

APPENDIX 18. PERU



March 2022

► A18.1. Executive summary

The health and economic crisis caused by the COVID-19 pandemic is the most serious the world has faced this century and has put at stress the social protection systems of all countries. Peru's high rates of infection and death have highlighted the weaknesses of the health and social protection system in the face of the loss of labour income. Despite the state's efforts to expand health coverage in recent years, the level of health insurance is still low: 23.8 per cent of the population is not insured and there are large gaps in the quality of service. On the other hand, the socio-labour structure of the Peruvian labour market is characterised by the fact that more than two thirds of workers are in the informal sector, one third are self-employed in subsistence work and the majority of occupations are generated by companies with fewer than ten workers. The pandemic has raised levels of social vulnerability and aggravated the situation of those already in precarious working and living conditions. By the end of 2020, about 2.230.000 workers lost their jobs, underemployment grew by 6.1% and the average monthly income fell by -11.3 per cent (INEI, 2021).

The suspension of economic activities considered non-essential, together with the closure of schools and care centres, led to an overload of domestic and care work for women, deepening gender inequalities in the Peruvian labour market. According to MTPE data, in the second quarter of 2020, women with children registered a greater loss of employment (-61.1 per cent) compared to women without children (-54.6 per cent), compared to the same quarter of the previous year. For the same period, the retention rate of women in the labour market decreased from 84 to 40.5 per cent. A large number of employed women moved into inactivity (55.4 per cent), mostly women with informal jobs and self-employed workers, and, to a lesser extent, into unemployment (4.1 per cent).

The project "Strengthening social protection against unemployment in Peru" is part of the European Union funded "Improving synergies between social protection and public finance management". It aims to develop a mechanism of social protection against unemployment for Peru that simultaneously allows the economic support of the worker during the job search and facilitates their incorporation or maintenance in the labour market through their participation in active employment policies.

The project established the foundations for the progressive implementation of a Comprehensive Unemployment Protection System based on the international principles of social security and, initially, on the evidence to set the financial sustainability of the future unemployment insurance scheme for employees in the private sector, as well as a road map for reinforcing the support of public services to assist all workers in their search for employment. In other words, the project has provided the ILO constituents with the necessary technical inputs and evidence to make further progress in the institutionalization of social unemployment insurance linked to ALMPs in the short/medium term, as well as to advance the ratification of Part IV of ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), and ILO Employment Promotion and Protection against Unemployment and Convention, 1988 (No. 168). This is a very satisfactory result, considering that this issue had been dropped from the institutional agenda following a non-feasibility report prepared by experts for the government in 2017, and the short duration of the project, which has been developed in a complex political and economic scenario.

Main achievements 2020–2022

1. Proposal for the creation of a comprehensive unemployment protection scheme with the following characteristics

- It is articulated around two components: the implementation of a Unemployment Social Insurance (Seguro Social de Desempleo – SSD) and the redesign and strengthening of the Active Labour Market Policies (ALMPs).
- Progressive universal coverage approach.
- It lies on social dialogue and progressivity in its implementation.
- It promotes formalisation and decent work.

2. Financial feasibility study of an Unemployment Social Insurance for Peru

A financial feasibility study, based on strict actuarial methods, was carried out for an eight-year economic cycle of a social insurance scheme for unemployment through a system of individual contributions to a common fund (Unemployment Fund). The actuarial valuation yielded a contribution rate of 1.16% based on the reference wage.

3. Institutional anchoring and roadmap towards the possible ratification of Part IV of Conventions Nos 102 and 168

The Unemployment Social Insurance was integrated into the priority objectives of the National Policy for Decent Employment for Peru approved in June 2021.

The Ministry of Labour and Employment Promotion has initiated the administrative process for the ratification of Part IV on unemployment benefits of Conventions Nos 102 and 168.

4. Increased and improved technical capacities of the government officials to set up a social protection scheme against unemployment

The project helped the creation of a multi-stakeholder working group involving high-level government officials. The multi-stakeholders working group discussed and agreed upon the dimensions of the proposal for protection for formal workers in terms of beneficiary coverage, benefits, access conditions and financing. Over 60 meetings were held which has facilitated the appropriation of the proposal by officials and strengthened their capacities for its promotion within the ministry. The project also organized training on the ILO actuarial model for the determination of the unemployment contribution rate, as well as inputs for the preparation of administrative files for each of the institutional mechanisms mentioned above.

5. Improved capacity of the social partners for greater buy-in of the proposal and support to the institutional mechanisms for its implementation

The project has developed 14 meetings, including webinars, socialization workshops and meetings with the social actors to disseminate the work developed and to culminate the process of collective construction of the proposal and its future draft law, a task that remains in charge of the MTPE, thus giving sustainability to the project.

In resume, the project achieved these strategic results:

- To create a more favourable opinion towards social protection mechanisms based on social security principles as opposed to the belief in Peruvian society to consider individual savings accounts as the main protection to cover the risk of job loss.
- Clearly linking unemployment insurance benefits with active labour market policies and establishing a road for employability.
- Leading the tripartite constituents on the road towards the possible ratification of Part IV of Convention No. 102.
- Raising the awareness of the government on the priority of implementing an unemployment insurance scheme and strengthening ALMPs.

These achievements were possible through the joint work by specialists from the Ministry of Labour and Employment Promotion (MTPE), the Ministry of Economy and Finance (MEF) and the International Labour Organization (ILO) and has benefited from the contributions of representatives of Peruvian workers' and employers' organizations.

► A18.2. Budget/Planning information

| | | |
|---------------------------------------|--|---------------|
| Sustainable Development Goals: | SDG 1, 8, 10, 16 | |
| UNDAF Outcome: | Outcome 2 | |
| P&B Outcome: | Outcome 8: Comprehensive and sustainable social protection for all | |
| DWCP outcome: | PER181 | |
| Project budget in EUR: | 200,000 | |
| Project duration in months: 17 | Planned | Actual |
| Project start date: | October 2020 | October 2020 |
| Project end date: | October 2021 | March 2022 |

► A18.3. Summary outputs

A18.3.1. Output delivery¹

| | Output status | Output summary |
|---|---------------|---|
| Outcome 1: Population has adequate institutions and mechanisms that provide income protection against job loss | | |
| 1.1. Protection mechanism against unemployment for formal and informal workers | Completed | <p>A social protection mechanism against unemployment has been designed for Peru, called EIPAD-Peru (Comprehensive Unemployment Protection Scheme). The mechanism was designed as result of a series of technical consultations carried out with senior officials of the Ministry of Labour and Employment Promotion and the Ministry of Finance of Peru. The mechanism articulates employment services and programmes (including support services for the transition from informality to formality) with a Social Unemployment Insurance for formal employees in the private sector. The project brought international experience to also discuss the compatibility of the proposed model with the progressive extension of unemployment to other groups of workers.</p> <p>The Peru government is working towards the possible ratification of Part IV (Unemployment benefit) of the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102), and Protection against Unemployment and Employment Promotion Convention, 1988 (No. 168).</p> |
| 1.2. Definition of scope of application, defined benefits (sufficient) and eligibility conditions | Completed | <p>The proposed unemployment insurance scheme includes a definition of the scope of application, qualifying conditions, and benefits levels, aligned with international labour standards. The proposed design also includes recommendations for ensuring access for all workers to the Centre's job-search assistance service and referral to specialised programmes (job training and others).</p> |
| 1.3. Sustainable financing of defined unemployment benefits | Completed | <p>The technical proposal delivered to the government also recommends a contribution rate to a collective fund and the average benefit that ensures the financial sustainability of an unemployment social insurance for formal employees in the private sector, based on solid actuarial simulations.</p> |

¹ Based on the Implementation Plan.

| | Output status | Output summary |
|---|---------------|--|
| Outcome 2: Population has mechanisms that promote rapid and better reintegration into the labour market that guarantees quality employment and fosters better coordination between contributory and non-contributory schemes | | |
| 2.1. All protected workers have access to job training programme and employment services and policies, considering gender gaps | Completed | <p>The project also designed a new institutional scheme to extend the current offer of employment services and programmes and a new personalised intervention model for job search adapted to the circumstances of the worker and the demand of the labour market and gender conditions. This service designs the route to employability for the worker by which the worker can activate their participation in the relevant employment programmes and services for their insertion in the labour market, training programmes too.</p> <p>However, this proposal requires further technical work by the Ministry of Labour because it proposes access to these employment services for all workers, regardless of whether they are insured or not.</p> |
| Outcome 3: Social actors are part of the generation of the strategy, and their needs and demands are considered | | |
| 3.1. An instance of constructive participation of social actors is strengthened | On schedule | <p>Due to the political instability in the country, the project encountered difficulties in strengthening the existing bodies for social dialogue. Nevertheless, the project delivered a legal proposal for the insurance administration body and the setting up of the unemployment insurance users' committee, in line with ILO standards and Peruvian context and legislation.</p> |

A18.3.2. Outputs: Overall delivery assessment²

| | | | |
|-------------------------------------|--|--------------------------|---|
| <input checked="" type="checkbox"/> | Highly probable Almost all (>80%) reporting period milestones have been met. Based on the indicators and risk assessment, it is highly probable all outcomes will be achieved by the end of the project. | <input type="checkbox"/> | Probable The majority (60–80%) of reporting period milestones have been met. Based on the indicators and risk assessment, it is probable the majority of outcomes will be achieved. |
| <input type="checkbox"/> | Low probability Some (40–60%) reporting period milestones have been met. Progress is being made on the outcomes but based on the indicators and risk assessment only some outcomes will be achieved. | <input type="checkbox"/> | Improbable Few (<40%) reporting period milestones have been met. Limited progress is being made on the outcomes and based on the indicators and risk assessment only a few outcomes will be achieved. |

² This is a self-assessment.

As mentioned in the executive summary, the project has provided the constituents with all the necessary inputs to make further progress in the institutionalization of social unemployment insurance linked to ALMPs in the short/medium term, as well as to advance the ratification of Part IV of ILO Conventions Nos 102 and 168. This is a very satisfactory result, considering that this issue had been dropped from the institutional agenda following a non-feasibility report prepared by experts for the government in 2017, and the short duration of the project, which has been developed in a complex political and economic scenario.

► A18.4. Summary outcomes

A18.4.1. Outcome achievement³

| Indicator | Baseline (before project start) | Target (end-of-project goal) | Outcome summary ⁴ |
|---|--|---|---|
| Outcome 1: Population has adequate institutions and mechanisms that provide income protection in the face of job loss | | | |
| Approved regulations, Ministerial Agreements, and inter-institutional agreements for the approval; of the comprehensive protection mechanism for unemployment for the entire population | There is no comprehensive protection mechanism for unemployment for the general population | By 2021, the population has an institutional proposal and a mechanism developed with the potential to provide income protection in the face of job loss | <p>Output met</p> <p>The Ministry of Labour and Employment Promotion of Peru disposes of an institutional proposal that supports the financial and legal feasibility of an unemployment insurance scheme, with the potential to provide income protection in the face of job loss and according to Peruvian regulations.</p> <p>The proposal has been presented twice to the Labour and Social Security Committee of the Congress of the Republic, by the MTPE with positive feedback.</p> <p>The Government of Peru initiated in 2022 the ratification process of the Unemployment Protection Part IV of ILO Convention No. 102 on Minimum Standards of Social Security, which institutionalizes the implementation of a comprehensive social protection system for unemployment including social insurance for the private sector employees and access for all workers to formal job search services. Completion of this process (which needs to be approved by Republic parliament) would make the project sustainable since the ratification of the ILO's international Convention No. 102 (Unemployment benefit) is incorporated into Peruvian law as a constitutional right.</p> |

³ Based on the M&E plan.

⁴ Compare achievement against planned target as per indicator.

| Indicator | Baseline (before project start) | Target (end-of-project goal) | Outcome summary ⁴ |
|---|---|---|---|
| Issuance of regulations, Ministerial Agreements and Inter-Institutional Agreements that regulate replacement rates, requirements, and eligibility conditions for access to benefits of the protection mechanism against unemployment for the entire employed population | There is no comprehensive mechanism for the protection in the face of unemployment, in line with International Labour. | By 2021, there is a proposal for replacement rates, requirements and defined eligibility conditions for access to the benefit for the entire employed population. | <p>Output met</p> <p>The Government of Peru disposes of a proposal for Unemployment Insurance for employees hired under the legal regime of the private sector according to parameters agreed with the Ministry of Labour and Employment Promotion and aligned with the ILO Conventions Nos 102 and 168 and international experiences.</p> <p>The proposal defines the parameters for the unemployment insurance scheme in terms of coverage, level of benefits and their adequacy and duration, qualifying conditions, and level of contribution, as well as the linkages with ALMP. It was the result of a process of collective construction at the technical level carried out by the Working Group (WG) composed of senior officials of the MTPE, the ILO and the Ministry of Finance of Peru for the development of the project activities. Therefore, it has the legal and technical backing of the government officials. This ownership is essential for the ratification of the Part IV of Convention No. 102 or eventually Convention No. 168.</p> |
| Sustainable financing of defined unemployment benefits Sustainable financing scheme that allows financing benefits in the face of the different protected events, over time | There is no comprehensive protection mechanism for unemployment for the entire population that includes a sustainable financial system. | By 2021, there is a proposal for a defined sustainable financing scheme that allows financing benefits in the face of the different protected events, over time. | <p>Output met</p> <p>An actuarial valuation study has been carried out according to the ILO actuarial model, resulting in a contribution rate of 1.16% of the insurable earnings, considering the macroeconomic and labour market projections of the Peruvian official institutions. The financial sustainability of the insurance is guaranteed for an economic cycle of 8 years, considering the first year of implementation.</p> |

| Indicator | Baseline (before project start) | Target (end-of-project goal) | Outcome summary ⁴ |
|--|---|---|---|
| Outcome 2: The population has a mechanism that promotes quick and better reintegration in the labour market that guarantees quality employment and fosters better coordination between contributory and no contributory schemes | | | |
| Issuance of regulations, Ministerial Agreements and inter-institutional agreements that allow the link between active and passive employment policies | There is no link between passive and active employment policies | By 2021, there is a proposal for a formal and institutional link between passive and active employment policies, considering gender gaps | The Government of Peru disposes of a technical proposal for a comprehensive social protection system for unemployment, linking passive and active employment policies and unemployment insurance benefits. This new institutional scheme foresees the provision of job-search services by articulating employment services with unemployment insurance, considering the extension of coverage to other groups. The proposal provides a scheme of access for any worker to a personalised job search assistance service that considers the particularities for their insertion according to their interests, needs and demands of the labour market. To achieve this, the current beneficiary care model was re-designed based on the ILO's comprehensive protection approach and a new institutional architecture that makes it possible to expand the current offer of active employment policies as well as the fiscal space and institutional participation to bring it closer to formal and informal workers. |
| Outcome 3: Social actors are part of the generation of the strategy and their needs and demands are considered | | | |
| Instance of consultative participation of social actors | There is no instance of participation of social actors in the generation of this type of strategies, where their needs and demands are considered | By 2021, a pathway for an instance of participation of social actors is developed, with a proposal to institutionalise this instance in the generation of this type of strategies, where their needs and demands are considered | Output met The project supported a proposal for the institutionalisation of the Committee of Unemployment Insurance Beneficiaries according to the scope of the ILO's principle of participatory management of social security and the organisational rules of the Peruvian State. A legal report has been drawn up which makes it feasible to integrate the SSD Users' Committee into the tripartite board of directors of the EsSALUD entity, as it is the entity that complies with the principles of participatory management and which also satisfies the rule of coherence and efficiency, in accordance with the rules of organization of the Peruvian State. However, the report calls for the MTPE to retain its powers in active labour market and social security policies, subject to social dialogue within the National Council for Labour and Employment Promotion (CNTPE). |

A18.4.2. Achievement of the project outcomes

| | | | |
|-------------------------------------|--|--------------------------|---|
| <input checked="" type="checkbox"/> | Highly probable Almost all (>80%) reporting period milestones have been met. Based on the indicators and risk assessment, it is highly probable all outcomes will be achieved by the end of the project. | <input type="checkbox"/> | Probable The majority (60–80%) of reporting period milestones have been met. Based on the indicators and risk assessment, it is probable the majority of outcomes will be achieved. |
| <input type="checkbox"/> | Low probability Some (40–60%) reporting period milestones have been met. Progress is being made on the outcomes but based on the indicators and risk assessment only some outcomes will be achieved. | <input type="checkbox"/> | Improbable Few (<40%) reporting period milestones have been met. Limited progress is being made on the outcomes and based on the indicators and risk assessment only a few outcomes will be achieved. |

The project has provided all the necessary inputs for achieving the results and outputs of this project and the government has expressed its commitment to continue the social dialogue for the institutionalization of a social insurance for unemployment, beyond the project duration. However, the political situation in Peru will remain complex and uncertain in the coming months, which cannot at this stage guarantee the adoption of the legislation and implementation of the unemployment social insurance scheme.

► A18.5. Narrative report: Managing for results

A18.5.1. Results summary

The project has succeeded in placing unemployment protection on the government's institutional agenda, despite the complicated political context in Peru.

This has been possible thanks to the permanent and active involvement of senior officials of the Ministry of Labour and Employment Promotion during the project implementation and the permanent coordination of ILO officials throughout its development. The involvement of these officials was possible by the creation of a working group composed of these officials and ILO officials that met twice a week to learn about the progress of the project and to present their views on it. In this way, the group met up to sixty times between November 2020 and July 2021 in a process of collective construction of the proposal for a comprehensive unemployment protection system. It was also important for this achievement to include unemployment insurance in the first quarter of the project's implementation in the National Decent Employment Policy, which was being developed at that time.

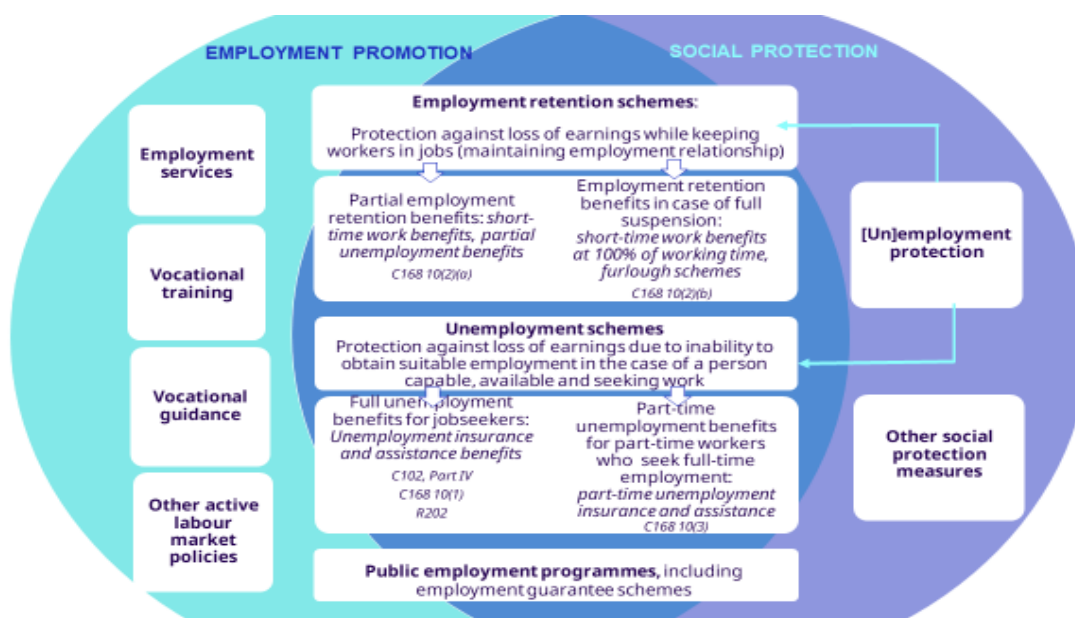
The creation of an active group of civil servants involved in all the project's actions, together with the advocacy work carried out to include unemployment insurance in an institutional mechanism at the beginning of the project, were key to guaranteeing the project's results.

Outcome 1: Population has adequate institutions and mechanisms that provide income protection against job loss

At the end of the project, the population has a proposal for the implementation of a Comprehensive System of Protection against Unemployment and an administrative process

underway for its institutionalisation through the ratification of Part IV of ILO Convention No. 102 and/or ILO Convention No. 168.

To achieve this outcome, the ILO approach to social protection against unemployment, which follows the guidelines of ILO Conventions Nos 102 and 168, was followed:



Output 1.1. Protection mechanism against unemployment for formal and informal workers

First, the project produced assessment reports on possible options for a social protection system for formal and informal workers that would include both contributory and non-contributory unemployment income protection mechanisms. A system that could cover the largest number of workers in Peru, including subsidies or assistance for informal workers that, together with other measures, would promote their incorporation into the formal labour market. It should be noted that, after the pandemic, 78 per cent of workers in Peru are informal.

To this end, all international experience in this type of system was reviewed, the sufficiency of the Peruvian legal framework for its implementation was analyzed, as well as the fiscal space necessary for the coverage of benefits, especially for non-contributory benefits aimed at vulnerable groups (low-income workers and workers in the informal economy) or to discourage informality.

Finally, a review was made of spending on training and labour skills certification programmes and their impact on the population, which provided data on the low coverage of access and public and private investment in them.

The results for this output were:

1. There is legal support in Peruvian regulations for the implementation of a system of social protection against unemployment. However, to guarantee the creation of an institutional mechanism for its regulation and development, it was considered to urge the MTPE to initiate the process of ratification of ILO Conventions Nos 102 and 168, as this would make unemployment protection a constitutional right.

2. As a proposal of government officials focus the proposal on unemployment protection on formal workers in the labour market under the private employment contract regime and exclude the other workers categories because:
 - a system of unemployment benefits for workers who are difficult to cover, such as informal workers or vulnerable groups, since the government did not consider the feasibility of institutionalising, for the time being, sufficient fiscal space to provide income protection coverage to 78 per cent of the Peruvian labour force that is in a situation of informality;
 - exclude temporary civil servants under the CAS regime as it is a regime that, by law, will have to disappear.

As a result, a result, the components of a basic scenario for a model of a Social Protection System against unemployment for Peru were defined including: a) a contributory component based on a social insurance for unemployment as contributions to a collective fund and b) a component of Active Labour Market Policies, specifically to promote the active incorporation of workers (formal and informal) to other services and employment programmes that facilitate their access to the labour market, to a formal job.

However, the model has been designed in such a way that the types of benefits can be extended, such as for temporary suspension of work, and other non-contributory benefits for vulnerable groups (low-income workers and workers in the informal economy), as well as the coverage of beneficiaries of active employment policies, to the extent that the public budget allows.

Output 1.2. Definition of scope of application, defined benefits (sufficient) and eligibility conditions

Considering the above-mentioned system design, the parameters of the unemployment social insurance were defined as follows:

| Parameters | Base Scenario |
|---|--|
| Coverage | Mandatory coverage for employees with indeterminate and term contracts in the private labour regime |
| Contributions required to access benefits | 12 months of contributions in the last 24 months prior to the event of termination of the contract. |
| Events covered in the event of loss of employment | Involuntary unemployment |
| Replacement rates | 70%, 65%, 60%, 60%, 55% and 50% of the average salary of the last 12 months prior to the event of loss of employment |
| Maximum duration of benefit | 5 months |
| 7 days | 7 days |
| Implementation date | 2021 (proposal) |

Output 1.3. Sustainable financing of defined unemployment benefits

The projections for the proposed equilibrium rate of unemployment insurance have been made using the ILO Unemployment Insurance Model (hereafter referred to as the UI-ILO Model), developed by the Actuarial Services Unit of the ILO's Social Protection Department. This was done using statistics from official Peruvian government sources on macroeconomic indicators and labour market performance for an eight-year cycle. The result was that the system would be financially sustainable at a contribution rate of 1.16 per cent of the chargeable wage. The actuarial valuation considered the financial performance of the fund under various economic scenarios. Under an adverse scenario, it would rise to 1.50 per cent and under a positive scenario, it would fall to 0.87 per cent.

Outcome 2: Population has mechanisms that promote rapid and better reintegration into the labour market that guarantees quality employment and fosters better coordination between contributory and non-contributory schemes

2.1. All protected workers have access to job training programme and employment services and policies, considering gender gaps

Given the articulation of Social Unemployment Insurance with the employment programmes and public services, a significant flow of workers will need employment services. The project has elaborated a proposal to improve and expand the current low coverage of the Active Labour Market Policies (ALMPs) so that the associated services and programmes serve the various segments of the working population: informal formal workers and vulnerable groups. The proposal recommends a set of reforms to the current institutional architecture of the ALMPs seeking to integrate and make management more efficient, involving the various levels of government. It also seeks to integrate services around a single income that differentiates minimum services from specialised services, with a personalised employment guidance service at its core. Finally, the proposal is committed to improving budget management on the basis of a participatory planning and results-based implementation approach.

In order to achieve the integration of employment services and programmes articulated with the system of unemployment benefits and taking into account the particular circumstances of each beneficiary, a scheme was designed for the access of beneficiaries of the Social Security Unemployment Insurance and any other worker to the ALMPs, through a single entry door to employment services and programmes, and with regard to the route that the beneficiary will follow, it is proposed to strengthen the labour guidance and intermediation service. This is the most important basic service within the minimum services of the system. The work of labour orientation for job search will allow the beneficiary to have an individual support personalized attention and, according to his/her competencies, experiences, needs and interests, to be informed and referred to the relevant services: training courses, certification of competencies, support in the job search, among others.

Outcome 3: Social actors are part of the generation of the strategy and their needs and demands are considered

3.1. An instance of constructive participation of social actors is strengthened

On schedule

The institutional space for social dialogue in Peru is the National Council for Labour and Employment Promotion (*Consejo Nacional del Trabajo y Promoción del Empleo*). The trade unions stopped attending this Council as a protest against the approval of the National Competitiveness Policy. The government approved this policy in 2019 without the support of the trade unions. Since then, the trade unions have not participated in the CNTPE's calls for the definition of policies. Since the project, an attempt has been made to activate participation from the CNTPE, but this was not possible, so other mechanisms for approaching the trade unions had to be activated, which resulted in the promotion of the ratification of Part IV of Conventions Nos 102 and 168, as mentioned above.

Due to the political instability in the country, the project encountered difficulties in strengthening the existing bodies for social dialogue. However, the project provided a legal proposal in line with ILO and Peruvian standards for the insurance administration body and the setting up of the unemployment insurance users' committee.

Based on the achievement of outcomes the project has contributed towards the development of a comprehensive system of social protection for unemployment, which is counter-cyclical, and that guarantees income security in the event of a possible loss of employment. The project has contributed to strengthening the institutional capacity of the Peruvian state to ensure responsibilities in terms of unemployment protection rights, under the principles of social security, which will allow it to face in the future the impacts on workers' welfare of crises such as the one caused by COVID-19, operating in a more efficient and sustainable way on public finances.

In the event that the proposal is finally institutionalized, the project will have contributed to move towards the achievement of the SDGs targets:

- 1.3 (to put in place nationally appropriate social protection systems and measures for all and, by 2030, to achieve comprehensive coverage of the poor and the most vulnerable) In addition to extending the national social protection system, the establishment of an unemployment benefit scheme will allow unemployed and vulnerable workers (low-income workers and workers in the informal economy) to receive cash benefits, access to labour market information and vocational training.
- 8.5 (by 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, as well as equal pay for work of equal value) The design of the unemployment benefit scheme that articulates a short-term benefit with access to employment programmes (including vocational training) will improve the worker's employability, enabling their rapid insertion into a job that is appropriate to their professional skills.
- 16.6 (building effective and transparent and accountable institutions at all levels) By including government and social partners, the legal proposal for the governance of the unemployment benefit scheme contributes to building effective and transparent and accountable institutions in line with Peru's and ILO legal framework.

On the other hand, the ILO through its country programme (CPO) is called upon to address constituents' demands for social protection in Peru. The ILO technical assistance of this project

has contributed to Outcome 2 of the UNDAF 2017–2021, "all people in situations of vulnerability, poverty and discrimination improve their access to basic, essential, universal and quality services and to an integrated and inclusive social protection system".

To strengthen levels of advocacy and scale up the achievement of the outcomes outlined here, the ILO has included the project and its outcomes in joint work plans with UNDP, UNICEF and the RCO.

► Self-evaluation results

Relevance

The strategy developed by the project has had a high degree of relevance in the country given the political, economic and social context generated by the COVID-19 pandemic in which the government had to resort to emergency measures that required greater fiscal spending, as well as to commit other funds such as pensions to address the lack of income of workers as a result of the suspension of activities in companies. The project has responded to the reality of the economic and social effects of the pandemic, which show greater indicators of precariousness in the labour market and the deterioration of social security.

The coherence between the design of the intervention and its implementation as a response to this demand and social reality can be found in:

- the alignment of the products and actions were with the outcomes and indicators of the strategy;
- the consensus on the products and actions within the working group set up for the development of the project;
- the cross-cutting application of the gender approach that considered the impact of the proposal on women and men, as well as on groups that are difficult to reach;
- the coherence between the SDG targets and the project's performance indicators.

Effectiveness

The outputs generated capacities and tools in the constituents to strengthen the institutional management of the Social Protection System and to advance in the ratification, implementation and monitoring of ILO conventions. Finally, they contributed to taking into account the gender perspective, exclusion and/or discrimination in the inclusion of groups that are difficult to cover by social protection.

Sustainability

The project has managed to put the need for a system of protection against unemployment back on the institutional agenda, as demonstrated by the process initiated by the MTPE for the ratification of Conventions Nos 102, Part IV, and 168 by the Ministry of Labour, but also in the political debate, since this process was initiated at the request of workers' representatives. All of this, together with the inclusion of social security for unemployment in the National Policy for Decent Employment shows that the project's outputs have been welcomed by the government and in the tripartite consultation spaces where they were disseminated.

The main risk to its sustainability is the possible opposition from certain sectors of academia and some business organisations that considered unemployment insurance to be unviable in 2017, associating it with the high costs of labour recruitment and the high labour turnover in the country.

A18.5.2. Monitoring, evaluations, and other reviews including with implementing partners and EU Delegations

The method for collecting information regarding outcomes and challenges mentioned in this report included:

1. Desk review and content analysis on the issues of interest of the project such as: the normative framework the ILO, statistics and data on the labour market and the behaviour of the economy in general, information on the comparative international experience in unemployment protection systems, Peru's legal framework on social protection, similar initiatives carried out in the Country, academic research, among others.
2. Creation of a working group with MTPE officials with the main objective of obtaining validation regarding the actions and results of the project as well as accurate feedback to continue with them. Also, to compile systematized information from the "Planilla Electrónica" that registers all the contracts of the private sector of the economy and that was necessary to carry out the actuarial study on the unemployment insurance.
3. Workshops or focus groups: structured interviews with members of trade unions and employers' organisations with between 10 and 20 participants. The objective: to share and collect information on participants' perceptions, concerns, and knowledge of the proposed comprehensive unemployment protection system. The workshops responded to the questions raised and contrasted the information provided by the social actors to generate new knowledge for the project and for an informed debate, based on the available evidence.

The project contributed to improving data and statistics to monitor the social protection sector, including sex-disaggregated data. The project team also updated the [ILO's results monitoring tool](#) and the [SP&PFM Programme website](#), which acts as both a communication and monitoring tool.

The project management team made a major effort to involve a broad range of stakeholders in M&E activities. Before the technical work started the project team invited the EU Delegation to participate in two meetings to introduce the officials who would integrate the working team to develop the project. To this end, a project monitoring meeting was convened with the Minister of Labour and Employment Promotion, the ILO Director, and the technical team on 1 June 2021. At the meeting, the progress of the actuarial report on unemployment insurance was presented and the first impressions of the authorities were gathered in relation to the parameters established for the design of the insurance and the contribution rate resulting from the actuarial valuation to achieve the balance of the system.

Subsequently, two more meetings were held with the EU delegation at a technical level: the first in September of the same year to present them with an action plan for the sustainability of the project's achievements; the second for the publication of the report on "Unemployment Social Security for Peru", for which their prior review and opinion was required. To ensure the participation of MTPE and MEF government officials in the implementation and monitoring of the project, a working group was created to and the establishment of weekly meetings for it, up to a total of 60, show their involvement in the follow-up of the project, but also the institutional coordination efforts of the ILO team so that this involvement, translated into hours dedicated to it, would be recognised within the MTPE so that the officials would not be displaced to other tasks.

In addition, the involvement of employers' organisations and trade unions in the monitoring of the project, the project concentrated greater efforts on involving the National Labour Council in

these follow-up actions by inviting trade unions and member organisations to learn about the first results of the project and to gather their opinions prior to their publication.

A18.5.3. Main challenges, risks and corrective action

The main challenges and associated risks encountered in the project are:

1. The evolution of the pandemic in Peru and the possible suspension of activities:

Peru has been one of the countries with the highest number of deaths per capita in the world. The risk of the appearance of new variants of COVID-19 with the possible implementation of new restrictions on economic activity to curb contagion has been one of the most important challenges to be faced by the project, as it could cause delays in the project. In view of this risk, communication actions were reinforced with civil servants and social partners, especially with workers' representatives, as the main people affected by the lack of protection in the face of unemployment.

2. The increase in informality in the labor market due to the pandemic versus a proposal of a new social protection scheme covering workers in the private sector:

According to data from the MTPE, the pandemic had caused informality to rise by almost 6 per cent to 78 per cent of the labour force. Therefore, the main risk faced by the Project was to counteract the opinions against a proposal that was aimed at the group of formal employees in the labour market. The response of the project team was to reinforce the arguments in favour of unemployment insurance as an incentive for decent work, because the increase in informality was due precisely to the lack of unemployment insurance, since the evidence showed that a Peruvian worker could not go for more than three months without income from work, after which time he/she would end up in the informal economy or inactivity.

3. In view of the previous point, a possible suspension of the process of ratification of the conventions initiated by the ILO would be a step in the wrong direction. Given that the products to achieve the outcomes have been developed, the main risk that may arise is that the administrative process for the ratification of ILO Conventions No. 102, Part IV, and No. 168 may be delayed or suspended. It should be noted that the products developed by the project have served as inputs for the preparation of the technical reports that support this process carried out by the Ministry of Labour and Employment Promotion. The interruption of the process could occur mainly because of political opposition or opposition from certain sectors of academia or workers' and/or employers' organizations at the time of its approval by the Congress of the Republic or because of changes in the ministerial cabinet.

On the other hand, the Project was developed under a transitional government and during a new process of legislative and presidential elections. That was a very complex context to promote legislative initiatives such as the one requiring the approval of an Unemployment Protection Insurance as proposed in the Project. For this reason, the dialogue with social partners was reinforced in order to create a favorable environment for the proposal on protection against unemployment and for it to remain on the public agenda. To mitigate this risk it was necessary to maintain a permanent coordination between the Working Group and the Congressional committee responsible for discussions on the social protection system.

A18.5.4. Opportunities and corresponding strategy adjustments

The project has achieved the expected results according to the outputs and activities set out in the logical framework. No reformulation of the project has been required.

A18.5.5. Contribution of the Project to the COVID-19 response and recovery

The health and economic crisis caused by COVID-19 has highlighted the weaknesses of the Peruvian social protection system: the high rate of infection put the health system to the test and demonstrated structural deficiencies in both coverage and quality. To date, more than 203,000 deaths have been recorded because of the virus. The poorest sectors of the population have been the most affected.

In response, the state deployed a strategy of monetary subsidies to the most affected sectors, seeking to mitigate the impact of the crisis on income, especially for informal workers, with the consequent impact on public spending. It also decreed measures so that workers in the formal sector could face the lack of income due to the stoppage of economic activities through their end-of-contract savings accounts called CTS and their accumulated funds in the private regime of the Pension System. Once these resources are exhausted, a large segment of formal workers do not have any type of material support if they become unemployed, which increases their probability of becoming informal and falling into poverty.

In summary, the project has contributed to the COVID-19 response by positioning unemployment protection on the national agenda and by creating a public debate around the subject. Through social dialogue, including social partners, parliamentarians and the MTPE officials, the project provided answers to the Peruvian government on how to implement financially sustainable models of contributory protection against unemployment that can be activated not only in counter-cyclical contexts that actively contribute to the employability of the affected population. On the other hand, the project has also shown how these models can be articulated with other non-contributory schemes, creating a system of income protection and promotion of labour insertion for the entire working population, including informal workers and the self-employed. This non-segmented vision of protection, despite the characteristics of the Peruvian labour market provided by the Project, has marked a new approach to public policy in the context of the COVID-19 pandemic and post-COVID-19.

Finally, it is important to remember that the project has provided the necessary inputs to make further progress in the ratification of Part IV of ILO Convention Nos 102 and 168. Although This issue had been dropped from the institutional agenda (following a non-feasibility report prepared by experts for the government) in 2017, this short-term project, developed in a complex political and economic scenario, managed to put it back on the national agenda.

It is possible to conclude that the results of the project contribute to overcome coverage gaps in social protection in Peru through a proposal that guarantees the financial viability of a monetary benefit for income protection against unemployment that discourages formal workers from falling into informality or inactivity and supports their reintegration into the labour market. Gradually, this benefit could be extended to other groups and situations, such as the temporary suspension of activities. On the other hand, given that microenterprise workers make up the largest percentage of wage earners and that they are under a special regime that grants them less protection than wage earners under the general regime, it is possible to conclude that the

project can guarantee new labour and social rights to this mass of wage earners in conditions of greater vulnerability.

A18.5.6. Specific interventions related to public finance management

The project has carried out an actuarial valuation to determine the financial viability of implementing unemployment insurance for private-sector workers for a projection period of eight years. This actuarial valuation uses a comprehensive methodology developed in the Actuarial Services Unit of the ILO's Social Protection Department. The valuation calculates the unemployment insurance contribution rate that balances the revenue from the levy with the costs of benefits and administration of the insurance, considering a reserve fund. The contribution rate should be reviewed, as should the benefit structure, in the light of changes in the general performance of the economy and population growth.

This actuarial model can therefore be used to examine the financial impact of different reform options, thereby assisting policymakers in designing benefit and financing arrangements. To strengthen the government's capacity to use the model for these purposes, the project conducted intensive training for officials in the ministries of labour and finance to enable them to propose contribution rates consistent with the financing target.

As part of ILO's efforts to promote the tools of our Quantitative Platform on Social Security (QPSS) with our constituents, the project invited to all workgroup members two introductory courses, one for the ILO/PENSIONS model and one for the ILO/HEALTH model. Both trainings activities were mainly addressed to social security institutions; they were free of cost and was held during August (pensions) and September (health).

A18.5.7. Complementarity with the EU Delegation's interventions and on-going and future Budget Support Programmes

The participation of EU Delegation officials in the follow-up meetings to the project has contributed to strengthening institutional collaboration between the ILO and the EU. These meetings have not only provided information on the progress of the project's results, but also on other actions in the field of social protection in which the ILO is intervening and about which the EU is particularly concerned, such as the integration and social protection of Venezuelan migrants in Peru. They also discussed the possibility that EU-ILO cooperation could improve the involvement of the Peruvian government in the social issues incorporated in the Sustainable Development Branch of the Free Trade Agreement that the EU has signed with Peru. The Agreement incorporates a Human Rights clause complemented by a section on trade and sustainable development by promoting and maintaining a high level of labour protection. It also includes a firm commitment to implement core labour standards, in accordance with the ILO Core Conventions.

This project is part of an integrated set of actions that the ILO is developing for Peru with the common aim of strengthening the weak social protection system in the country. The actions described in the following section are aimed at improving the technical capacity of the governing bodies in the areas of health and pensions, mainly with the objective of achieving more efficient, effective, and transparent management of their finances. The project considers EsSalud (the public institution that regulates health benefits for workers in the formal economy) as the entity that meets the legal requirements for the governance of unemployment benefits. Therefore, this

could also mean the creation of the basis for a future higher entity, similar to a social security institute, contributing to a better articulation of the social protection system in Peru.

A18.5.8. Synergies with other social protection interventions and strategic partnerships with other development partners

The project has found synergies with the ILO action in the debate on the future of pensions, promoting Social Security Principles and preparing reports that help to establish the Ministry's position for the reform process and, in general, for a culture of social security. It will also support the development of the White Paper on the coverage of occupational accidents and diseases. To the same end, the project is also linked to the ILO's technical assistance to EsSalud, which aims to improve the quality of care, expand health insurance coverage and establish efficient mechanisms to ensure the medium- and long-term financial sustainability of social security in health. All the above actions, including those of the project serve as inputs for the national policy developments.

In addition to the ILO constituents, the project team has also collaborated with the Mesa de Concertación para la Lucha contra la Pobreza (MCLCP) and other United Nations agencies.

Thanks to the fact that the project shares similar objectives with the same project being developed in Ecuador, which is also financed by the EU, it has been possible to generate spaces for the exchange of knowledge and mutual feedback between the two teams, especially for the component of coverage of vulnerable groups and active employment policies, since both countries share high rates of informality and social inequality associated with the same and/or lack of income.

A18.5.9. Overall budget analysis

Budget management can be assessed with a high level of efficiency. On the one hand, the project benefited from additional financial sources, such as the ILO RBTC funds. On the other hand, the project has organised almost 60 meetings with MTPE officials requiring a big effort from the project team and management as well as from the government officials. In this sense, it has also been efficient to have a majority of national consultants, which has allowed for a significant reduction in contracting costs. It should be noted that the initial cost overestimation for output 1.3 was USD 41,820 and the final cost was USD 28,700, producing a surplus of almost USD 15,000. As we have said, the complex Peruvian context in which the project was developed, with an impeachment of the President of the Republic followed by congressional and presidential elections, led to delays in the execution of the project according to the planned schedule, which required the extension of the contract for project coordination so that the pending actions could be executed. This was made possible thanks to the remainders generated in output 1.3.

► Self-evaluation results

Efficiency

The ILO's management of resources can be assessed at a high level of efficiency when considering the criterion of complementarity with other resources such as the ILO RBTC funds and other social protection projects. However, in terms of addressing constituents' demands, e.g., regarding the provision of human resources to lead a more informed debate on the project's results, the budget management is of medium efficiency. Despite the limited time horizon of the project and the lack of technical teams, in September 2021 a proposal was submitted to the EU Delegation in Peru in order to add cooperation resources to cover the gaps between the demands and the availability of resources. On the other hand, at the time of closing this report, it is still not possible to delimit the contribution of the other resources by funding source to the country's goals and results.

As mentioned above, the constitution of the technical group made up of senior officials from the MTPE and the MEF provided complementary technical support for the realisation of the outputs, thus generating a surplus for output 1.3. The project promoted the equal participation of men and women in the consultancies, as shown by the fact that 6 of the 12 consultants hired were women and 6 were men.

A18.5.10. Lessons learned and good practices

The main lesson learned lies in the development of a methodology that combines capacity building with permanent social dialogue for the designing a social protection system for unemployment in Peru, similar to the concept of "learning by doing".

A18.5.11. Visibility & Communication

The project's visibility strategy has focused on its main result, which is the proposal of an Integral Protection System for unemployment, on its positive repercussions on the increase of social protection in the country and on its effects on mitigating the impact of future crises such as the one generated by COVID-19 on workers. The donor was presented in all activities as a key partner of the ILO.

The project management team implemented the work plan for the project communication and visibility. In this work plan, the project's audiences were identified, and different communication strategies were designed for them promoting participation and ownership of the project in each of these audiences.

In a transversal way, special attention was paid to the application of the gender approach in the main audiovisual products of the project, such as the explanatory videos and the documentary, in which the protagonists are mostly women, thus reflecting how the COVID-19 pandemic has affected them and their reality in the labour market. In all the products, in the publications and more specifically in the audiovisual materials, the technical collaboration between the EU and the ILO to achieve the results of the project has been made visible.

In 2021 the project developed the following communication products:

- 1 infographic summary of the project "Strengthening the social protection system against unemployment: summary of the project to make known in a graphic and quick way: the unemployment situation in Peru, the project being implemented by the ILO, its objectives and importance to reduce the vulnerability of workers in the face of job loss.

- 1 infographic on the social protection scheme against unemployment: infographic on the social protection scheme against unemployment to explain in detail and in a simple way how it works.
- 3 explanatory videos promoted through the ILO and UN Peru social networks, mainly Twitter and Facebook, in order to raise public awareness and publicize, through the stories of the characters Victor, Maria and Rosa, the functioning of the unemployment insurance proposed by the ILO and its benefits (financial benefit and better opportunities for rapid reintegration into the labour market).
- 1 video documentary was released through ILO and UN Peru's social networks, mainly Twitter and Facebook. This content was published on the ILO website as featured content for at least one month while the campaign is being developed with at least one month while the campaign was being developed with all the audiovisual pieces on social networks.

It was also decided to accompany these actions with a media tour when the political situation allow it, and when the campaign to disseminate the model among the ILO's strategic audiences (mainly ILO constituents) is consolidated.

The following communication actions were developed with:

- Ministry of Labour and Employment Promotion (MTPE): Meetings/webinars with officials (technicians) to present and disseminate the proposal, functioning and benefits (economic benefit and better opportunities for a quick reintegration into the labour market) of the social protection scheme against unemployment. Approximately 52 meetings from October 2020 to 31 December 2021. For this aim, the project produced: (i) infographics provide a quick and graphic overview of the unemployment situation in Peru, and summarizing the project implemented by the ILO, its objectives and importance in reducing workers' vulnerability to job loss, (ii) infographics on the social protection scheme against unemployment to explain in detail and in a simple way how it works.
- ILO constituents and other representatives of civil society: Meetings/webinars with ILO constituents (specifically with members of workers' and employers' organisations) and other civil society representatives to present and raise awareness of the proposal, functioning and benefits (financial benefit and improved opportunities for rapid re-integration into the labour market) of the unemployment social protection scheme.

A18.5.12. Conclusions and Recommendations

| Conclusions and recommendations from the self-evaluation | |
|--|--|
| Conclusions ⁵ | <p>The project has addressed the complex issue of closing the gap in social protection in Peru from the contingency of job loss. To this end, a proposal has been developed that considers the protection of workers' income and decent work as a livelihood, through a monetary benefit and the support of employment programmes in order to promote the worker's reintegration into the formal labour market.</p> <p>The project has demonstrated the financial viability of implementing unemployment social insurance for formal wage earners under the private sector contracting regime by means of an actuarial valuation under the ILO Model at a contribution rate of 1.16% of the chargeable wage.</p> <p>There is also a proposal for a new institutional architecture that expands the current offer of employment programmes (guidance, training and labour certification) by incorporating other state administrative bodies in their design and financing, thus increasing the fiscal space currently allocated to these programmes and their coverage of workers, including informal workers and those in situations of social vulnerability, thus promoting formalisation and decent work.</p> <p>The technical inputs provided by the project that support the government's proposal for the ratification of at least branch 4 of Convention No. 102 have given the Peruvian state greater institutional capacity to deal with the consequences of the economic crisis due to COVID-19.</p> <p>The proposed model of unemployment protection system lays the foundations for its progressive development during the recovery phase so that it can mitigate the impact on workers in the face of future counter-cyclical situations of the economy in addition to the loss of employment, such as the suspension of working hours, among others.</p> <p>The actions developed by the Project have allowed for the generation of greater technical knowledge and a greater rapprochement of the social actors in the search for institutional responses to the lack of protection of workers in the face of job loss.</p> <p>The actuarial study for the valuation of unemployment insurance for Peru provided the government with more evidence to reopen the political and public debate on its financial viability, since its implementation had been ruled out following the conclusions of a report commissioned by the same government to an independent commission in 2017.</p> <p>The project has also made efforts to promote a social protection floor that guarantees income and access to services and employment programmes for the rest of the unemployed workers who are not beneficiaries of the insurance. Ultimately, the aim is to move towards the implementation of a comprehensive system of social protection against unemployment that covers all workers regardless of the circumstances that have led them to lose their jobs.</p> <p>The proposed system as a result of the project's actions has been possible thanks to a process of collective construction with the ILO constituents, which has required maintaining the technical involvement of Peruvian government officials and the willingness of representatives of employers and workers to participate in the final definition of the system.</p> |

⁵ Conclusions should synthesize the main findings into statements of merit and worth. As such, judgments need to be fair, impartial, and consistent with the findings.

Conclusions and recommendations from the self-evaluation

| | | | |
|------------------------------|---|---|--|
| | <p>In relation to the previous point, it is concluded that the human resources reallocated by the project to coordination have been necessary to maintain the involvement and motivation of the ILO constituents given the complex political situation in which it has developed.</p> <p>The project has been developed in a complex context of Peruvian politics characterized by government instability, including presidential vacancy and elections. This situation has been addressed thanks to the recognition by the Peruvian constituents and society of the ILO's capacity to create spaces for collaboration and dialogue and the trust in its technical reports.</p> <p>The recommendations made in the reports reflect the challenge posed by the development of a comprehensive unemployment protection system for Peru, mainly in its component of active employment policies and the extent to which these can constitute effective transition programmes towards labour formality for a country with 78% of informal workers.</p> | | |
| Recommendations ⁶ | Develop advocacy actions especially with the legislature for the ratification of Part IV on unemployment benefits of Convention No. 102 | Responsible entity: Ministry of Labour and Employment Promotion | |
| | | Priority (<i>high, medium, low</i>): High | |
| | | Resources (<i>high, medium, low, NA</i>): High | |
| | | Timeframe (<i>long-, medium, short-term</i>): Medium-term | |
| | Support at the technical level in the formulation of the Draft Law for the implementation of the unemployment protection system | Responsible entity: Ministry of Labour and Employment Promotion | |
| | | Priority (<i>high, medium, low</i>): High | |
| | | Resources (<i>high, medium, low, NA</i>): High | |
| | | Timeframe (<i>long-, medium, short-term</i>): Medium-term | |
| | Support at the technical level the new budget framework for the improvement of PAMTs: guidelines for the design of performance budgeting, training of officials (MTPE and regions), information exchange between sectors regarding vulnerable groups, etc. | Responsible entity: Ministry of Labour and Employment Promotion | |
| | | Priority (<i>high, medium, low</i>): High | |
| | | Resources (<i>high, medium, low, NA</i>): High | |
| | | Timeframe (<i>long-, medium, short-term</i>): Long-medium-term | |

⁶ Recommendations should follow from conclusions; link to lessons learned; and describe a time-frame (short-, medium-, long-term), the degree of priority (high, medium, low), who is called upon to act and acknowledge whether there are any resource implications.

| Conclusions and recommendations from the self-evaluation | | |
|--|---|---|
| | Guiding the development of the regulatory and budgetary framework for the operation of the SSD: registration and monitoring systems for the insured population and expedited administrative processes for employers to report and document terms of employment, among other aspects of the administration of the insurance scheme | Responsible entity: Ministry of Labour and Employment Promotion |
| | | Priority (<i>high, medium, low</i>): High |
| | | Resources (<i>high, medium, low, NA</i>): High |
| | | Timeframe (<i>long-, medium, short-term</i>): Medium-long-term |
| | Implement, in the institutional spaces for dialogue and tripartite mechanisms to follow up on the ratification of conventions, the elaboration of regulatory frameworks and plans for the implementation of the Unemployment Protection System | Responsible entity: Ministry of Labour and Employment Promotion |
| | | Priority (<i>high, medium, low</i>): High |
| | | Resources (<i>high, medium, low, NA</i>): Medium |
| | | Timeframe (<i>long-, medium, short-term</i>): Medium-long-term |

► Annex A18.A1. Project risk register⁷

| Risk Identified | Mitigating Measures | Additional risk response ⁸ | Change ⁹ | Impact ¹⁰ |
|---|--|---|-------------------------------------|--|
| Suspension of the administrative procedure for the ratification of ILO Convention No. 102 in its branch for unemployment benefits due to political opposition or changes in the government. | Reinforce the work with the social actors and with the Commission of Labour and Social Security of the Congress of the Republic to ensure that the process can continue its course | Urge the social actors and the Congress of the Republic itself to officially promote the ratification of the convention if the suspension of the process is due to a change in the government cabinet | Decrease in the total level of risk | It is guaranteed to have the institutional mechanism that commits the Peruvian state to have a social insurance for unemployment integrated in a comprehensive system of protection against unemployment |

⁷ Use the existing project risk register for filling in this table.

⁸ Outline any additional mitigating measures or any change in the planned mitigating strategy and provide a rationale.

⁹ The change column summarizes any change in the identified risk as a result of the corrective/mitigating measures.

¹⁰ Outline the impact on project objectives once the mitigating measures were put in place.

► Annex A18.A2. Knowledge products of the project

List of knowledge products, technical reports and studies produced by the project. All documents listed here will be attached to the progress report and should be uploaded to the website www.socialprotection-pfm.org and the ILO social protection country page.

| Title of the product or report | Type of product (working paper, brief, technical report, video, capacity building content, etc.) | Published/not published |
|---|--|-------------------------|
| Final legal report including the rationale and explanatory memorandum for a legislative initiative to implement unemployment insurance and its administration for wage earners, including legal and doctrinal sources. | Working paper | Not published |
| Technical report including a state of the art on access to and financing of training and certification of competences | Working paper | Not published |
| Technical normative proposal for access and financing to training and certification of labour competences for employees according to the proposal of the Unemployment Protection System designed in the project. | Working paper | Not published |
| Technical regulatory proposal for access and financing of self-employed, informal workers and vulnerable groups to training and certification of competences in the framework of the social protection system in the face of unemployment developed by the project. | Working paper | Not published |
| Final report including an executive summary and a pptx for presentation on perceptions, ideas, and meanings of workers' organisations on social protection against unemployment and the guidelines contained in the ILO Conventions and Recommendations. | Working paper | Not published |
| Actuarial Valuation Report for the Implementation of an Unemployment Insurance for Peru | Working paper | Not published |
| Unemployment Insurance for Peru | Publication | Published |
| Propuesta para la institucionalización del Comité de Usuarios del Seguro por Desempleo para el Perú | Working paper | Not published |

| Title of the product or report | Type of product (working paper, brief, technical report, video, capacity building content, etc.) | Published/not published |
|---|--|-------------------------|
| Technical report on the gap analysis of Peruvian regulations in relation to branch 4 of Conventions Nos 102 and 168. | Working paper | Not published |
| Impact analysis of the impact of the contribution rate for unemployment insurance resulting from the actuarial valuation carried out by the ILO for Peru on the cost of salaried labour hired under DL 728. | Working paper | Not published |
| A Proposal for a Comprehensive Unemployment Protection Scheme for Peru | Publication | Not published* |
| Estimates of the increase in the workload of employment centres for unemployment insurance beneficiaries | Working paper | Not published |
| * To be uploaded to the web platform. | | |

► Annex A18.A3. Communication and visibility

Communication actions have been aimed at positioning the proposal to implement a Comprehensive Unemployment Protection System. The communication strategy considered three levels of audience with their respective activities aimed at promoting their participation in the project, reaching acceptable levels of ownership. The communication processes, activities and products contemplated the gender approach and its correspondence with the country's cultural identity.

In the main audiovisual products of the project, such as the explanatory videos and the documentary, the protagonists are mostly women, thus reflecting how they have been affected by the COVID-19 pandemic and their reality in the labour market. In all the products, in the publications and more specifically in the audiovisual materials, the technical collaboration between the EU and the ILO has been made visible in order to achieve the project's results.

The following table summarises the communication strategies, actions and products used to reach the different stakeholders of the project:

| Target group | Strategy | Actions Carried out | Communication products |
|---|--|---|--|
| MTPE and MEF officials | Generate a collective construction process for project results at the technical level, promoting communication to share project progress, receive feedback and encourage ownership of the project. | Establishment of a Working Group composed of at least 10 senior officials of the MTPE and the ILO team. 60 meetings of the Working Group over 8 months (November 2020 to July 2021) with two two-hour meetings per week. | PPTX e infografías |
| Trade unions and employers' organisations | To encourage participation in the design of the proposal and ownership by trade unions and employers' organisations by raising awareness of how the EU and the ILO collaborate in its design and implementation. | 8 webinars and 7 bilateral meetings to socialise and deepen project knowledge for informed feedback. | Webinars, FAQs y PPTX other support products |
| General public | Socialise the proposal for comprehensive unemployment protection by raising awareness of how the EU and ILO collaborate in its design and implementation. | Dissemination plan in social networks and other media. | https://youtu.be/voWKwaXVNiY https://youtu.be/m7hIRpp9f8A https://youtu.be/-PDqEvRo0Pc Documental (FALTA LINK) Otros productos de apoyo |

► Annex A18.A4. Emerging good practice

| Country | Peru |
|---|---|
| Title of the practice | Designing a social protection system for unemployment in Peru, based on capacity building and social dialogue |
| Summary – Briefly describe the good practice, including results and the support provided by the SP&PFM Programme (1 paragraph) | <p>From a collective construction approach for the definition of the proposal, spaces for participation and dialogue were created at two levels: one within the Peruvian government, setting up a permanent technical working group with a work plan and a timetable for the development of actions and the achievement of project results. And another at the level of social dialogue: socialising the process of constructing the proposal with trade unions and employers, setting aside spaces for dialogue where their concerns and perceptions of the work being done at the technical level could be gathered and where answers were given to the questions, they raised about the social protection proposal.</p> <p>These spaces also gave rise to the initiative by the trade unions to request the Ministry to initiate the ratification process of Conventions No. 102, Part IV, and No. 168.</p> |
| Context - Describe relevant elements of the context and the preconditions of practice (the starting point) | <p>The severe health and economic consequences of the COVID 19 pandemic have contributed to open the debate on social protection gaps in Peru, specifically on the health and income protection systems of workers, mainly informal workers, whose numbers had increased during the crisis to 78% of the labour force. This debate was closed in 2017 following the conclusions of the report of a Commission on Social Protection set up by the government to evaluate and establish recommendations to strengthen the social protection system in Peru. The report stated that unemployment insurance in Peru was unviable because its sustainability was only guaranteed by a greater participation of permanent workers in the labour market. On the other hand, although the Peruvian Ministry of Labour has had a sub-directorate general for social security since 2014, its technical capacity is insufficient to deal with policies on the scale of unemployment insurance, so the starting conditions for the project were very challenging (a report concluding that it was not viable and a low technical capacity to exercise the steering role in social security) and at the same time an opportunity, because the unfortunate consequences of the COVID 19 crisis highlighted the precarious situation of the unemployment protection system.</p> |
| Good practice – Present the practice/experience, explaining the actors involved, the innovative methods/working methodology, the step-by-step to achieve the results | <p>The project has succeeded in influencing constituents through a process of collective construction to achieve its outcomes. This process has raised the government's technical and institutional capacity to strengthen the social security system and its involvement in promoting the ratification process of the ILO conventions on unemployment protection and the implementation of a system of social protection against unemployment through a sustained and informed dialogue with trade unions and employers.</p> |

| Country | Peru |
|--|---|
| | <p>The tripartite construction process required firstly the constitution of a technical working group at the inter-ministerial level to involve senior ministry officials in the design of the proposal, and secondly to involve the rest of the constituents, trade unions and employers in the process of defining the proposal. In order to maintain technical and institutional interest in the project despite the political instability in Peru, a methodology was established for the working group based on twice-weekly meetings during the first eight months of the project in which progress on the products was reported and the impressions of the project team of officials were gathered. Through participation, a higher level of ownership of the project by the staff was also generated. However, this methodology required greater coordination and follow-up efforts and a greater presence of ILO officials and consultants, which in turn required maintaining the level of institutional involvement.</p> |
| <p>Main results – Briefly describe the results already achieved</p> | <p>Unemployment Insurance Proposal and actuarial valuation:</p> <ul style="list-style-type: none"> • Reports that support the existence of a legal framework in Peru for the feasibility of ratifying both conventions. • Proposal for a Social Security Unemployment Insurance administration entity and Users' Committee in accordance with Peruvian regulations and the guidelines of the aforementioned conventions. • Report for the creation of the Integral System of Social Protection against Unemployment or EIPAD that articulates the Social Security for Unemployment defined with the active employment policies, creating a scheme of access to the search for a formal job for all formal and informal salaried workers and especially for the vulnerable. <p>The system can be extended from its design to cover unemployment benefits (subsidies, job maintenance, etc.) and the coverage of the rest of Active Employment Policies, as well as assistance in the search for employment (job training, skills certification, etc.).</p> <ul style="list-style-type: none"> • Report on the estimate of the number of employment counsellors that the country's employment centres will require to respond to the new demand for beneficiaries (of unemployment social security in the first place, since it is proposed that the granting of the benefit be conditional on the activation of the job search). |
| <p>Success factors – List the factors that contributed to the success of the practice (bullet points)</p> | <p>High involvement of MTPE officials in the project.</p> <p>Permanent presence and attention of ILO officials to the needs of the project and to the numerous requirements that arose during more than 60 working meetings.</p> |
| <p>Challenges – List the main existing challenges (bullet points)</p> | <ul style="list-style-type: none"> • Political instability • Changes in the composition of the ministerial cabinet forcing the ownership process to begin. • Strengthen social dialogue to reach consensus on who bears the unemployment insurance contribution rate: state, employers or workers, or all in solidarity. |

| Country | Peru |
|--|--|
| | <p>Expand fiscal space for the establishment of social protection floors to guarantee income for the remaining uninsured workers and their access to public employment programmers and services.</p> <p>Strengthen ALPMs to increase their deficient coverage and quality in training programmes and certification of labour competencies.</p> |
| <p>Lessons learned – Indicate up to 3 lessons learned from this experience that could be useful for other countries (more general than success factors)</p> | <ul style="list-style-type: none"> • The importance of maintaining open and permanent lines of communication with civil servants to address their needs and concerns. • The need for good communication support material to support the necessary pedagogy of the process, especially if the government does not have sufficient specialists in the field. • Be attentive to recognise those existing institutional mechanisms or those in process in which the proposal we are making may fit in. • The advantage of relying on a diverse and equal team of national and international consultants, enriching the approaches to the proposal. |
| <p>Next steps</p> | <ul style="list-style-type: none"> • Process of submission and ratification of Conventions prioritising branch 4 of Convention No. 102 and/or Convention No. 168. • Elaboration of the draft law on a comprehensive system of protection against unemployment with progressive implementation of the PAMT component (which includes the action plan for the progressive implementation of the system). • Proposed Plan for the development of the PAMT under the approach of the system and ILO Convention No. 168. |

► Annex A18.A5: Awareness raising and seminars

| Type of activity | Number | Date | Number of participants | Means of verification |
|---|--------|--------------------------------|---|-------------------------------------|
| Reunión de equipo MTPE- OIT-MEF | 51 | October 2020 –November 2021 | MTPE-ILO –MEF Team Meeting 5 participants average | Calls, pptx and zoom recordings |
| Webinar: Challenges for the implementation of a comprehensive protection system against unemployment: coverage of vulnerable workers. A look from Peru and Ecuador | 1 | 4 June | Suspended the day before due to technical problems | Invitations, infographics, mailings |
| Workshops with trade unions | 5 | 8–29 July | 20 | Calls, pptx and zoom recordings |
| Webinar CONSTRUCTING THE BASIS FOR A SOCIAL PROTECTION SYSTEM AGAINST UNEMPLOYMENT IN PERU WITH SOCIAL ACTORS | 1 | 27 September 2021 | 113 | Calls, pptx and zoom recordings |
| Webinar To answer questions on the webinar of 27 September on the social protection system in the face of unemployment | 1 | 13 October 2021 | 17 | Calls, pptx and zoom recordings |
| ILO Unemployment Model training course | 2 | 3–4 November 2021 | 14 | Calls, pptx and zoom recordings |
| National Council for Labour and Employment Promotion: presentation of the technical proposal on Social Unemployment Insurance This workshop is attended only by employers' representatives | 1 | 8 November 2021 | 13 | Calls, pptx and zoom recordings |
| Presentation of the progress of the unemployment insurance project by the MTPE at the Commission of Labour and Social Security of the Congress of the Republic | 2 | 11 January and 4 February 2022 | 9 | Minutes, press releases, mails |