual platform informing on labour rights. *Formaliza Perú* has received an initial support from EUROsociAL to guide the Ministry on the design of the operational structure of the centres. 16 Centres have been created at regional level but are still not fully operational because the range of services they offer need to be expanded.

*Centros de Empleo* provide employment services, such as job matching, job seeking support and ad hoc training. They can be either public or accredited private centres.

Other measures, such as the adoption of favourable legal frameworks for domestic workers or the development of a territorial model to prevent child labour have been initiated but need to be substantially incremented to gain momentum.

**Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:**

**Public sector stakeholders:** all the ministries that are mandated to move forward in the creation of a Social Protection System and form part of the Inter-Ministerial Commission for Social Affairs – CIAS, which are: the Ministry of Development and Social Inclusion (president of the CIAS); the Ministry of Economics and Finance; the Ministry of Women and Vulnerable Population (mandated with the role of setting up a national Care system); the Ministry of Education; the Ministry of Health; the Ministry of Labour and Employment; the Ministry of Production.

Other ministries and agencies that will be targeted, specifically relating to migrant regularisation and inclusion are the Ministry of Foreign Affairs (Direction of Human Rights and Special Commission for Refugees); the Ministry of Interior (National Superintendence of Migration) and the National Ombudsman.

**Local authorities** are strategic partners due to their mandate to define and implement strategies and networks of social protection, care services, job creation and formalisation at sub-national level. The action will work with a pilot methodology in to develop specific territorial strategies to improve social assistance service provision, formalisation, regularisation, and integration of marginalised and migrant populations (local plans, pilot care, integrated labour formalisation centres). Priority will be given to regional governments and municipalities with a high percentage of migrant population, primarily Lima and Callao.

<sup>10</sup> According to OECD definition, Active Labour Market Policies includes i) training, ii) employment incentives, iii) direct job-creation, iv) start-up incentives, v) employment services (mainly referred to job-matching), vi) sheltered and supported employment.

**Social Partners and Private sector**, for actions related to labour formalisation and employment generation, is it necessary to generate synergies with the National Labour and Employment Promotion Council; the National Society of Industries – SNI; the National Society for Mining, Petroleum and Energy; the Lima Chamber of Commerce – CCL and Trade Unions; the Peru Chambers of Commerce (Peru Cámaras), and Medium Size Enterprises (SMEs). On the other hand, instances of dialogue and consensus-building with export sectors of the EU will be generated for the design of instruments that promote decent work and eradicate informal work in their value chain.

**Academia:** The Academia promote the policy decision based on evidence. Potential academia partners, include Piura University; the National University of San Marcos; the National University of San Martín; the Pacific University; Nacional University of Trujillo; National University of Tumbes; Pontifical Catholic University; University Antonio Ruiz de Montoya and Lima University.

**Civil society:** Local and diaspora organisations representing Venezuelan migrants, women and youth associations, NGOs and church organisations caring for vulnerable persons (such as victims of gender-based violence, organisations of disabled persons, organisations representing the LGBTIQ+ community, trade unions and organisations representing informal workers, indigenous peoples' organisations, are partners of the action. They will be involved in policy design and reform. This should include organisations with humanitarian and development mandates, NGOs and UN agencies that have the expertise in the provision of humanitarian aid to migrants and refugees and, as part of their integration objectives and/or implement a series of programmes oriented to support effective integration of migrants and refugees in the Peruvian socioeconomic system. CSO are in particular crucial implementing partners and shall receive grant funding under the GIZ related migration component.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The **Overall Objective** (Impact) of this action is: **Peru has made progress towards a universal, inclusive Social Protection System (SPS), with equal opportunities for all, regardless of gender, sex, ethnicity or nationality.**

The Specific Objectives (Outcomes) are to:

- Specific Objective 1:** Design and enforce legal and policy frameworks for a) non-contributory and contributory social protection and b) employment policies with a right based, intercultural and gender focus;
- Specific Objective 2:** Increase the coverage, enhance the adequacy and improve the quality of social protection programmes and schemes and active labour market services at territorial level, with a clear focus on gender equality and interculturality;
- Specific Objective 3:** Improve social protection and social-economic integration measures for migrants and refugees.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

#### **Specific Objective 1: Social protection and employment policies**

**Output 1.1.** Enhanced public debate on Peru's social protection.

**Output 1.2.** Non-contributory and contributory social protection and employment policies have improved their frameworks at policy, strategic and programmatic level.

#### **Specific Objective 2: Offer and quality of social protection and active labour market policies at territorial level**

**Output 2.1.** Enhanced capacity of authorities to provide social assistance and social care services in terms of coverage, quality and adequacy with a gender, intercultural and territorial approach.

**Output 2.2.** Enhanced capacity of local level government and private sector stakeholders to promote formalisation and implement active labour market policies.

**Specific Objective 3: Social protection and socio-economic inclusion of migrants and refugees**

**Output 3.1.** Mechanisms and processes for regularisation are improved and regularisation of migrant population is promoted.

**Output 3.2.** Access to social protection and active labour market policies extended to migrants and refugees in selected regions / municipalities

### 3.2 Indicative Activities

**Specific Objective 1: Social protection and employment policies**

Activities related to **Output 1.1: Enhanced public debate on Peru's social protection system**

- A1.1.1. Promote a national, multi-actor debate to generate consensus over a progressively universal, rights-based and inclusive social protection system, with an intercultural and gender perspective.
- A1.1.2. Generate scientific evidence for sustainable social protection reform, including fiscal, economic and taxation analysis.
- A1.1.3. Strengthen communication on social protection policies and schemes, including contributory and non-contributory dimensions and labour-market policies.
- A1.1.4. Support sustainable higher investment in both social spending and social infrastructure planning and provision.

Activities related to **Output 1.2. Non-contributory and contributory social protection and employment policies have improved their frameworks at policy, strategic and programmatic level**

- A1.2.1. Elaboration of a roadmap for the transition to a progressively universal Social Protection System (SPS) along the life-cycle, with gender and intercultural lenses, including sustainability and fiscal aspects.
- A1.2.2. Analysis and revision of the National Social Development and Inclusion System (*Sistema Nacional de Desarrollo e Inclusión Social (Sinadis)*), with of view to reviewing sector governance.
- A1.2.3. Review of non-contributory and contributory social protection policies and results-based budgetary programmes.
- A1.2.4. Elaboration of a roadmap for the implementation of the new *National Policy for Development and Social Inclusion-PNDIS*.
- A1.2.5. Define indicators and propose a monitoring system to track progress.
- A1.2.6. Support the policy design and implementation of a gender-sensitive, comprehensive national care system.
- A1.2.7. Definition of an urban social protection strategy focused on specific forms of vulnerability in urban context, considering the specific challenges of women, youth, indigenous peoples and LGBTIQ groups, including its streamlining into existing social protection programmes.
- A1.2.8. Revise and update labour regulations, design and support implementation of formalisation programmes and active labour market policies (job intermediation, ad hoc

training, etc.), programmes, services and incentive mechanisms and support reform, where promising.

- A1.2.9 Strengthen mechanisms for improving social dialogue processes with employers and workers, including informal workers organisations.
- A1.2.10. Promotion of fundamental labour rights, including the eradication of child labour.
- A1.2.11. Support the design and implementation of a digitalised and integrated social information system for improved targeting of the vulnerable groups, including monitoring and evaluation of coverage, adequacy quality of the social protection and social care services and programmes.
- A1.2.12. Promote financial inclusion.

### **Specific Objective 2: Offer and quality of social protection and active labour market policies at territorial level**

Activities related to **Output 2.1: Enhanced capacity of authorities to provide social assistance and social care services in terms of coverage, quality and adequacy with a gender, intercultural and territorial approach.**

- A2.1.1. Assist in the development and implementation of guidelines, protocols and referral systems for categorical social protection of children, adolescents, women, indigenous peoples, LGBTIQ, elderly, people with disabilities, migrants or victims of trafficking and smuggling.
- A2.1.2. Support the implementation of the new National Policy for Development and Social Inclusion of the MIDIS – PNDIS.
- A2.1.3. Support prioritised regions or municipalities in defining social protection needs and response strategies on the basis of their competencies.
- A2.1.4. In cooperation with respective sub-national authorities, set up or improve social services and/or infrastructure for safe spaces for children, adolescents and women such as:
  - o Family Centres (*Centros de Desarrollo Integral Familiar – CEDIF*; MIMPV),
  - o Child day-care (*Cuna Más*; MIDIS),
  - o Women’s shelters (*Casa de la Mujer, Centro de Emergencias Mujer*; MIMPV) or
  - o Protection and promotion of rights of children and adolescents (*DEMUNA*; Municipal Ombudsman’s Office for Children and Adolescents).
- A2.1.5. Strengthen the inter-sectorial *Red Amachay* platform for assistance to elderly people at high risk and people with severe disabilities and pension schemes (*Pension 65*) to improve care outreach at local level.
- A2.1.6. Strengthen local government social protection and social inclusion services for persons with disabilities.
- A2.1.7. Promote awareness about social rights and visibility of existing social protection services at local level.

Activities related to **Output 2.2: Enhanced capacity of local level government and private sector stakeholders to provide formalisation and active labour market policies**

- A2.2.1. Support the Ministry of Labour and Employment’s “*Formaliza Perú*” formalisation programme.
- A2.2.2. Strengthen labour intermediation services in cooperation between local authorities, the private sector and civil society.

### **Specific Objective 3: Social protection and socioeconomic inclusion of migrants and refugees**

Activities related to **Output 3.1: Mechanisms and processes for regularisation are improved and regularisation of migrant population is promoted.**

- A3.1.1. Strengthen the (mobile) centres for regularisation and registry of migrants at territorial level ("*Migra Mobiles*" / "*Migra Centros*").
- A3.1.2 Advocacy work with decision makers to improve their policies and processes for the regularisation of migrants.

Activities related to **Output 3.2: Access to social protection and active labour market policies extended to migrants and refugees in selected regions / municipalities**

- A3.2.1. Support diagnostics, protocols and guidelines to improve access of migrants and refugees to social protection, social programmes and networks.
- A3.2.2 Support public entities in the operationalisation of inclusive social protection and social services and programmes for migrants and refugees.
- A3.2.3 Support the validation and certification of professional qualifications and skills, titles and degrees to facilitate the inclusion of migrants into the formal labour market.
- A3.2.4. Organise activities to promote the hiring of qualified migrant workers, closing the gender gaps in the labour market.
- A3.2.5. Support technical vocational education and training (TVET) centres through technical assistance and equipment, addressing horizontal segregation, stereotyping, and gender gaps in education and training.

### 3.3 Mainstreaming

#### **Environmental Protection & Climate Change**

**Outcomes of the EIA (Environmental Impact Assessment) screening** (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

**Outcome of the CRA (Climate Risk Assessment) screening** (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

The action will integrate elements to contribute to the country's environmental sustainability, low carbon development and climate resilience. In the dialogue on the social protection system, and under the component of conditional cash transfers it will promote environmental and climate change objectives where feasible (e.g., land restoration/reforestation as part of cash-for-work schemes). Under Output 2.2 it will promote the development of skills for green jobs. Any infrastructure interventions (e.g., under Output 2.1) will promote the use of renewable energy and energy & water efficiency measures.

#### **Gender equality and empowerment of women and girls**

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is a significant objective.

The action promotes progress towards a universal, inclusive Social Protection System (SPS), with equal opportunities for all, regardless of gender, sex or other criteria. Well-designed social protection systems can narrow gender gaps in poverty rates, enhance women's income security and access to personal income. Equitable access to gender-responsive social protection has a significant impact on women's and girls' empowerment and opportunities, with wider positive effects. Specific considerations should be taken into account with regard to additional disadvantage and barriers

experienced by women from indigenous or Afro-descendant background, rural population and other minorities, as well as to the specific requirements of migrant women and unaccompanied migrant girls.

Gender equality will indeed be mainstreamed where national strategies, policies, legislations, programmes or other are drawn up or revised with assistance under the programme.

Among the priorities or strands of action figure the introduction of a national care policy, expansion of early childhood services, including child-care programmes and services and women's shelters, formalisation of domestic workers.

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### **Human Rights**

Social protection is a fundamental human right and an essential instrument for reducing poverty and promoting social cohesion. It ensures access to health care and income security and is a key tool in addressing shocks, vulnerability, gender inequality and poverty. Access to sustainable jobs, living wages and decent working conditions are important labour rights which form part of HR.

Large horizontal inequalities and a social and ethnic divide characterise Peru. The country is far from achieving universal social protection. Different social assistance programmes provide interesting starting points for the future development of a social protection system. At the same time the predominantly informal economy only provides social security to a few.

The action will follow a rights-based approach and will be particularly mindful of the rights of indigenous peoples and Afro-descendants as per the National Policy on the mainstreaming of an intercultural approach.

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### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that disability inclusion is an important and deliberate objective, but not the principal reason for undertaking the action.

Vulnerable persons with disabilities are one of the target groups for the provision and improvement of social assistance, the *Amachay* network and programme.

### **Reduction of inequalities**

Peru's Gini coefficient for 2020 is 43.8. While Peru's decades of high output growth also witnessed a very significant decrease in inequality, this trend has come to a halt around 2014 and a reversal in 2019.

A stronger investment in social sectors and a widening of Peru's social protection coverage, scale and quality of services are needed to further decrease poverty, as well as ethnic, rural and gender-based marginalisation.

Migrant populations are particularly vulnerable, also due to very limited access to formal employment and social protection, including health.

### **Democracy**

Social cohesion, reducing inequality and socio-economic disparities, as pursued by the action, is a basis for stable democracy. Democracy and social cohesion are interlinked (*International IDEA*).

An underlying cause of the current unrest, with demonstrating, excluded populations, included indigenous peoples taking to the streets, is indeed to claim better services from the State.

### **Conflict sensitivity, peace and resilience**

Inequalities and the large social and ethnic divide are a constant potential risk for peace and stability. At the time of writing, Peru is experiencing unrests in various parts of the country. They erupted in consequence to political events of December 2022, when then President Castillo's unconstitutional

attempt to dissolve Congress failed and led to his arrest. A split society and a lack of dialogue between fractions only increase risks.

The action will apply a conflict sensitive and do-no-harm approach by contributing to address some of the structural inequalities that are at the roots of today's protests. The involvement and consultation with marginalised groups in the context of this action, including women, youth, indigenous peoples and Afro-descendants can provide an entry point for dialogue and reconciliation. Moreover, this action looks at increasing social and economic resilience in the event of pressures and shocks, as this is a main trait of sustainable and inclusive social protection systems or services.

#### **Disaster Risk Reduction**

Disaster risk reduction/ preparedness should be mainstreamed in the social protection system, to address or prepare risks of other mega-stressors, such as pandemics, economic crises, natural disasters, and so on. There is an opportunity to take advantage of the social protection stakeholders' capacities to foster disaster preparedness.

#### **Other considerations if relevant**

Not applicable

### 3.4 Risks and Lessons Learnt

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
<b><i>1. RELATED TO THE EXTERNAL ENVIRONMENT</i></b>				
1.2 Macro-environment	Political instability, government changes, staff rotation in Ministries	H	H	<p>The action will promote a wide debate on social protection and inter-ministerial and multi-actor articulation to better withstand changes of authorities.</p> <p>It also diversifies EU cooperation partners. Central government remains a crucial partner, but so are local authorities, academia and (civil) society.</p> <p>Concrete pilot actions to improve social service in regions or municipalities.</p> <p>Work as Team Europe (with DE and IT in the frame of the action, and others) strengthens the EU position.</p>
1.3 Political decisions and priorities outside the Commission	Shift in political priorities	L	L	<p>Notwithstanding the Covid pandemic, which showed how ill prepared Peru and its social sectors were, social development has yet to make it to the top of the political agenda. The action will search to do so, widen the national debate, advocate for a social protection system.</p> <p>It will to a large extent engage with recently elected local and regional authorities to improve services on the ground.</p>
1.3 Political decisions and	Reluctance to widen	H	L	The reluctance to widen formal rights to migrants is a given. The EU will act in the



priorities outside the Commission	rights for migrants			current framework, promoting migrant regularisation, which comes with entitlements, and concrete inclusion measures at territorial level.  In order to prevent xenophobia, EU activities follow an approach that also benefits host communities.
1.3 Political decisions and priorities outside the Commission	Perpetuating gender inequalities and stereotypes	H	L	Design of gender focused actions for women's empowerment in line with EU GAP III. Participation of women in all areas, especially in decision making bodies and promoting a gender sensitiveness in social protection is a key dimension of this programme.
1.3 Political decisions and priorities outside the Commission	Continuing social unrest, lack of effective inclusion and targeting of ethnic minorities	M	H	While social demands can lead towards a more inclusive society, unrest presents a risk for action implementation. The promotion and design of focused actions to address horizontal inequalities and promotion of participation of indigenous peoples and afro-descendants in all areas, especially in decision making bodies shall counteract.
1.4 External partners	Weak vertical governance, inter-ministerial coordination or limited institutional resources	M	M	Unclear mechanisms for coordination of social programme providers are a limitation. The Action will seek to address this at national level as part of its advocacy for a social protection system.  At territorial level, local authorities are in charge and EU partners for implementing pilot social protection safety-nets and programmes.
1.5 External partners	Weak participation of the private sector and civil society	M	L	The Action includes the creation of synergies and alliances with private sector and civil society to mobilise support and co-investment. Part of the action will be implemented by civil society. The involvement of Trade Unions and informal workers organisations is key to strengthen social dialogue to increase participation.

#### **Lessons Learnt:**

- Peer to peer exchanges amongst EU and Latin American decision makers, officials and experts have shown to be particularly relevant in guiding a careful public debate.
- In times of political instability, diversifying and building partnership with civil society and private sector mitigates risks and ensures continuity.
- Link policy design and reform with concrete action in the field at regional or local level generates benefits and multiplier effects for populations in all their diversity (including youth, women and indigenous peoples).

- Focus on like-minded municipalities willing to make social and employment opportunities more inclusive in their area guarantees higher returns.
- Support to the inclusion of migrants is more effective and doesn't create xenophobia within broader support to host communities.
- Signing a Financing Agreement with Peru is complex and time-consuming, even more so when various Ministries are involved and in the current context. Non-formal agreements can ensure the same appropriation.
- Working in a Team Europe frame increases policy power, impact and coordination and reduces overlaps and transaction costs.
- Communication is a key tool to achieve objectives.

### 3.5 The Intervention Logic

Notwithstanding the Covid pandemic - which showed the shortcomings of Peruvian health sector and social protection system -, a large social divide and the recent manifestations of the disadvantaged rural masses, there is reluctance or inertia to embark on meaningful social reforms and discuss the gradual introduction of a universal social protection system, or even open the dialogue on the topic.

Social cohesion and democracy are complementary, social cohesion and protection being an important condition for development. It parts from the conviction that moving towards a comprehensive, inclusive social protection system that equates opportunities between women and men, with capacities to prevent, mitigate, protect and promote is a fundamental step for social equity. It is also a necessary step from the point of view of investing in the social and human capital of the country, therefore, for its development.

The Commission and Team Europe distinguish themselves as long standing partners in social protection. This is in line with EU values and interests. An international reference, with its resilient and inclusive EU social model, the Commission has promoted social protection via bilateral and regional programmes. The logic of the intervention is:

**(GO): IF** Peru improves the legal and policy frameworks for non-contributory and contributory social protection and employment; increases coverage, adequacy and quality of social protection programmes and active labour market services; for all regardless of gender, sex, ethnicity and nationality, **THEN** Peru progresses towards a universal, inclusive Social Protection System (SPS), with equal opportunities for all.

**(SO1) IF** there is an open debate between authorities and a representative array of societal actors, **THEN** a general consensus on the model of social protection system that the country wants will emerge. The EU can stimulate and nurture this debate in cooperation with stakeholders from the public and private sector, academia and civil society.

**IF** the debate is supported by a wide, multi-actor participation, scientific evidence, communication and calculations of investment costs, **THEN** the odds for a positive outcome and ambitious target setting are increased.

**IF**, on the basis of the existing consensus, the EU accompanies authorities in the design of improved policy, strategic and programmatic frameworks of contributory and non- contributory social protection, **THEN** a solid basis for building a more coherent and inclusive social protection system is created.

**IF** we engage in areas as the elaboration of a roadmap for the transition to a Social Protection System; the revision of the governance of the National Social Development and Inclusion System (Sinadis); the revision of non-contributory and contributory social protection policies; the elaboration of a roadmap for the implementation of the new National Policy for Development and Social Inclusion; the definition of indicators and a monitoring system to track progress; the creation of the national care system; the revision of labour regulations, formulisation and employment intermediation

strategies; the strengthening of social dialogue; the promotion of fundamental labour rights; the implementation of a social information system and/or the promotion of financial inclusion, **THEN** we help create legal and policy frameworks enabling social cohesion.

**(SO2) IF** social policies shall lead to concrete improvements for citizens, **THEN** service quality, adequacy and offer need to improve at territorial and local level. **IF** this is achieved, **THEN** the concrete results become visible and will guide further steps or multiplication. The design of more inclusive, universal, gender-sensitive and intercultural social policies under SO1 won't lead to concrete improvements, if not coupled with improved service offer and provision for populations. Services that could be targeted for improvement are "*Cuna Más*", "*Casa de la Mujer*", "*Centros de Empleo*", "*DEMUNA*", "*Migra Móbiles*" or "*Migra Centro*".

**IF** we however assist in the development and implementation of guidelines, protocols and referral systems for categorical social protection of children, adolescents, women, indigenous peoples, LGBTIQ, elderly, people with disabilities, migrants or victims of trafficking and smuggling; support the implementation of the PNDIS in the terrain; assist prioritised regions or municipalities in defining social protection needs and response strategies; help sub-national authorities improve social services and/or infrastructure for safe spaces for children, adolescents, women, vulnerable elderly people and people with disabilities and promote awareness about social rights, **THEN** we achieve real impact at societal and individual level.

**IF** the "*Formaliza Perú*" formalisation programme and labour intermediation services are strengthened in cooperation between local authorities, the private sector and civil society, **THEN** more decent employment is created.

**(SO3) IF** more migrants and refugees are registered and regularised, **THEN** their social and economic inclusion will be facilitated.

**IF** migrant populations are to be included, **THEN** they require both assistance in the regularisation of their status and documentation and accessing social services and employment.

**IF** advocacy work and a strengthening of regularisation services are combined, **THEN** migrants can be regularised increasingly quickly.

**IF** the capacities of authorities to operationalise inclusive services and respective diagnostics, protocols and guidelines are enhanced, the validation and certification of professional qualifications and skills is supported, TVET is provided and activities to promote the hiring of qualified migrants are promoted, **THEN** migrants' access to social protection and the formal labour market is improved.

**IF** migrants have increased access to social protection and employment, they and their host community benefits. And **IF** support also targets host communities, **THEN** xenophobia can be avoided.

### 3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g., including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (max. 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	Peru has made progress towards a universal, inclusive <b>Social Protection System (SPS)</b> , with equal opportunities for all, regardless of gender, sex, ethnicity or nationality	1. World Bank Gini Coefficient (GERF 1.32) 2. Proportion of population below the international poverty line (GERF 1.23 SDG 1.1.1)	1. Value: 43.8 (2020) 2. Value: 8% (2020)	1. TBD 2. TBD	1. World Bank 2. World Bank	
<b>Outcome 1</b>	Design and enforce legal and policy frameworks for a) non-contributory and contributory social protection and b) employment policies with a right based, intercultural and gender focus	1.1 Number of countries which have benefitted from EU support to strengthen their social protection systems (GERF 2.31) 1.2 Proportion of population covered by at least one social assistance programme 1.3 Annual government expenditure allocated for social protection expenditure (composed of a) social assistance programmes, and b) non-contributory social insurance - SIS) as a percentage of total government expenditure	1.1: 0 (2022) 1.2: TBD (2022) 1.3: TBD (2022)	1.1: 1 (2023, 2024, 2025) 1.2: TBD (2025) 1.3: TBD	1.1: GERF 1.2: government social protection databases 1.3: MEF	Peru is committed to improve/reform its social protection system
<b>Output 1 related to Outcome 1</b>	1.1. Enhanced public debate on Peru's social protection	1.1.1. Number of participants in debates on social protection organised with support of EU-funded intervention	1.1.1: 0 (2022)	1.1.1: TBD	1.1.1: Project reports/databases of participants	GoP' willingness to engage in dialogue and include civil society

Results	Results chain (@): Main expected results (max. 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Output 2 related to Outcome 1</b>	1.2. Non-contributory and contributory social protection and employment policies have improved their frameworks at policy, strategic and programmatic level	1.2.1 Number of policies on social protection and employment developed or reviewed with support of the EU-funded intervention	1.2.1: 0 (2022)	1.2.1: TBD	1.2.1: El Peruano; Ministry websites; project reports	
<b>Outcome 2</b>	Increase the coverage, enhance the adequacy and improve the quality of social protection programmes and schemes and active labour market services at territorial level, with a clear focus on gender equality and interculturality	2.1 Number of people directly benefiting from EU supported interventions that aim to reduce social and economic inequality (GERF 2.39)	2.1: 0 (2022)	2.1: TBD (2026)	2.1: Project reports	Authorities at local level remain committed to improve social protection
<b>Output 1 related to Outcome 2</b>	2.1. Enhanced capacity of authorities to provide social assistance and social care services in terms of coverage, quality and adequacy with a gender, intercultural and territorial approach	2.1.1. No of social assistance and care programmes supported with a gender and intercultural approach 2.1.2 Number of government staff and private/SC actors trained by the EU funded intervention	2.1.1: 0 (2022) 2.1.2: 0 (2022)	2.1.1: TBD (2026) 2.1.2: TBD (2026)	2.1.1: Project reports 2.1.2: Project reports	
<b>Output 2 related to Outcome 2</b>	2.2. Enhanced capacity of local level government and private sector stakeholders to provide formalisation and active labour market policies	2.2.1. Number of enterprises and people supported in formalisation 2.2.2. Number of people supported by active labour market programmes, disaggregated by sex and age	2.2.1: 0 (2022) 2.2.2: 0 (2022)	2.2.1: TBD (2026) 2.2.2: TBD (2026)	2.2.1: Project reports 2.2.2: Project reports	
<b>Outcome 3</b>	Improve social protection and social-economic integration measures for migrants and refugees	3.1 Percentage of migrants and refugees receiving at least one social protection benefit, disaggregated by sex and migration status 3.2 Number of migrants, refugees, and internally displaced people or individuals from host communities protected or assisted with EU support (GERF 2.20)	3.1: TBD (2022) 3.2.: TBD (2022)	3.1: TBD (2026) 3.2.: TBD (2026)	3.1: GERF 3.2 Project reports	Authorities are committed to improve social and economic integration of migrants
<b>Output 1 related to Outcome 3</b>	3.1. Mechanisms and processes for regularisation are improved and regularisation of migrant population is promoted	3.1.1 Number of migrants and refugees protected or assisted by the EU funded intervention (regularisation)	3.1.1.: TBD (2022)	3.1.1.TBD (2026)	3.1.1 Project reports	

Results	Results chain (@): Main expected results (max. 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Output 1 related to Outcome 3</b>	3.2. Access to social protection and active labour market policies extended to migrants and refugees in selected regions / municipalities	3.2.1 Number of migrants and refugees protected or assisted by the EU funded intervention (social protection and socio-economic integration) 3.2.2 Number of protocols and guidelines to improve access of migrants to social programmes and networks created	3.2.1: 0 (2022) 3.2.2: 0 (2022)	3.2.1: TBD (2023-2026) 3.2.2: TBD (2026)	3.1.1 Project reports	

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the Government of Peru or any subnational public authority.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### 4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>11</sup>.

#### 4.3.1 Indirect Management with a pillar assessed entity

This action may be implemented in indirect management with pillar assessed entities s, IILA-IT and/or GIZ-DE, acting alone or in a consortium.

IILA shall be responsible for the implementation of **Specific Objective 1: Social protection system and policies**.

IILA has vast experience and added value in the field of social protection area, acquired not least as leader of the thematic area under the EU's *Eurosocial* programmes. It has established a privileged dialogue with national sectoral Ministries and authorities (i.a. MIDIS, MTPE, MIMP,) has the capacity to mobilise a network of EU and Latin American high-quality experts. Its work can build on past interventions and results in Peru, in fields of contributory and non-contributory social protection policy reform.

GIZ-DE shall be responsible for the implementation of **Specific Objective 2: Offer and quality of social and employment services at territorial level** and **Specific Objective 3: Social protection and socioeconomic inclusion of migrants**.

GIZ has vast experience in improving social service delivery and quality at regional and local level, including as the provider of the complementary technical assistance under the EU's previous sector support to the MIDIS *National Strategy for Social Development and Inclusion (ENDIS)*.

GIZ is also implementing actions promoting social policy roll-out and inclusion of migrants, including i.a. the IcSP-funded project "*Supporting host communities for Refugees and Migrants in the Border Regions of Colombia, Ecuador and Peru (SI FRONTERA)*". The German government will provide co-financing of EUR 4 million (pending final approval). Teaming up with DE-GIZ will help ensure critical EU-Team Europe scale, impact and visibility in the field of migration.

Conscious of the complementarity between the specific objectives and the existence of a certain grey zone between policy and programme design and improvement of services, constant close coordination in the mechanism set up under 4.6 and in the field is primordial.

<sup>11</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.



The pillar assessed entities are selected using the following criteria:

For SO 1:

- Experience in Peru.
- Proven experience in social protection.
- Capacity to coordinate and articulate multi-actor processes and multi-stakeholder dialogues.
- Capacity to mobilise a vast network of EU and Latin America expertise to generate peer-to-peer exchanges and capacity building.
- Capacity to sub-contract and provide grant funding, including to guarantee civil society participation.
- Experience in managing Contribution Agreements and working with a Team Europe perspective.

For SO 2 and 3:

- Experience in Peru.
- Proven experience in social protection and integration of marginalised and migrant population.
- Capacity to coordinate and articulate multi-actor processes and multi-stakeholder dialogues.
- Ability to deploy and manage a strong team at territorial level.
- Capacity to sub-contract and provide grant funding, including to guarantee civil society participation.
- Experience in managing Contribution Agreements and working with a Team Europe perspective.

The entrusted entities would carry out the following budget-implementation tasks, indicatively:

- Award and management of procurement contracts (services and/or supplies and/or works).
- Award and management of grant contracts.

In case the envisaged entities would need to be replaced, the Commission's services may select replacement entity/ies using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

#### 4.3.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

If due to exceptional circumstances, implementation in indirect management under 4.3.1 can no longer be envisaged, the foreseen activities under Specific Objective 1 can instead be implemented in direct management mode by means of procurement of services.

#### 4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.5 Indicative Budget

<b>5. Indicative budget components</b>	<b>EU contribution (in EUR)</b>	
<b>SO 1: Social protection system and policies</b> <u>IILA Contribution Agreement</u>	5 000 000	
<b>SO 2: Offer and quality of social and employment services at territorial level</b> <b>SO 3: Socio-economic inclusion of migrants</b> <u>GIZ Contribution Agreement</u>	10 000 000	
<b>Evaluation and audit</b> – cf. sections 5.2 and 5.3	Covered by another decision	
<b>Totals</b>	15 000 000	

#### 4.6 Organisational Set-up and Responsibilities

<p>Steering of the action shall occur in the frame of a specific Steering Committee to be set up. It shall include the following members:</p> <ul style="list-style-type: none"> <li>• The Head of Cooperation of the European Union in Peru or a representative;</li> <li>• The representative of IILA;</li> <li>• The representative of DE.</li> </ul> <p>The Steering Committee shall provide overall strategic guidance and approve the 6-monthly work plans and 6-monthly communication plans, to be drawn up and presented jointly by the implementing partners.</p> <p>Day to day management shall be coordinated in the Technical Committee. It shall include:</p> <ul style="list-style-type: none"> <li>• The programme manager of the European Union Delegation to Peru;</li> <li>• The IILA project director in Peru;</li> <li>• The GIZ project director in Peru.</li> </ul> <p>Conditional to later specific arrangements, it is envisaged to create a group to steer policy work under the programme. This group could tentatively include the following members:</p> <ul style="list-style-type: none"> <li>• The Minister of Social Development and Inclusion (MIDIS) or a representative;</li> <li>• The Minister of Labour and Employment Promotion (MTPE) or a representative;</li> <li>• The Minister of Women and Vulnerable Populations (MIMP) or a representative;</li> <li>• The Minister of Economy and Finance (MEF) or a representative;</li> <li>• The Head of Delegation of the European Union in Peru or a representative;</li> <li>• The representative of IILA;</li> <li>• The representative of DE.</li> </ul>
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#### 4.7 Pre-conditions

N.A.
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## 5 PERFORMANCE MEASUREMENT

### 5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). Indicators shall be disaggregated at least by sex. All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis, and monitoring:

Where adequate and possible baseline data will be established by the implementing partners before the start of implementation.

Also, project surveys shall be carried out to collect information during the project implementation and provide feedback information and recommendations.

### 5.2 Evaluation

A final evaluation, and possibly also a mid-term evaluation will be carried out for this action or its components via independent consultants.

The Commission shall inform the implementing partner at least 2 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

Gender equality and human rights expertise will be included in monitoring and evaluation teams as appropriate. All evaluation shall assess to what extent the action is taking into account the human rights based approach as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a Financing Decision.

### 5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

## 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Notwithstanding the above, it is the task of the implementing partners to integrate communication into their action, not least as an essential tool to achieve the programme's objectives.

They shall therefore jointly draw up an initial communication plan, to be reviewed and updated regularly, as instructed and approved by the Steering Committee.

## Appendix 1 REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: “a given contract can only contribute to one primary intervention and not more than one”. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as;

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action