

# Labour Market Profile 2020



## Peru

Danish Trade Union  
Development Agency

Mondiaal FNV

Mondiaal **FNV**



ULANDSSEKRETARIATET – DTDA  
DANISH TRADE UNION DEVELOPMENT AGENCY

## PREFACE

Since 2017, Mondiaal FNV and the Danish Trade Union Development Agency (DTDA) have worked together to ensure coordination and exchange of experience and information between their offices e.g. on social dialogue and labour relations. This collaboration includes harmonisation of planning and coordination of technical assistance, as well as support and development of joint Theories of Change (ToCs).

One aspect is to benefit from joint tools and programme processes, e.g. monitoring practice and designing new project interventions. It includes an application of Labour Market Profiles (LMPs), which are based on a context analysis of the labour market in partner countries or potential partner countries. In practice, Mondiaal FNV and DTDA agreed to produce LMPs on several countries, which includes the Peru Labour Market Profile.

Labour Market Profiles (LMPs) provide a comprehensive overview of the labour market situation in the DTDA's individual countries of engagement. LMPs aim at portraying a snapshot of the structures, developments and challenges in the labour market. Structurally, LMPs are divided into 11 thematic sections describing trade unions, employers' organisations, government, tripartite fora and institutions, national labour legislation, violations of trade union rights, wages and working conditions, workforce status, education, social protection, and economic performance.

LMPs report on several key indicators within the framework of the Decent Work Agenda (DWA) and the Sustainable Development Goals (SDGs). They especially address particular aspects of labour market development such as the evolution of trade union membership, social dialogue and bi-/tripartite mechanisms, policy development and legal reforms, and the status of ILO conventions and labour standards, among others.

The main sources of data and information for LMPs in general are:

- Specific types of data and information relating to key indicators are collected by data collection tools. The gathering and validation of central data and information for the development of the LMP was made through a national consultancy process in Peru. It consists of both primary/secondary data/information and interviews of stakeholders.
- National statistical institutions and international databanks are used as sources for the collection of general data and information. Other critical sources used are: ILOSTAT and NATLEX, World Bank Open Data, ITUC Survey of violations of Trade Union Rights, the U.S. Department of State and other labour-related global indexes.
- Academic and media sources (e.g. LabourStart, national news, etc.) are used in the general research on labour market issues.

The DTDA's Analytical Unit prepared this Labour Market Profile through a desk study in Copenhagen in close collaboration with Mondiaal FNV. Specific data was gathered by a local consultant in Peru, Ms. Andrea Ringvad Friederich, who conducted research and interviewed key stakeholders according to the Template for Collection of Data and Information for Development of Labour Market Profile.

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## EXECUTIVE SUMMARY

Peru's strong economic growth in the 2000s turned sluggish in the 2010s. Since the growth was driven by high international prices on main export productions, mainly in mining, it did not support changes in the employment structure. Labour productivity decelerated in the 2010s and stays far below the South America average. Although three out of four among the employed are in middle-class, income inequality is present, especially among indigenous groups.

In the aftermath of a wide range of reforms of labour regulations in the last decades, the landscape of the industrial relation's has changed. Labour legislation has become complex. There are flaws of compliance with international standards on workers' rights, as collective bargaining processes are under pressure, including restrictions in the public sector. Arbitration and strike regulations, especially in the private sector, have negatively affected unionism. Recent law reforms have introduced some improvements to employees' work-life balance, though. It is worthwhile to mention that 14 cases are active in the International Labour Organisation's (ILO) Committee of Freedom of Association and a wide range of observations on the application of ILO Conventions, which reflects the scope of the labour regulation's complications.

Main tripartite structures are active, but the social dialogue is divided into political bearings and separating agendas. Although the number of strike actions has been on a declining trend since 2015, workers' days lost has increased considerably. A gap between the approved Collective Bargaining Agreements (CBAs) to their application has deepened, and often has weak clauses to protect labour regulations at the workplace level. An increasing number of failing collective bargaining negotiations in the private sector has triggered more strike actions.

The latest Executive Opinion Survey suggested that Peruvian employers considered cooperation in labour-employer relations on a low level, and they argue that the labour regulations are negatively affecting the country's international competitiveness. As an impact of the labour regulations, working conditions keep three out of four employees in the temporary contract. Subcontracting is widespread. These aspects complicate workers unionising directly at the company level. This situation has prompted a declining trade union membership rate, on the margin, since 2015, especially

from the private sector. The trade union density among 'employees' was estimated at 9.5% in 2018.

Rural-urban migration and growing urbanisation rate create pressure on urban job creation. Small shifts in the employment structure happened during the last two decades, as employment in the agricultural sector has declined, while the service and industry sectors have increased on the margin. It is important to realise that three out four workers operate in the informal economy keeping them in vulnerable working conditions just as lack of awareness or incentives that loophole labour and business regulations.

Around 3.5 million Peruvians, mostly high-skilled persons, have left the country to find better job opportunities. Personal remittances have not become an essential part of the economy. In recent years, at least one million Venezuelans entered the country, a majority in tourist visa and not granted to work. Nevertheless, a large majority ends in operating in the informal economy to generate income, which has created higher competition and frustrations among many Peruvians.

High school enrolment rates on all levels are present. Vocational training has been on the rise, but has recently started at a low level in comparison to the region's average. However, young Peruvians enter the labour market at an earlier age compared to the region's average. It is also mirrored in widespread child labour (26%) resulted to weaknesses in the education system entangled into ethnic features. Although the youth is getting better-educated, they meet a high prevalence of over-qualification and field-of-study mismatch. Many youth are pushed into informality or out-migration, or even economic inactivity. The youth unemployment rate is relatively low at 8.1% in 2020.

Laws protect gender, cultural and ethnic aspects in the country. In reality, there are gaps, e.g. deep wage gap across genders and especially among indigenous people. Although a new law prohibited pay discrimination in 2018, insufficient labour inspections, informality and cultural aspects make it difficult to implement in practice. Social protection coverage is on the rise in the country, but it is still at a lower rate than the neighbouring countries. Around 65% of the population is covered by social protection and labour programmes, only 19% of persons above retirement age receive a pension.

The table below provides key indicators that follow the Decent Work Agenda. The selected key indicators are concentrated on areas where the trade union movement has a central role in the labour market.

On page iv, the second table presents an overview of the Sustainability Development Goals indicators' current value and targets for labour market issues.

#### Status of key labour market indicators in the framework of the Decent Work Agenda (DWA) in Peru, 2018

<b>Creating decent jobs</b>	
Policy reforms addressing creation of decent employment	Yes – industrial policy is adopted as well as minimum wage and productivity/competitiveness are enforced.
ILO standard setting on improvement of status of workers from the informal economy	No – A specific National Tri-partite Forum on Informal Economy does not exist neither other national forums addressing informal workers' status. In 2015, the government proposed a policy with the aim of formalising the informal economy, which runs from 2016 – 2021. This policy has been criticised for putting aside the fundamental reasons for informality by trade unions, and that the policy focuses too narrowly on promoting employers' interests. No new policy has been formulated since then.
<b>Guaranteeing rights at work</b>	
Growth in partner trade union members from year 2014 to 2018 (%)	-3.2% drop of trade union membership in the public sector.
Violations of trade union rights	Ranking 4 out of 5 (5+ is the worst). *
Labour legislation is improved according to ILO standards	Yes – i) Trade union license and membership fees, ii) sexual harassment at work, iii) maternity leave, iv) collective bargaining in the public sector, and v) vacation leave in the private sector.
Partner organisations with minimum 30% women representation in decision-making bodies	N/a.
<b>Extending social protection</b>	
Health insurance coverage as % of total employment in partner country	76 %
Workers from the informal economy have access to national social security schemes	No.
<b>Promoting social dialogue</b>	
Trade union density of total employment (%)	4.3 %
Trade union density of employees (%)	9.5 %
Cooperation in labour-employer relations	Ranking 120 out of 140 (1 is best). **
Number of Collective Bargaining Agreements (CBAs)	337 CBAs
Workers' coverage of Collective Bargaining Agreements to employees	In the formal sector, 4.4% of workers are covered by CBAs, which is a decline from 2013, where the number was 5.2%.
Bi-/tripartite agreements concluded	Tripartite social dialogue in practice is limited, but with some initiative to create <i>Asociación por Trabajo</i> . A bilateral proposal between the government and employers' organisations on the Plan of Competitiveness and Productivity has been drafted in the Council of Competitiveness and Formalisation, and it has been expected to be approved in August 2019. Trade union federations were not invited. Instead, central trade union federations developed a joint proposal with suggestions to introduce changes in the plan.
* This is interpreted as systematic violations of rights. Countries with a rating of 4 are interpreted as the government and/or companies are engaged in serious efforts to crush the collective voice of workers putting fundamental rights under threat (Source: ITUC, Global Rights Index).	
** This indicator is based on data from the Global Competitiveness Index that represents employers' opinions from surveys (Source: World Economic Forum).	
Source: ILO, DTDA Analytical Unit data collection and own calculations.	

## Status of key Sustainable Development Goals in labour market related issues in Peru

Indicators	Value	Year	SDG Targets
1.1.1: Working poverty rate (percentage of employed living below US\$1.90 PPP)	3.3%	2019	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than US\$1.25 a day.
1.3.1 Proportion of population covered by social protection floors/systems	19 % *	2016	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.
5.5.2: Women share of employment in managerial positions (total management)	32 % **	2018	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
8.2.1: Annual growth rate of output per worker (measured as GDP in constant 2011 international \$ in PPP)	2.0 %	2019	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.
8.3.1: Proportion of informal employment in non-agriculture employment	59 %	2017	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
8.3.1: Men	52 %	2017	
8.3.1: Women	66 %	2017	
8.5.1: Average hourly earnings of women and men employees	7.1	2014	By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities and equal pay for work of equal value.
8.5.1: Men	7.8	2014	
8.5.1: Women	6.2	2014	
8.5.2: Unemployment rate (Total)	5.0 %	2017	
8.5.2: Unemployment rate (15-24 years)	14 %	2017	
8.5.2: Men, 15+	4.8 %	2017	
8.5.2: Men, 15-24 years	-	-	
8.5.2: Women, 15+	5.4 %	2017	
8.5.2: Women, 15-24 years	-	-	
8.6.1: Proportion of youth (15-24 years) not in education, employment or training (NEET)	18 %	2017	By 2020, substantially reduce the proportion of youth not in employment, education or training.
8.6.1: Men	15 %	2017	
8.6.1: Women	21 %	2017	
8.7.1: Proportion and number of children aged 5-17 years engaged in child labour (Total)	15 %	2015	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
8.7.1: Girls	15 %	2015	
8.7.1: Boys	14 %	2015	
8.8.1: Frequency rates of fatal and non-fatal occupational injuries	-	-	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
8.8.2: Level of national compliance with labour rights (freedom of association and collective bargaining)	-	-	
9.2.2: Manufacturing employment as a proportion of total employment	9.2 %	2017	Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.
10.4.1: Labour income (Employees) share as a percent of GDP	24 %	2012	Adopt policies, especially fiscal, wage and social protection policies and progressively achieve greater equality.

\* Persons above retirement age receiving a pension (see also the section: Social Protection). \*\* Main city or metropolitan area.

Source: United Nations, Sustainable Development Goals, Knowledge Platform and The ILOSTAT

## COUNTRY MAP



Source: [CIA, The World Factbook](#)

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## TRADE UNIONS

The trade union structure is divided into three different levels: workplace unions, sector federations and confederations. First, the number of workplace unions experienced an upsurge by 5.5% from 2014 to 2018 (per March). However, the number of trade unions in the private sector fell in the same period from 503 to 480 (-4.6%), while trade unions in the public sector increased from 362 to 433 (20%). Second, the number of trade union federations dropped from 77 to 76. In the private sector, the number of federations fell by 20% while they grew by 44% in the public sector. Third, the number of confederations declined from 13 to 11, again with a reduction in the private sector (see Table 1 and Appendix Table 22).

Membership of the four active trade union confederations was estimated at 759,000 in 2018. However, membership data is diverging between different sources (see ahead). The trade union density was estimated at 9.5% among employees. The trade union membership rate is argued to be relatively low in comparison to the 1970s/1980s.<sup>1</sup> Other assessments put forward that 5.2% of the formal salaried workers are unionised in the private sector, 16% in the public sector (see more in Table 1).

**Table 1: Status of trade unions in Peru, 2018/19**

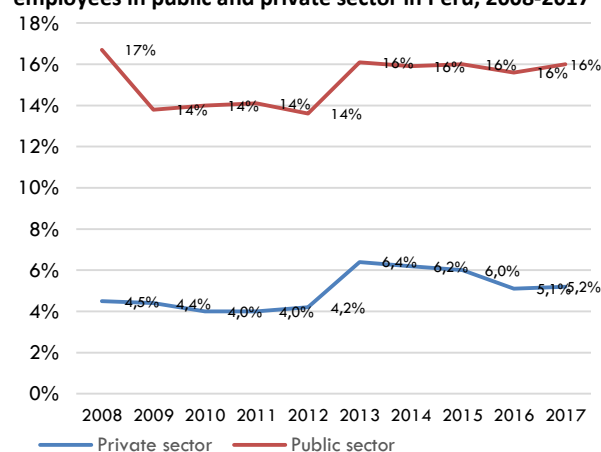
Number of trade unions (private/public)	913
Number of federations (private/public)	76
Number of confederations (private/public)	11
Members of trade unions (CGTP, CUT, CATP and CTP)	759,130
Growth in membership (public sector), 2014-2018	-3.2 %
Women share of total membership (private)	10 %
Women share of total membership (public)	45 %
Trade union density (total employment)	4.3 %
Trade union density (employees)	9.5 %
Members of affiliated trade unions from the informal economy (CATP)	10,000

Source: [Ministerio de Trabajo y Promoción del Empleo](#), Instituto de Estudios Sindicales (IESE) and own estimations on trade union density based on ILO employment estimations.

Figure 1 visualises that the share of trade union membership to employees was on an upsurge at the beginning of the 2010s for both the public and private sector; both peaked in 2013. It has stayed on a flat growth in the public sector since then, except for a small downturn in 2016. The membership rate in the public

sector increased by 99% from 2010 to 2014 and has since then remained at 14%. It contrasts the just mentioned upsurge of registered trade unions in the public sector and federations that otherwise suggested an increase in the membership rate in recent years. The ratio of membership rate to employees in the private sector dropped from 6.4% in 2013 to 5.2% in 2017, which is supported by the declining number of private trade unions.<sup>2</sup>

**Figure 1: Ratio of trade union membership rate to employees in public and private sector in Peru, 2008-2017**



Source: [PLADES](#) and [Ministerio de Trabajo y Promoción del Empleo](#)

Unionism became politicised during the 1990s. Right-wing politicians succeeded in creating a popular image in media of trade unionists as communists, terrorists and militarists. It persists today. Links did not exist between terrorist groups and the trade union leaders. The terrorist group in Peru, known as the Shining Path (*El Sendero Luminoso*), was in direct conflict with the trade union movement. Nevertheless, a wide range of reforms affected unionism negatively since the 1990s. The reforms sought a more flexible labour market, which included making it easy to hire and fire workers as well as with fewer rules and regulations to attempt to boost competitiveness. It became more difficult for trade unions to register, to carry out their work and to do collective bargaining with employers. Besides, the application of short fixed-term contracts furthermore weakened the unionism and workers' rights.

A wide range of issues is challenging the organisation of workers. For example, high levels of informality on the labour market, outsourcing of labour instead of hiring workers directly, and application of short fixed-term contracting. Criminalisation and demonisation of unionism, lack of workers' awareness of workers' rights, fragile tripartite social dialogue environment are also central aspects. Not to mention, insufficient financial

sustainability of national confederations. Investigations from 2017 among trade unions in several sectors registered high negative rankings on law breaches (e.g. not extra paying overtime and does not comply with the arbitration resolution), practices of anti-unionism and limitations of trade union rights. On the positive side, a majority of trade unions listed low positive rankings in terms of discrimination (e.g. harassment and discrimination in wages).<sup>3</sup>

Main priorities brought up by the Peruvian trade union movement in recent years have been related to the improvement of occupational health and safety and strengthen them through improved education of trade union rights in the rural areas by building trade union schools. Better collective bargaining as a way to democratise labour relations and emphasis on social aspects and worker's right in the new Plan of Competitiveness and Productivity formulated by the government and employers' and organisations have also been upheld. Not to mention, promoting a reform of the social protection system has been an important issue.<sup>4</sup>

The four main active confederations are summarised below and in Table 2. Several (private/public) confederations are small and inactive.

**Table 2: Main trade union federation membership, 2019**

Federations	Membership
Confederación General de Trabajadores del Perú (CGTP)	704,970
Central Unitaria de Trabajadores del Perú (CUT)	20,000
Central Autónoma de Trabajadores del Perú (CATP)	19,160
Confederación de Trabajadores del Perú (CTP)	15,000
<b>Total</b>	<b>759,130</b>

Source: CGTP, CATP, and the IESI.

### **Confederación General de Trabajadores del Perú (CGTP)**

CGTP is the largest confederation in the country. It organises around 93% of members from trade unions/federations. CGTP was founded in 1929 by trade unions expelled from the *Confederación de Trabajadores del Perú* (CTP). CGTP has since its beginning been a left-wing confederation with strong ties to the Aprista Party, which is a centre-left influential political party in Peru, and affiliated to the World Federation of Trade Unions (WFTU).

The membership data of CGTP diverge significantly between different sources: according to CGTP itself, their membership is 1,200,000; the Institute for Trade Union Studies (*Instituto de Estudios Sindicales - IESI*) recorded 705,000 members and the Ministry of Labour's listed closer to 300,000. Statistics of trade unions organisations from the ministry is mainly from Lima Metropolitan, while CGTP includes broader membership framework that is not only traditionally trade unions but also farm workers and indigenous groups, which could explain the differences.

CGTP's main affiliated federations/unions are: *Federación de Trabajadores de Construcción Cívil del Perú* (140,000 members, 20% of CGTP membership) and the *Sindicato Unico de Trabajadores de la Educacion del Perú* (SUTEP) (108,000 members, 15%); the smallest one is the *Federacion Nacional de Trabajadores en Hoteles y Ramos Similares del Perú* (840 members, 0.1%); see more details in Appendix Table 21.

The next CGTP congress is set in 2020 with reforms in the pipeline. Among others, formal salaried workers, mainly from the private sector, form the foundation of the CGTP, but the confederation is assessing the perspectives of organising autonomous and thereby informal workers. Although a general interest in starting to organise informal workers, the services' scope and affiliation structure are not yet clarified.

### **Central Unitaria de Trabajadores del Perú (CUT)**

CUT is a more centre-right politically-oriented organisation and is affiliated to the International Trade Union Confederation (ITUC). CUT organises around 20,000 workers within the public and private sector, but their most extensive membership base is self-employed informal workers. Within the public sector, they organise health workers, municipality workers, administration staff in the educational sector, transport and university workers. In the private sector, they organise within the agroindustry, oil industry, telecommunications, small-scale fishers and port workers. Among informal workers, they organise self-employed workers such as taxi drivers, port and market stevedores, street vendors, fishers and magazine and newspaper salespersons. CUT has regional offices and aims to be present in all the sectors where they operate. In their opinion, it is in the provinces that collective bargaining should take place in collaboration with the regional governments.

CUT is currently in the process of finalising a Plan for Universal Health Care in Peru, which proposes a way to

improve and create major changes in the system of EsSalud as well as directions to improve universal health care coverage in general. CUT is advocating for creating one united universal health care system instead of the two parallel schemes as it is now with EsSalud and Seguro Integral de Salud (SIS) (see also the Social Protection section).

#### Central Autónoma de Trabajadores del Perú (CATP)

CATP is about 20 years old with affiliation to the Christian World Confederation of Labour, which is now a part of the ITUC. CATP organises workers from the public sector as well as from the informal economy. The organisation is considered to have around 19,160 members, and about 50% are affiliated organised informal workers.

#### Confederación de Trabajadores del Perú (CTP)

CTP was formed in the 1940s and is a so-called yellow union or pro-employer union, meaning that the union is influenced by an employer and not an independent trade union. The trade union movement in Peru has criticised the CTP and argued that it works against the unionism. CTP has a membership of around 15,000 workers.

## EMPLOYERS' ORGANISATIONS

Around 3.9% of the total employment in Peru consisted of employers in 2019, which is close in line with the Southern America average (4.3%) (see Figure 5 ahead). There are four leading employers' organisations in Peru. They work together occasionally on joint interests and seem not to have conflicting interests.

According to the employers' organisations, some main policy issues challenge the labour market in Peru. First, there are high informality of the labour market and insufficient job creation in the formal sector. It is related to the fact that many micro- and small-enterprises lack incentives to, and knowledge of, how to register their business. These small enterprises face high cost if formalising their enterprises and high company tax at around 40% (see also Appendix Table 30). Second, keeping a worker on a social protection scheme is costly in comparison to many other Latin American countries. Employers argue that this negatively has affected the generating of investments and attraction of foreign companies to enter into the country. They argue that national labour legislation and regulations are rigid and too tight. It gives incentives to apply fixed short-

term contracts, outsourcing services and avoid Collective Bargaining Agreements.

In recent years, the employers' organisations have contributed to the national Plan for Competitiveness and Productivity in collaboration with the government. This Plan aims at reforming legislation and reducing high costs to formalise workers to improve Peru's labour market competitiveness (see more ahead).

The Global Competitiveness Index provides a view on a range of aspects, including labour market efficiency. The latter index is elaborated upon surveys among Peruvian employers and other statistical data. The country was measured on a medium level, ranking 77 out of 141 countries (1 is the best) in 2019. It was a drop by five steps on the ranking from 2018. Out of the 12 labour market efficiency indicators, the highest scorings were flexibility of wage determination (25) and labour tax rate (34). Worst rankings are the hiring and firing practice (134) and active labour policies (120). This indicates a labour market where employers are satisfied with taxes and wages, but complain about rigid labour policies and difficulties with dismissals. It is worthwhile to mention that cooperation in labour-employer relations is likewise relatively low (102) (see more in Table 3).

**Table 3: Employers' view of the labour market efficiency in Peru, 2019**

Indicator	Rank *
<b>Total</b>	<b>77</b>
Redundancy costs, weeks of salary	39
Hiring and firing practices, 1-7 (best)	134
Cooperation in labour-employer relations, 1-7 (best)	108
Flexibility of wage determination, 1-7 (best)	25
Active Labour policies, 1-7 (best)	120
Worker's rights, 0-100 (best)	57
Ease of hiring foreign labour, 1-7 (best)	72
Internal labour mobility, 1-7 (best)	39
Reliance on professional management, 1-7 (best)	87
Pay and productivity, 1-7 (best)	102
Ratio of wage and salaried female workers to male workers, %	77
Labour tax rate, %	34

\* Rank from 1 to 141 (1 is best ranking).

Source: [The Global Competitiveness report 2019- Pillar 8](#)

The status of the four employers' organisation is summarised below:

### **National Confederation of Private Business Institutions of Peru (CONFIEP)**

CONFIEP was installed in 1984 with the participation of seven founding unions. It brings together, and represents Peruvian private businesses and affiliated to the International Organisation of Employers (IOE). The national organisation is set in 11 economic sectors and 22 business associations. It aims at contributing to a process of sustained economic growth based on investment and employment promotion.<sup>5</sup> The most influential associations within CONFIEP are *Asociación de Bancos*, *Sociedad de Comercio Exterior del Peru COMEX*, *Asociación de Fondos Privados de Pensiones* and *Sociedad Peruana de Minería* and *Sociedad de Pesquería*.

The three other organisations – SNI, CCL and ADEX – represent companies whereas CONFIEP affiliates employers' organisations. Before the 1990s, all employers' organisations were under CONFIEP, but during the presidency of Fujimori in the 1990s, disagreements due to conflicting interests resulted in the three other organisations leaving CONFIEP.

### **Camera de Comercio de Lima (CCL)**

CCL was established in 1888. Currently, it affiliates around 15,000 enterprises; no aggregate data on job coverage was available. The organisation organises mainly small and medium enterprises within the sectors of export, clothes, health, services, tourism, and cosmetics. Fifteen committees are grouping the enterprises according to their branch of work. CCL is linked to the service sector and some to the industries. It is a member of the International Chamber of Commerce.

### **Asociación de Exportadores (ADEX)**

ADEX was founded in 1973 and is an employers' organisation with a focus on enterprises within export, import and commercial services. ADEX organises both small, medium and large enterprises. The organisation works mainly in the following industries: food exportation, extractive industries, manufacturing, and foreign commerce.

### **Sociedad Nacional de Industrias (SNI)**

SNI is one of the oldest employers' organisations in Peru, founded in 1896. It affiliates companies within the manufacturing industries and is an important political actor in Peru. There are around 650 companies affiliated to SNI, which are all medium or large size companies. The SNI claims it supports formal and informal jobs for about 1.5 million Peruvians.

## **GOVERNMENT**

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The Ministry of Labour and Employment Promotion (MoLEP), the Superintendence of Labour Inspection and 34 Regional Labour Bureaus are the primary government agencies responsible for enforcement of labour regulations.

MoLEP represents systems in the field of work and employment promotion and aims to ensure compliance with public policies according to the rules of the subject. The ministry also promotes labour formalisation through information and advice. Officially, it stimulates labour skills to increase the employability of the working-age population, with an emphasis on the youth population, vocational training and vulnerable groups. Moreover, MoLEP promotes and strengthens social dialogue as one of the instruments to achieve tripartite labour agreements that promote both productivity and decent employment and establishes a solid base for the sustainable development of the country.<sup>6</sup> Still, the persistent widespread informality of the Peruvian labour market is challenging the application of the labour regulations in practice (see more ahead).

Although the Ministry of Labour and its National Superintendency of Labour Inspection (SUNAFIL) received budget increases in 2017 and 2018, resources have remained inadequate to enforce freedom of association, collective bargaining and other labour laws.<sup>7</sup>

The National Institute of Statistics and Informatics (INEI) is a specialised technical body, with the legal status of public law, with technical and management autonomy, under the President of the Council of Ministers. It is the central and governing body of the National Statistical System - responsible for regulating, planning, directing, coordinating and supervising the official statistical activities of the country.

## **CENTRAL TRIPARTITE STRUCTURES**

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The concept of tripartism is a collaboration between employer/business, labour and state institutions. Each institution is to act as a social partner to create cooperation, consultation, negotiation and compromise. Ideally, the organisations work as equal social partners in tripartite settings. In Peru, tripartite structures and activities are present, but often divided in political spectrums and promoted distinct agendas among the stakeholders. The status of the central tripartite institutions are summarised below:

### **National Labour Council (NLC)**

NLC (Spanish: *Consejo Nacional de Trabajo, CNT*) is the foremost tripartite institution with the participation of the MoLEP, the four employers' organisations and the four main trade union confederations. NLC is set to be a space to discuss and to pass policies and initiatives regarding the labour market. This institution includes a wide range of aspects: employment policy, labour relations, social security, wage setting, and education/Technical and Vocational Education and Training (TVET) policy.

Within NLC, there are different technical commissions where themes are discussed, e.g. minimum wage and occupational health and safety. Constitution of the Roundtable for Youth Social Dialogue for Decent Work was also set within the National Labour Council. The MoLEP oversees NLC, and it is supposed to call for meetings every two months. In reality, meetings are often only held every 8-9 month or once in a year. Both employers and trade unions do not consider NLC well-functioning, quite ineffective and too bureaucratic. Occasionally, the institution is even used strategically to freeze topics and keep its development stalled.

The most recent development has been that CGTP and CUT have suspended their participation in NLC as a protest against the government's establishment of the bi-partite Council for Competitiveness and Productivity (Spanish: *Consejo Nacional de Competitividad y Formalización*). The council is mandated to create a Plan of Competitiveness and Productivity. MoLEP invited only the Ministry of Economy and Finance along with the employers' organisations; trade unions representations were neglected. The government in July 2019 passed this plan. Instead, CGTP and CUT developed a joint proposal that suggested changes in the mentioned plan. The two trade union confederations suspended their participation in the NLC.

### **National Accord (AC)**

AC (Spanish: *Acuerdo Nacional*) is a multi-actor forum with a focus on strengthening democracy, human rights, equality and social justice. The forum aims to include all kind of social actors in discussing any national topic relevant to civil society. For example, in December 2014, the Mid-Term Agreement for Investment and Decent Work (Spanish: *Pacto de Mediano Plazo por la Inversión y el Empleo Digno*) – a multi-actor agreement between the government, NGOs, employers and trade unions – was approved to guide the way forward on the national decent work agenda. In 2018, AC held 12 meetings.

### **Labour Court**

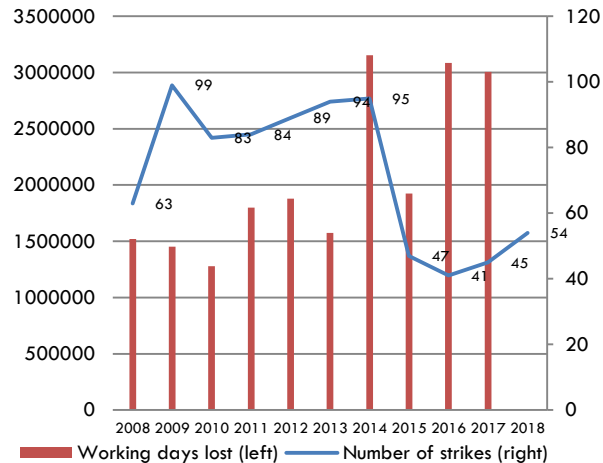
Labour disputes in Peru are most often related to collective bargaining, anti-trade union practices and unjustified firing of workers. In most cases, the state will take responsibility as the mediator when an agreement cannot be reached at the workplace level or by the social partners. The MoLEP is the organ resolving the labour disputes. The ministry's main mechanisms applied in the process in resolving conflict are broad such as conciliation, mediation, extra-process (combining conciliation and mediation), dialogue fora, informative meetings and the last instance of conflict solving is arbitration. Few labour disputes reach the ombudsman (Spanish: *Defensoria del Pueblo*); four ongoing labour disputes are registered per March 2019. No accurate record keeps labour disputes public available in Peru. It is noted that workers continue to face prolonged judicial processes and lack of enforcement following dismissals resulting from trade union activity.<sup>8</sup>

Constitutional Tribunal (CT) has played an important role in incorporating new cases of dismissals, in addition to the ones defined by law. An issue of these types of dismissals is the fact that the employee must claim the remedy following a special procedure called 'protective action' (Spanish: *acción de amparo*) before the CT being the reinstatement remedy of the worker. If the employee claims before Labour Court (except if the case of null dismissal in reinstatement is available), the remedy would be the payment of severance indemnity (not reinstatement). As a result of the approved Procedural Labour Law from 2008, the judiciary's budget for labour cases was increased in a manner that allowed for improvements and more expeditious adjudication and resolution of labour cases.<sup>9</sup>

The number of strike action is the available primary data to monitor the flow of disputes in Peru. In 2018, the registered 54 strike actions were mainly in public administration (15 actions, 28%), mining and oil industry (14 actions, 26%), public health (eight actions, 15%) and manufacturing (six actions, 11%).<sup>10</sup> According to the trend, the number of strikes plummeted by close to 50% since 2015. It was not a result of improved social dialogue, though. Although the number of strikes was declining, their scope was expanding. For example, workers' days lost by strikes increased significantly. It is furthermore reflected by deepening gap of presented tenders of Collective Bargaining Agreements (CBAs) (Spanish: *convenios colectivos*) to approved registered CBAs. It is also important to realise that an increasing number of failing collective bargaining negotiations in

the private sector generated more strikes than ‘other motives’ (see more in Figure 2 and Figure 3 ahead).

**Figure 2: Number of strikes and working days lost, 2008-2018**



Source: [Ministerio de Trabajo y Promoción del Empleo, Anuario 2018](#) and [PLADES](#)

### Social dialogue

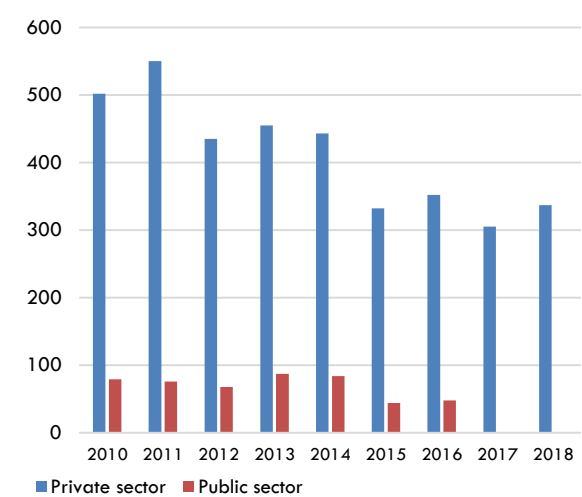
The social dialogue covers several aspects such as industrial relations, collective bargaining, consultation, the examination of grievances and settlement of industrial disputes.

During the 1970s and 1980s, there was a functional environment for collective bargaining between employers and trade unions. Many Collective Bargaining Agreements (CBAs) were negotiated and agreed. During the 1990s, the climate for collective bargaining changed, and it became more difficult. For example, more restrictive regulations in negotiation at branch or sector level challenged organising workers and collective bargaining at the workplace level. Before the 1990s, nine sectors could negotiate CBAs at branch/sector level; today, the only sectorial CBA is within the Civil Construction sector. This latter CBA is between the *Federación de Trabajadores en Construcción Civil del Peru* (FTCCP), which is part of CGTP, and the *Camara de Construcción*, which is part of CONFIEP. This trend is detected as a deterioration of unionism and collective bargaining. This tendency also happens in many other Latin American countries.

In 2018, 539 terms of claims (Spanish: *pliegos de reclamo*) – a document created by trade unions to initiate collective bargaining – were handed over to employers in the private sector. Just 337 CBAs were agreed on (63%). However, it is an increase in comparison to 2017, where just 42% (305 out of 527

terms of claims) reached an agreement; 86 of CBAs negotiated were resolved in a direct deal, 7% in extra-process, 6% with conciliation, and 2% in arbitration. Figure 3 below shows that the number of CBAs in both private and public sector was on a relatively lower rate in 2015 onwards since 2010-2014.

**Figure 3: Number of Collective Bargaining Agreements in the private and public sector in Peru, 2010-2018**



Source: [PLADES](#)

As indicated, CBAs are most often at the trade union level. There are very few at the federation level in the construction sector. Out of 305 CBAs in 2017 divided in 15 sectors, the majority share are located in the manufacturing sector (35%) followed by the mining sector (18%) and ‘other services’ (i.e. arts, entertainment and recreation, extraterritorial organisations and bodies) (11%), and the electricity, gas and water sector (9.2%). Occasionally, trade union confederations interfere and help the union in the negotiation process. Some unions have difficulties in negotiating and bargaining their CBAs; many of them end with intervention from the state in the form of conciliation.

If no CBA is made, then the unions have two options: i) pay for arbitration that is very expensive, or ii) go into a strike action that can be difficult with low levels of organised workers in the workplace. Cases show that a process of CBA negotiation can take up to three years, and when it is finally approved, it is out-of-date. Data show that of these total 305 CBAs in 2017, 86% are negotiated directly, 5% in conciliation, 7% in other processes, and 2% in arbitration (see Appendix Table 23).

Among the trade union movement in Peru, close to one out of two (46%) of CBAs are negotiated by workers’

unions (*sindicatos de obreros*) followed by company unions (*sindicato único*) (24%) and trade unions (*sindicato de empleados*) (20%). Different types of delegations cover the rest. Among the CBAs negotiated directly are mainly among workers' unions (42%) and company unions (25%) and trade unions (21%) (see details in Appendix Table 24, which includes a definition of types of unions).

In the formal sector, an estimated 4.4% of workers were covered by CBAs in 2017, which was a decline from 2013, where it was 5.2%. Other data suggest that less than 10% of the employment in the private sector was covered by CBAs, which was related to the relatively low trade union density at 5.2%.<sup>11</sup>

A study of comparative CBAs from 11 different developing countries from Africa, Asia and Latin America revealed that the applications of specific clauses on social security, working hours and work-family have considerable gaps in comparison to other countries' average. For instance, only 6% of surveyed CBAs in Peru includes employers' contributions to pension fund clause, while it is 52% on average among the 11 countries. One out of three (31%) of Peruvian CBAs involved sickness and disability clauses in contrast to 83% on average; 9% enclosed paid leave clause in comparison to 72% on average, and just 3% paid linked maternity leave clause relatively to 63% on average.<sup>12</sup>

The institution *Asociación Por Trabajo* (APT) was an initiative from 2019 that launched a bipartite forum between the workers' organisation CGTP and the employer's organisation SNI. The goal is to elaborate upon agreements between employers and unions without the interference of the government. It is still in its initial stage. It aims to reach an agreement that afterwards could be presented to the National Labour Council.

## NATIONAL LABOUR LEGISLATION

The labour market's legal landscape changed during the 1990s, especially in the private sector. MoLEP's resources were reduced, and social security became concentrated in privatised services. During the 2000s, labour legislation became more complexed. Employers' organisations claimed that the labour legislation became rigid that intricate to hire workers on long-term contracts. It pushed the Peruvian labour market to be dominated by short-term contracts that offer different ranges of labour flexibility modalities. This model is still

active. Trade unions have argued that the type of short-term contracts diluted the protection of workers' rights. It affected organising workers and collective bargaining. It remains an on-going political discussion in the country.

In recent years, reforms of trade union rights in the private sector became more frequent. It introduced changes on arbitration and the strike regulations (see ahead). Although the reforms have not optimised the legislation be in line to the international standards on the right to organise, general working conditions have become more attentive. However, the legal framework for unionism in the private sector stays restrictive that also receive frequent reforms on trade union regulations. In terms of the right to collective bargaining, it is more restrictive in the public sector, although the Constitution Court has declared it unconstitutional. A negative impact of the legislation's framework is reflected in declining approved CBAs and a drop in trade union density trend, especially in the private sector.

There is no direct Labour Law in Peru. According to the MoLEP, 136 labour regulations are published in 1,400 pages with more than 2,000 articles. There are furthermore 57 supreme orders, 34 laws, 30 resolutions, 10 legislative orders and five other kinds of legislation. It is underlining the complexity of the Peruvian labour legislation. The central laws related to employment are listed in Appendix Table 27 ahead.

A controversial draft labour bill from 2015, which was crafted to relax the country's labour laws, was put before Congress. It was cancelled since it touched politically sensitive topics of changing the country's protections for formal workers. A study suggested that the expectations of reform in the draft General Labour Law were diluted in recent years.<sup>13</sup> On a broader view on the labour-related legislation, 1,326 labour-related legislation was recorded per August 2019 and a wide range of new laws/amendments supporting the labour market were registered (see Table 4 and Appendix Table 26).

**Table 4: Number of approved national labour related legislation in Peru, 2014-2018**

	2014	2015	2016	2017	2018
Approved legislation	16	23	16	24	27

Source: [ILO, NATLEX, Peru](#)

The status of central legislation is summarised below:

## Constitution

The Constitution of Peru from 1993, which amendments in 2009, presents articles (Articles 22 - 29) that outline the framework of workers' rights. Some of the central constitutional rights are that work is a right and a duty as a foundation for social welfare and a means of self-realisation. Work is a matter of priority for the State, which provides special protection for working mothers, minors, and persons with disabilities. Payment of wages and social benefits for the worker takes priority over any other obligation of the employer.

The constitution also sets the principal working conditions: the normal workday is eight hours, or the normal workweek is forty-eight hours, at the longest. In the case of cumulative or atypical workdays, the average number of work hours during an equivalent period may not exceed that maximum (see other Working Conditions' regulations in Table 7 ahead).

In principle, labour relationships favour the worker in cases of insurmountable doubt on the meaning of a regulation. The law grants the worker protection against unfair dismissal.

The State recognises the right of workers: i) guaranteeing freedom to form trade unions, ii) encouraging collective bargaining and promoting a peaceful settlement to labour disputes, and iii) regulating the right to strike so that it is exercised in harmony with the social interest. It defines exceptions and limitations.

The constitution went through reform in 2018 to change how judges are elected, make political party finances more transparent, end consecutive re-election for legislators and bring back the Senate. In September 2019, the country entered a constitutional crisis concerning the dissolution of the Congress due to political turmoil. In January 2020, the Constitutional Court voted that President Martín Vizcarra had not exceeded his powers when he took the step amid a stand-off between the government and opposition-controlled Congress.

## Employment and Labour Laws and Regulations

The Peruvian national labour legislation has different laws for the private sector and the public sector. They script the freedom of association, the collective bargaining rights, and the right to strike. Legislation prohibits employer intimidation and other forms of antiunion discrimination and requires reinstatement of workers fired for union activity unless they opt to receive compensation

instead. Regulations allow workers to form unions without seeking prior authorisation. The minimum membership required by law to form a union is 20 employees for a workplace-level union and 50 employees for a sector-wide union. Some labour activists viewed it as prohibitively high in some instances, particularly for micro-, small and medium-sized enterprises.

Legislation requires businesses to monitor their contractors concerning labour rights and imposes liability on businesses for the actions of their contractors. It also governs the general private-sector labour regulations that set out nine categories of short-term employment contracts, which companies may use. The law sets time limits for each of the categories and contains a five-year overall limit on the continuous use of short-term contracts. A sector-specific law covering the textile and apparel non-traditional export sectors exempts employers from this five-year limit and allows employers to hire workers on indefinite short-term contracts, without requiring conversion to the permanent workforce.<sup>14</sup>

Other legislation refers to compensation for arbitrary dismissal of management workers. For example, if a worker is hired into a managerial role, he/she does not receive the compensation for arbitrary dismissal if the trust is removed. If a worker has been promoted into that managerial position and previously worked in a lower position in the same company, they are entitled to the compensation if they are not allowed or do not want to return to their former job.

In recent years, five new law reforms were approved and improved in line with the ILO conventions labour standards: i) Trade union license and membership fees, ii) sexual harassment at work, iii) maternity leave, iv) collective bargaining in the public sector, and v) vacation leave in the private sector (see also Table Decent Work on Page iii).

Regarding the status of labour policies issues, there are registered on-going progress in Youth Employment; and the Committee for Minimum Wages and the controversial National Plan for Competitiveness and Productivity are adopted and enforced. The Industrial Policy is adopted, but it is not yet implemented.

## Observations on labour legislation

The International Trade Union Confederation (ITUC) has listed restrictions with Peru's legislation concerning international standards on the right to organise, the



right to collective bargaining and the right to strike. These observations are summarised below:<sup>15</sup>

- Excessive representativity or a minimum number of members required for the establishment of a union.
- Restrictions on trade unions' right to establish branches, federation and confederation or to affiliate with national and international organisations.
- Trainee workers are excluded from collective bargaining.
- The law governing workers in public administration restricts the scope for collective bargaining, excluding pay-related issues.
- Compulsory conciliation and/or binding arbitration procedure in the event of disputes during collective bargaining, other than in essential services.
- Obligation to observe an excessive quorum or to obtain an excessive majority in a ballot to call a strike.
- Absence of an independent body responsible for declaring whether a strike is legal or not.
- Authorities' or employers' power to unilaterally prohibit, limit, suspend or cease a strike action.

Generally, the government does not effectively enforce applicable labour laws, which is interrelated to authorities' lack of resources, inadequate inspections, weak remediation for effective enforcement of the law and outspread informality on the labour market. As previously mentioned, the legal framework for the exercise of trade union rights is particularly restrictive in the private sector.

Another issue is that penalties for violations of freedom of association and collective bargaining range from 7,400 to 74,000 soles (US\$2,280 to US\$22,800). These relatively low penalties are insufficient to deter violations and, according to labour experts and union representatives, they are rarely enforced.<sup>16</sup>

### **Ratified ILO Conventions**

Peru has ratified 76 of the international Conventions on labour standards, covering subjects that are considered fundamental principles and rights at work. Currently, 66 conventions are in force, five have been denounced, three instruments abrogated, one has been ratified in the past 12 months (see Appendix Table 28).<sup>17</sup>

First, the eight Fundamental Conventions are the most important conventions that cover four fundamental

principles and rights at work. Peru has ratified all of them.

Second, the International Labour Organisation (ILO) has designated four Governance Conventions that are important to build national institutions and capacities that serve to promote employment, i.e. these conventions encourage a well-regulated and well-functioning labour market. The country has ratified three out of four of these Governance Conventions; the one not ratified is the Labour Inspection (Agriculture) Convention, 1969 (C129).

Third, ILO is also monitoring 177 Technical Conventions, out of which 83 conventions are "Up-To-Date" and actively promoted, i.e. an Up-To-Date Convention is one that is ready for ratification by the Member States and one that has been examined by the ILO Governing Body and deemed to be still relevant.<sup>18</sup> Peru has to this date ratified 45 of the Technical Conventions, and 16 are Up-to-Date (see more in Appendix Table 28).

The latest ratified Conventions was the Domestic Workers Convention, 2011 (C189) in November 2018. The Convention will enter into force for Peru on November 26, 2019.

ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) registered a wide range of observations on the application of four of the Fundamental Conventions (C087, C098, C100, and C111) as well as one from the Technical Conventions, the C155. CEACR has furthermore direct request on the application of several other Conventions.<sup>19</sup> This situation could be considered as an indication of flaws in the national labour legislation in the country concerning the application of international standards.

### **Trade Agreements**

Peru has a wide range of trade agreements. First, the country is a member of the World Trade Organisation (WTO) and became a full member of the Asia-Pacific Economic Cooperation (APEC) forum in November 1998. Peru is also a member of the Andean Community since 1969, which is currently comprised of Ecuador, Colombia, and Bolivia. The Andean Community agreed back in 2002 to establish an Andean free trade zone. A common external tariff (CET) and a customs harmonisation policy were set in January 2004. These latter measures have not yet been implemented, though.

Peru has bilateral free trade agreements (FTA) with the United States, Canada, Chile, the European Union (EU), China, the European Free Trade Association (which includes Iceland, Liechtenstein, Norway and Switzerland), Honduras, Japan, Mexico, Panama, Singapore, South Korea, and Thailand. Peru has Framework Agreements with MERCOSUR countries (Argentina, Brazil, Uruguay, and Paraguay), and a partial preferential agreement with Cuba. Agreements have been signed and are awaiting implementation with Costa Rica, Guatemala, and Venezuela. The Peruvian government is furthermore finalising FTAs with El Salvador, and negotiating with Turkey and India.<sup>20</sup>

The country is a founding member of the Pacific Alliance, a new regional economic block with Mexico, Colombia and Chile. The Pacific Alliance aims to integrate member countries.

In recent years, there are indications that the labour rights through the country's FTAs have been weak. As an example, 14 organisations that make up the Europe–Peru Platform (PEP) and European organisations along with 24 Peruvian civil society organisations, forwarded complaint against the Peruvian Government for failing to fulfil its labour and environmental commitments under the FTA between Peru and the EU.<sup>21</sup> According to a study of the FTA's impact, legal provisions were left with ample flexibility for the Peruvian government. Provisions have not been fully implemented in practice and have even been violated in several cases (see next section).<sup>22</sup>

## TRADE UNION RIGHTS VIOLATIONS

Peru ranks four out of five in 2019 (five is worst) in the Global Rights Index, which is characterised with 'systematic violations of rights'. For instance, the government and/or companies are engaged in serious efforts to crush the collective voice of workers and therefore ignoring fundamental rights.<sup>23</sup>

In recent years, the International Trade Union Confederation (ITUC) listed ten cases of trade union rights violations in Peru. These cases were related to striking cement workers face police repression; discrimination and reprisals; local governments discriminated against unionised informal economy workers; anti-union discrimination at fish terminal market; breach of collective agreement at Lindley bottling company; trade union leader dismissed during collective negotiation; anti-union practices at SiderPerú Gerdau; abusive imposition of state of emergency to

undermine workers' protests; anti-union practices to crush union at AB InBev; anti-union dismissals at Southern Peru Copper Corporation; and anti-union practices to end teachers' strike.<sup>24</sup>

Legislation prohibits all forms of forced or compulsory labour. Penalties are not sufficient to deter violations, and the government does not effectively enforce the law. In principle, forced labour can be understood as work that is performed involuntarily and under the menace of any penalty. It refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as manipulated debt, retention of identity papers or threats of denunciation to immigration authorities. Thousands of workers in forced labour are mainly in mining, forestry, agriculture, brick making, and domestic service.<sup>25</sup>

Another aspect that illustrates the depth of the violations of labour rights in Peru is in the number and type of Freedom of Association cases in the ILO's Committee of Freedom of Association framework. Per August 2019, 14 active Freedom of Association cases is listed along with 19 follow-up cases (Table 5 and Appendix Table 29). All active complaints are from Peruvian trade unions.

**Table 5: Freedom of Association cases in Peru, 2019 (June)**

ILO Complaints Procedure	Cases
Active	14
Follow-up	19
Closed	160

Source: ILO, NORMLEX, *International Labour Standards country profile, Peru*

## WORKING CONDITIONS

As a constitutional right in Peru, minimum wages are regulated by the State with the participation of representative organisations of workers and employers. There is no specific legislation on wage setting, though. A minimum wage policy exists along with a secretariat in the National Labour Council that focuses on wage setting. The government drives wage adjustments.

The nominal minimum wage in Peru was increased from 850 soles (US\$252) to 930 soles (US\$283) per month in April 2018, which was an increase of 9.4%. The country was previously ranked as having one of the lowest minimum wages in South America, but now, in recent years, it occupies seventh place in the region out of 14 countries. There is a low gap between the nominal and

real minimum wage, which is registered at 2.6% on average in the period from 2016 to 2018. If the nominal minimum wage is adjusted with inflation, the real rise stands at 6.2%. This hike took place after three years, and so, the annual average increase of real minimum wage increase was just 2.3%. Taking into consideration the GDP growth per capita was set at 1.8% on average in the same period, it suggests that the real minimum wage growth was actually just on the margin by 0.5 percentage point increase.

A large majority of the workforce is not benefitting from the wage regulations. First, the government does not effectively enforce wage laws due to insufficient labour inspections, and penalties are not sufficient to deter violations of minimum wage standards. Second, three out of five of non-agriculture employment operate in the informal economy marred by not applying labour regulations. A vast number of Peruvians workers simply do not experience that their wages rise alongside an official increase in the minimum wage.

**Table 6: Status of wages and incomes in Peru, Monthly**

Wages and income	Current Nuevos soles	Current US\$
Average income (Urban) (2017)	1,543	474
Lowest (Services)	1,245	381
Highest (Commercial)	1,733	531
Manufacturing	1,283	393
Minimum wage (2018-current)	930	283
Real minimum wage increase from 2016 to 2018 *	2.3 %	
Average income gender gap	30 %	

\* Nominal minimum wage adjusted by inflation.

Sources: [INEI](#) and [SalaryExplorer](#); and own calculations on minimum wage increase and average income gender gap

The average incomes in Lima are significantly higher than the minimum wage (see Table 6 above). These incomes are more present among 'employees', which represents a share at 46% of total employment; and a deep income gender gap at 30% on average that favours men.

The MoLEP carries out labour inspections to monitor compliance in the formal sector. The government employed 636 labour inspectors in 2018, which covers one inspector per 28,000 workers (or one per 13,000 'employees'). The ILO is concerned if the relation exceeds one inspector per 10,000 workers in industrial market economies (or one inspector per 20,000 workers in transition economies).<sup>26</sup> Informal micro-enterprises are

widespread, which loopholes visits by inspectors (see ahead).

The legal framework makes it easy to contract workers temporarily and make collective and individual firing relaxed. Employees' contractual status has been under some changes. Indefinite contracts fell from 48% in 2007 to 36% in 2017 while temporary (fixed-term) contracts rose from 52% to 64% in the same period. Other broader national survey data also illustrate that temporary contracts were on the increase from 70% in 2010, peaking at 78% in 2015, and falling to 74% in 2017.<sup>27</sup> The phenomenon of subcontracting is also widespread in Peru, where large companies often hire small companies to support service, instead of hiring the workers directly and thereby having to pay for their formal contract and social protection. In these cases, the workers cannot unionise themselves directly with the company and will have difficulties with collective bargaining if they manage to organise at all.

According to the Constitution of Peru, the working hours limit is eight hours per day or 48 hours per week. In practice, daily working hours in Peru are some of the longest in Latin America and workers work up to 60 hours per week without compensation. Statutory labour rights can be waived, but the employee can agree to compensation for overtime work with the equivalent resting time. An employee is entitled to 30 days of vacation leave for each full year of service. Any form of income received by employees related to personal services provided is subject to income tax – 15% for an annual income of up to 50,000 Soles (US\$15,043) and 30% for an income over 50,000 Soles – even if the income is not considered as a compensation for labour purposes. Employers must withhold this tax every month. Tax rates for domiciled individuals are determined using a cumulative and progressive scale.<sup>28</sup> Arbitrary firing without compensation or right to pensions is also allowed in Peru, which has resulted in mass-firing in the public sector. More details of the working conditions in Peru are available in Table 7.

**Table 7: Status of Working Conditions in Peru**

Fixed-term contracts prohibited for permanent tasks	Yes
Maximum length of a single fixed-term contract (months)	60
Standard workday	8 hours
Premium for night work (% of hourly pay)	35 %
Premium for work overtime work (% of hourly pay)	25 %
Paid annual leave (average for working days with 1, 5 and 10 years of tenure, in working	13 days

days)	
Paid leave of at least 14 weeks available to women having children	Yes
Receive 100% of wages on maternity leave	Yes
Five fully paid days of sick leave a year	Yes
Unemployment protection after one year of employment *	No

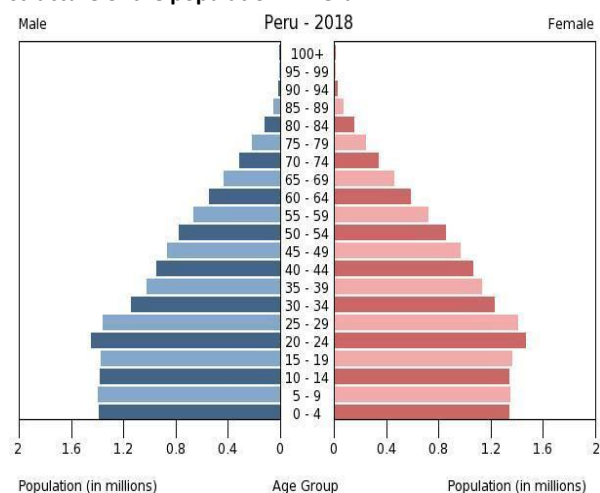
\* However, coverage of unemployment benefits and ALMP in 2nd quintile (% of population) 1.0%.

Source: [World Bank, Doing Business, Labor Market Regulation](#) and [World Bank, Women: Business and the Law, Peru](#)

## WORKFORCE

The population in Peru was 32.9 million (2019, est.) and as the fourth largest population in South America. Like other countries in this region, the tempo of the population rate is slowly declining: it fell from 2.2% in 1990 to 1.2% in 2019. In 2019, the fertility rate for Peru was 2.5 children per woman, and it fell from 4.1 children per woman in 1990. Thus, the Peruvian working-age population is projected to decline in the near future: Figure 4 visualises the impact of the declining fertility rate that will challenge the future economic development and employment structure.

**Figure 4: Population pyramid based on the Age-Sex structure of the population in Peru**



Source: [CIA, The World Factbook, Peru](#)

Based on data from the *Instituto Nacional de Estadística e Informática (INEI)*, the size of economically active persons approached 17.5 million (aged more than 14 years) in 2017, and it grew from 71% of the population in 2007 to 75% in 2017. The employment rate has been on a slowly declining trend, though, from 74% to 72% in the mentioned period. The economically not active population – those who are not engaged in productive activities nor available to provide their

labour – accounted for 28% in 2017.<sup>29</sup> Other updated estimations of the employment-to-population ratio that can be compared to region's average illustrate both a significant gender gap that favours men and a higher rate than the South America average on all levels (see more details in Table 8).

**Table 8: Estimations of employment-to-population ratio in Peru and South America, Age and Sex distribution, 2020**

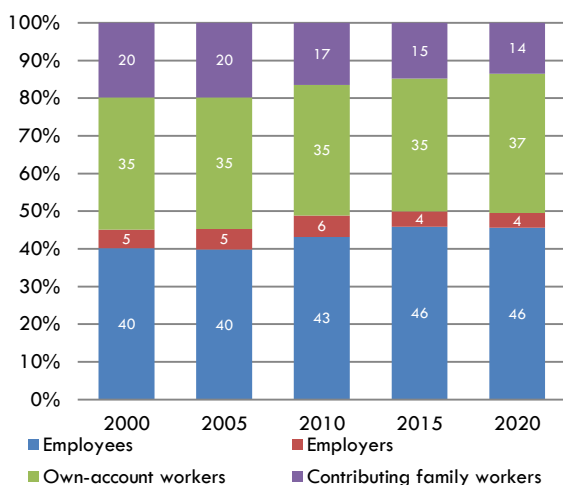
Sex	Age	Peru	South America
Total	Total 15+	75 %	59 %
	Youth 15-24	57 %	40 %
Men	Total 15+	83 %	70 %
	Youth 15-24	60 %	47 %
Women	Total 15+	68 %	49 %
	Youth 15-24	54 %	33 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Figure 5 below outlines that the structural transformation of the status of employment in Peru has just changed on the margin during the last two decades. Employees (i.e. those who get a basic remuneration not directly dependent on the revenue of the employer) have experienced a slight increase in six percentage points from 2000 to projected 46% in 2020. The employees' rate in Peru is significantly lower than the South America average rate at 62%.

The contributing family workers (i.e. those who hold self-employed jobs in an establishment operated by a related person, with a too limited degree of involvement in its operation to be considered a partner) has experienced a slightly declining trend reaching at 14% in 2020. The other group of own-account workers (i.e. those who hold self-employment jobs and do not engage 'employees' continuously) consists of around 37% of the total employment. The latter segment has been more dynamic in recent years than the creation of employees.

Both own-employment workers and contributing family workers are gathered as 'vulnerable employment' representing 51% of the total employment. This latter segment is less likely to have formal work arrangements and are often characterised by low earnings, low productivity and challenging conditions of work that undermine workers' fundamental rights (see also the Informal Economy sub-section).<sup>30</sup>

**Figure 5: Estimations and projections of status of employment in Peru, %, 2000-2020**

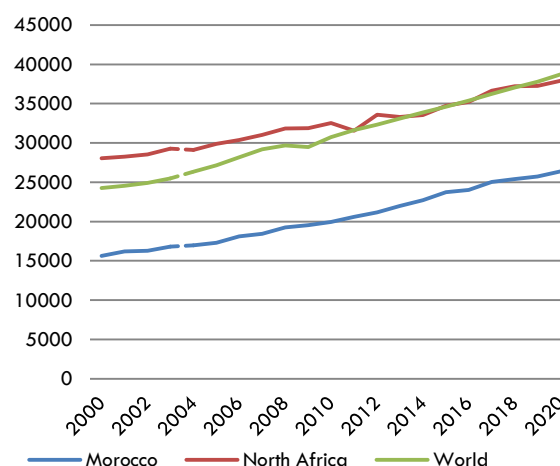
Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

On enterprises level, at least 7 out of 10 of workers (72%) are concentrated in small enterprises (1-10 persons), only 7% in medium enterprises (11-50 persons) and 20% in large enterprises (>50 persons) in 2017.<sup>31</sup> Estimations suggest that 42% of GDP is generated by small and medium enterprises, and a substantially 88% consist of private jobs.<sup>32</sup> Especially the informal small-scale enterprises are caught in low productivity activities, and these workers often with job qualification miss-match just as insufficient access to capital, finance, and training. Although employment is concentrated in small enterprises, large enterprises are on the rise in the country.

In Peru, mismatch in employment is more present among higher-educated workers than lower-educated workers. This statistical concept entails qualification mismatch arises when workers have educational attainment that is higher or lower than required by their job. If their education level is higher than that required by their job, workers are registered as over-qualified; if the opposite, they are classified as under-qualified. Data reveal that 9.3% of the total employment in Peru is under-qualified and 26% over-qualified in 2016. Mismatches arise when workers are employed in a different field than what they have specialised in, which is the fact for as many as 52% of employed in the country.<sup>33</sup> This situation signals weaknesses in the connection between the education system and the labour market's demands.

Figure 6 below shows that labour productivity in Peru is on the rise, even at a faster pace than the South America average. However, the country's rate stays significantly lower than the region's average, which is

mainly due to an insufficient economic diversification and widespread informality (see also the Sectoral Employment and Informal Economy sub-sections).<sup>34</sup> It is worthwhile to mention that the labour productivity at the regional level was superseded by the World average in the beginning in the 2010s.

**Figure 6: Estimations and projects of the labour productivity trend, 2000-2020**

Note: Labour productivity is defined as output per worker (GDP constant 2011 international \$ in Purchasing Power Parity (PPP))

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

## Unemployment

The unemployment rate is not critically high in Peru. According to the latest data from INEI, the urban unemployment rate was 5.0% in 2017 with a slight gender gap of 0.6 percentage point. The youth unemployment rate hovered at 14%. The urban unemployment rates experienced just small changes on the margin during the last decade; among youth, the rate increased by two percentage points. However, INEI also presented data that urban unemployment in the capital, Lima, reached its highest rate in seven years in 2018 at 8.1%. The Ministry of Labour and Employment Promotion helped more than 86,000 people into employment in 2018, but it appears not being enough to reduce the urban youth unemployment rate enough.<sup>35</sup> It suggests that especially the youth unemployment rate trend appears challenging the country to reach the Sustainable Development Goal in terms of unemployment (see more on the SDG table, Indicator 8.5.2, in Page iv).

The applied national statistical definition of unemployment used above is on 'relaxed' terms, i.e. persons without work and those who are available for work, including those who were or were not seeking

work. On a more 'strict' international statistical definition of unemployment, which are persons who altogether lack employment,<sup>36</sup> the unemployment rate is estimated at 3.2% and the youth unemployment rate at 8.1% in 2020. These 'strict' unemployment rates are much lower than the South America averages (see more in Table 9).

**Table 9: Estimations of unemployment and underutilisation in Peru and South America, 2020**

Type		Peru	South America
Unemployment	Total	3.2 %	9.7 %
	Men	3.0 %	8.4 %
	Women	3.4 %	12 %
Youth Unemployment	Total	8.1 %	22 %
	Men	7.6 %	19 %
	Women	8.7 %	26 %
Visible underemployment	Total	12 %	-
	Men	-	-
	Women	-	-

\* Employed people working less than 35 hours a week and would like to work more hours.

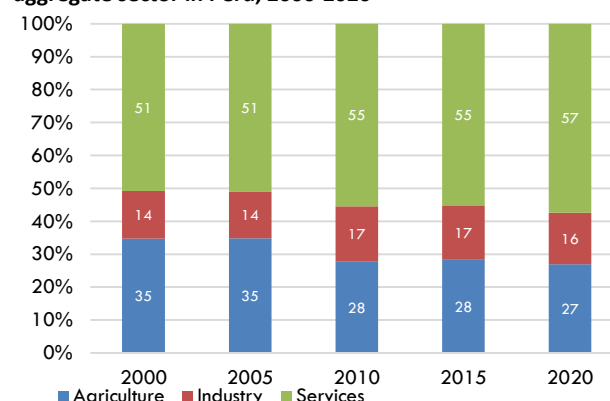
Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

The unemployment figures above are shadowed by underemployment. This statistical concept is defined as when people are working in a lower capacity than they are qualified, for fewer hours than the legal minimum, coupled with lack of freedom to choose jobs that most suit them on qualifying terms. Data on the underemployment covering the entire country registered a drop from 15% in 2009 to 12% in 2017.<sup>37</sup> Peaking time-related underemployment at 18% in 2007 has fallen subsequently to 5.3% in 2017. Time-related underemployment means employed persons who are willing and available to increase their working time but worked fewer hours than a specified time threshold in the reference period. To some extent, these declining rates in the general underemployment and time-related underemployment are supporting the relatively rising labour productivity (revisit Figure 6).

### Sectoral Employment

Some small structural changes are reflected in the aggregate employment per sector during the last two decades. Based on estimations, the agricultural sector experienced a declining trend of eight percentage points from 2000 to 2020. Employment moved towards the service sector, which reached 57% in 2020. The industry sector has increased on the margin by two percentage points from 14% in 2000 to 16% in 2020. See estimations and projections in Figure 7 below.

**Figure 7: Estimations and projections of employment by aggregate sector in Peru, 2000-2020**



Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Estimations on employment share per disaggregated sector demonstrate that the agricultural sector and the wholesale, restaurant and hotel sector are the largest ones, each representing 27% of total employment in 2019, respectively. Women are mostly active in the service sector, especially in the 'wholesale' sector and 'other services'. In the public administration, education and health sector, which covers 11% of total employment, there is a minimal gender gap. See more details in Table 10. Comparative data from 2010 illustrate only minor changes on the margin in all sectors.

**Table 10: Distribution of employment population per sector in Peru, 2019**

Sector	Total employment	Employment share per sector	Women share per sector
Agriculture	4,931,998	27 %	43 %
Mining & quarrying	193,945	1.1 %	7.7 %
Manufacturing	1,629,499	9.0 %	41 %
Electricity, gas & water	34,439	0.2 %	26 %
Construction	975,162	5.4 %	3.6 %
Wholesale, restaurants & hotels	4,888,496	27 %	64 %
Transport, storage & communication	1,370,301	7.6 %	10 %
Finance, real estate & business services	1,020,476	5.6 %	20 %
Public administration, education and health	1,990,200	11 %	52 %
Other sources *	1,091,166	6.0 %	68 %
Total	18,125,680	100 %	45 %

\* Other sources: arts, entertainment and recreation, other service activities, activities of households as employers; undifferentiated goods and services producing activities of households for own use, and activities of extraterritorial organisations and bodies.

Source: [ILOSTAT](#)

The manufacturing sector plays an important role in the industrialisation of the economy and job creation in the formal sector. In Peru, this sector failed to increase; it dropped by one percentage point during the last decade, reaching an estimated 9.0% in 2019 (Table 10 above). For the same reason, this sector's contribution to GDP has been on a slowly declining trend since 2014 reaching 14% in 2016 (see also Table 11). The manufacturing sector is also the one with the highest number of work accident notifications at the national level. Data suggested that MoLEP's capacity to verify notifications was reduced significantly during the 2010s, with the manufacturing sector became the most affected one.<sup>38</sup> It indicates that Peru is challenged by reaching the SDG target of sustainable industrialisation (see also SDG table, Indicator 9.2.2, in Page iv).

It is interesting to observe that the Gross Domestic Product (GDP) share by sector to workers per sector is filtering the labour productivity. The agricultural sector has the highest shares of employment (27%) with a GDP share of 7.6% put forward US\$3,070 per worker per year. What keeps this value low is related to the sector's informality; especially Andean highlands has a low level of productivity, and a high level of informality has kept this sector stagnant.<sup>39</sup> In contrast, the mining sector contributes to 9.0% of GDP supported by an employment share of 1.1%, equals close to US\$98,000 per workers that is linked to capital-intensive investments. More details are available in Table 11 below.

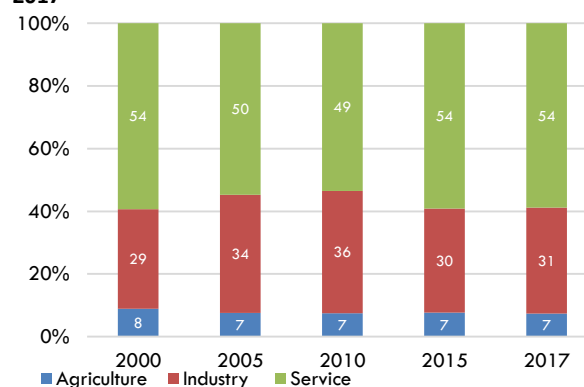
**Table 11: GDP share by sector and GDP share per workers in Peru, 2016**

Sector	GDP share by sector,	US\$ GDP share per workers per year
Agriculture	7.6 %	3,070
Mining & quarrying	9.0 %	97,646
Manufacturing	14 %	17,702
Electricity, gas & water	2.5 %	118,181
Construction	7.2 %	14,750
Wholesale, restaurants & hotels	16 %	7,295
Transport, storage & communication	9.7 %	14,999
Finance, real estate & business services	11 %	24,192
Public administration and defence, security	22 %	22,475
Other services	N/a	N/a
Total	100 %	N/a

Source: [CEPAL](#) and own estimations on the US\$ GDP share per worker by data from ILOSTAT.

The GDP share per aggregate sector stands basically on a flat growth. Figure 8 below shows that the agricultural sector stood at 7% in 2017. The industry sector has experienced an upsurge during the 2000s but dropped down in the 2010s, reaching a GDP share of 31% in 2017. The service sector has the highest aggregate GDP share at 54%. The status quo of these aggregate GDP share figures is supporting the stalled evolution of the employment share per sector.

**Figure 8: Aggregate sector share in Peru, % of GDP, 2000-2017**



Source: [World Bank, World Development Indicators](#)

### Informal Economy

Employment in the informal economy is declining in Peru, but still, three out of five (59%) in non-agricultural employment are informal workers (Table 12). Taking into consideration that the agricultural sector is almost completely informal, and absorbs 27% of the total employment, the total informal employment share is around 74%. It is among the highest rates in Latin America.

**Table 12: Employment in the informal economy in Peru, %, 2017**

Informal economy share of GDP	19 %
Proportion of population working in the informal economy	74 %
Proportion of non-agriculture employment in the informal economy	59 %
Change in proportion in informal employment, 2004-2017	-28 p.p.
Vulnerable employment (2019)	50 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#) and CEPLAN

The informal economy is heterogeneous and complex. The concept is in a combination of enterprise incentives, some for survival strategy and some for entrepreneurial participants. First, as mentioned, informality continues to play a central role in the employment structure and

income opportunities. Second, informal units are run at a low level of organisation, with little or no division between labour and capital as factors of production, and they operate on a small-scale. Informal labour relations are mostly based on casual employment, kinship or personal and social ties rather than contractual arrangements with formal guarantees. Besides, informality is characterised by the absence of financial accounts and is mostly unregistered entities without permanent addresses. Not to mention, many lack awareness of the labour and business regulations just as sanctions and low fines reduce incentives to register to start a business and paying taxes (see also Appendix Table 30).

Peru's informal economy contributes to 19% of GDP. It is significantly higher than the neighbouring countries, e.g. Brazil and Chile, 12% and 4.8%, respectively. The Latin American average is at 14%.<sup>40</sup>

According to INEI, the character of employment in the informal economy is most likely represented among women (76%), workers under 30 years old (80%), those with less than a high school education (95%), those with no college education (79%), low-income workers (99%) and agricultural workers (97%).<sup>41</sup>

On a broader indication of the informal employment is demonstrated in the statistically 'vulnerable employment' segment (i.e. own-account workers and contributing family workers), which, according to estimations, declined by just around five percentage points during the last two decades, reaching 50% of the total employment in 2020 (Table 12 above and revisit Figure 5). Again, it suggests that the structural transformation of employment has been meagre in Peru, and the formal sector is still not creating sufficient formal jobs to accelerate the reduction in informal employment. Furthermore, it suggests that the impact of Legislative Decree No. 28015 and the Legislation Decree No. 1086, which promote formalisation of microenterprises and small business, has not yet succeeded as expected. On this background, Peru remains challenged by the Sustainable Development Goal's target on reducing the proportion of informal employment in non-agriculture employment (see also the SDG Table, Indicator 8.3.1, in Page iv).

A large majority of workers in micro- or small enterprises (86%) operate in the informal economy. Few are registered, and workplace provisions are often not present, e.g. Occupational Safety and Health (OSH) management principles and practice. Informal jobs are

often hazardous and precarious with narrow access to social protection such as health, old-age pension and unemployment protection schemes.

A tri-partite national informal economy forum or other national fora addressing informal economy are not present in Peru. The government has adopted broader policy decisions, like tax regulations, to create an enabling environment for the private sector, but explicit policies addressing the status of informal economy workers are not present in the country. The trade unions movement in Peru has argued that the bi-partite National Council of Competitiveness and Formalisation has put aside a focus on labour rights, lack of labour surveillance and inspection, and lack of collective bargaining that could reduce the labour market's informality.

### Migration

There have been changes in migration patterns in Peru during the last two decades. Migration is categorised in three aspects: i) internal migration (rural-urban, rural-rural and urban-rural), ii) external migration (in-migration and out-migration), and iii) refugees.

Internal migration in the country is mainly happening in rural-to-urban migration in the country. It is reflected in a rising urbanisation rate: the urban population increased from 55% in 1968 to 78% in 2017, growing at an average annual rate of 0.7%.<sup>42</sup> This rate is in line with the Latin American trend that reached 80%.<sup>43</sup> In Peru, rural population growth is declining by 0.2% per year. It has supported a reduction in the employment share in the agricultural sector. Studies argue that internal migration has widened rural-urban inequalities, and new social and cultural groups emerge. Poverty reduction is not happening in rural populations like in the urban areas, and it is interrelated to ethnic and cultural aspects dividing the indigenous and white populations (see more in the Economic Performance section).<sup>44</sup>

Net migration – i.e. the difference between the number of immigrants (people coming into an area) and the number of emigrants (people leaving an area) – has changed since the 2000s. Figure 9 below visualises that the net migration changed significantly from a high out-migration in the period 1990s-2000s, which was due to economic and political downturn, to a lower level in the 2010s, so far. Still, more leave than entering the country. However, in recent years, Peru has experienced a massive influx of refugees and asylum



seekers from Venezuela. Updated net migration data from recent years were not available. The high inflow of Venezuelans suggests that the net migration will demonstrate significant changes in upcoming years.

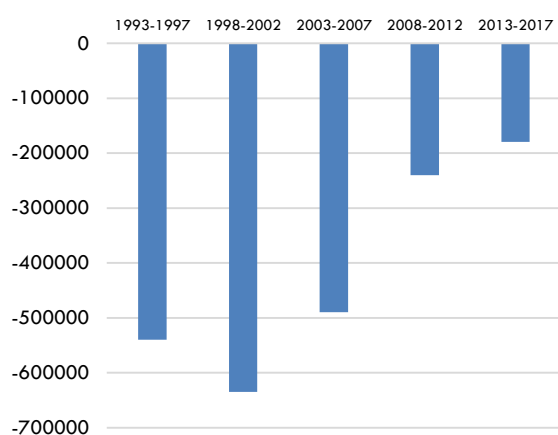
**Table 13: Migration Facts in Peru**

Net number in migration (2012-2017)	Peru	- 179,540 *
Net migration rate	Peru	-1.58 **
		(2015)
Personal remittances received, % of GDP (2014-2018, average)	Peru	1.4 %
	LAC	1.5 %

\* Net migration is the net total of migrants during a period of five years; the total number of immigrants less the annual number of emigrants, including both citizens and non-citizens. \*\* Net number of migrants per 1,000 of the population.

Source: [World Bank, World Development Indicators](#) and [KNOEMA](#)

**Figure 9: Net number of migration in Peru, 1993-2017**



Source: [World Bank, World Development Indicators](#)

Around 3.5 million Peruvians, more than 10% of the population, have migrated abroad. Of this number, more than 70% left the country to improve their economic situation. The majority of Peruvian migrants are living in six countries: the United States 32%, Spain 16%, Argentina 14%, Italy 10%, Chile 8.8%, and Japan 4.1%.<sup>45</sup>

One striking feature of Peruvian emigration is its high skill profile. More than 80% of Peruvian migrants in the United States have completed secondary or higher education.<sup>46</sup> Most of the emigrants are men, aged 25-29, and relatively highly-skilled, but the share of women migrants is increasing. However, most of the young and skilled migrants are exposed to non-professional jobs and social exclusion in the countries of destination.<sup>47</sup>

Reforming legislation is in the process of modernisation. It includes enacting a decree of the first National Migration Policy 2017-2025 to support Peruvians who migrate to other societies and citizens entering into the country.<sup>48</sup>

Personal remittances – comprised in personal transfers and compensation of employees in transfers between resident and non-resident individuals – are not a central part of Peru's GDP, and it is in line with the Latin America and the Caribbean region average (Table 13 above). However, the widespread informality of the economy suggests an underestimation of the real personal remittance's GDP value-added.

A massive influx of refugees and asylum seekers from Venezuela was triggered by their country's deep economic and political crisis during recent years: from Venezuelan asylum requests of 182 and none Temporary Stay Permit (TSP) given in 2015 in Peru, the numbers in 2018 have skyrocketed reaching 124,038 and 469,021, respectively.<sup>49</sup> In Peru, a majority (77%) of Venezuelans live on short-term tourist visas, which do not grant them the right to work. Total number living in Peru has reached over 1 million, which is 8% of the workforce.

Data from INEI show that 92% of all Venezuelans that enter Peru find a job and 76% of these employ themselves within the small enterprises. Around 89% of all Venezuelan workers operate in informality, 57% work in the service industry and 94% work without access to social security. These informal Venezuelan workers are very vulnerable to labour exploitation. Survey data suggest that a substantial share is either not being paid by their employer or receiving less pay than was initially agreed. In some countries, including Peru, resentment has grown among citizens who now compete with Venezuelans for work in the informal economy, for example, as food vendors in the streets of Lima.<sup>50</sup>

The influx of Venezuelans challenges Peru's Migration Policies and its institutional framework. To control the high in-migration flow propelled new rules in 2018. Venezuelans, who are trying to enter Peru, now need to have a passport and not just an identity card as before. In August 2018, the government even declared a 60-day health emergency at its northern border, citing health and sanitation challenges due to immigration. Despite tightening the migration flow, still, thousands of migrants are forced to enter illegally and into the informal economy.

## Child Labour

Child labour is widespread in Peru. The government reported in the Child Labour Survey 2015 that two million children in the five-to-17 age group worked in 2015, a rate of 26%. A majority (77%) of those are in hazardous work, such as mining. This rate is significantly higher than the Americas average (Table 14). Other data on child labour (age 5-14) listed a twice as high rate in Peru at 22% than Latin America and the Caribbean average at 11%.<sup>51</sup>

**Table 14: Status of child labour rate in age group 5-17 in Peru and Americas**

Region	Level	Proportion
Peru (2015)	Child labour	26 %
	Hazardous work	77 %
Americas (2012-15)	Child labour	5.3 %
	Hazardous work	3.2 %

Source: [INEC](#), and [ILO, Global estimates of child labour: Results and trends, 2012-2016](#)

The relatively high child labour rate in Peru is entangled into ethnic and cultural aspects, weaknesses in the education system and infrastructure; and parents grasped in poverty due to high illiteracy rate and instable, low-income jobs. The insufficient social protection coverage furthermore can turn many children as 'insurance' to contribute to the family's incomes.

In Peru, child labour is especially prevalent in rural highland regions, e.g. 67% for Huancavelica, 63% for Cajamarca, 54% for Cusco, and 51% for Puno. Child labour is predominately occurring in rural, agricultural areas (46%), in contrast to urban centres (13%). Survey data show that children engaged in the worst forms of child labour included mining and in commercial sexual exploitation, sometimes as a result of human trafficking.<sup>52</sup>

The legal minimum age for employment is 14, although children between the ages of 12 and 14 may work in certain jobs for up to four hours per day. Adolescents between the ages of 15 and 17 may work up to six hours per day. In certain sectors of the economy, higher age minimums exist, i.e. 15 in nonindustrial agriculture, 16 in industry, commerce, and mining, and 17 in industrial fishing. The government increased criminal penalties for subjecting children to forced labour and achieved its longest human trafficking sentence to date, in a case involving minors.<sup>53</sup>

A permit from the MoLEP is required for persons under 18 to work legally. Parents must apply for the permit, and

employers must have a permit on file to hire a minor. In practice, the dominance of the informality on the labour market is undermining the application of the regulations and illustrating weaknesses of the ministry and SUNAFIL capacity for enforcing child labour laws. As an example, the country lacks sufficient inspectors and training to combat child labour adequately. On the positive side, the National Labour Inspection Superintendency opened four new inspection offices, hired 160 additional labour inspectors in 2018 and issued a protocol to strengthen child labour inspections and sanctions.

## Gender

The constitution and the Civil Code had made progress in the equal treatment of women in Peru. Nevertheless, cultural and ethnic aspects create unbalanced gender power relations in the labour market in practice. As an example, wage equality for similar work had a gap of 0.51 and an estimated earned income of 0.64 that favoured men in 2018.<sup>54</sup> Although the gender wage gap is smaller than the ethnic divide, indigenous women especially compound both disadvantages.<sup>55</sup> A new law prohibiting pay discrimination between men and women was approved in December 2017. This legislation prohibits wage discrimination between men and women in equivalent or identical categories or functions. Companies must keep tables detailing employee categories and functions. Employers must set employee pay in a way that does not discriminate on gender grounds. Again, this law covers the formal sector, while a majority still operates in the informal economy who loophole labour regulations.

Generally, rural women remain more disadvantaged compared to urban women in many aspects of their lives; especially young indigenous women are the most afflicted. Women's disadvantage in the labour market also is related to the disproportionate burden they often bear of unpaid work in the household, including child- and eldercare, that is facing time trade-offs on income-related activities.

The Gender Inequality Index – measuring health, empowerment and economic status – ranked Peru 83 out of 189 countries (1 is highest).<sup>56</sup> This ranking is mainly related to the gender gap in the workforce participation rate. See more key labour market indicators in Table 15 below.

**Table 15: Estimation on workforce key indicators gender gaps in Peru, 2020**

	Men	Women	Gender gap, percentage point (p.p.)
Employment	83 %	68 %	15 p.p.
Unemployment	3.0 %	3.4 %	-0.4 p.p.
Time-related underemployment *	5.5 %	4.5 %	-1.0 p.p.
Employees	50 %	40 %	10 p.p.
Vulnerable employment **	45 %	57 %	-12 p.p.

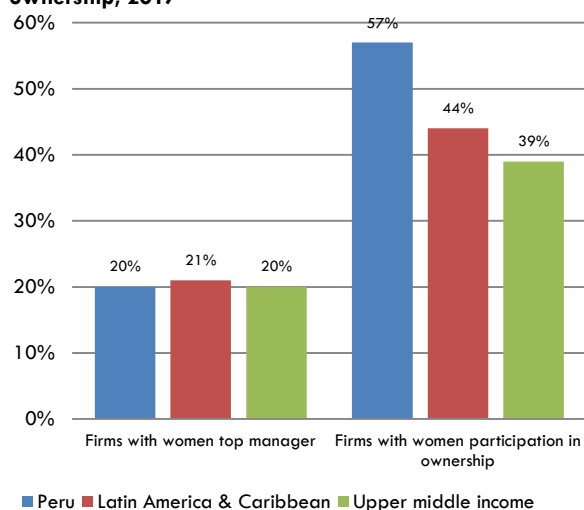
\* Time-related underemployment. Share of employed persons who are willing and available to increase their working time and worked fewer hours than expended.

\*\* Aggregate own-account workers and contributing family workers.

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Women are still getting married at an early age: 22% of girls in Peru are married before their 18<sup>th</sup> birthday, and 3% are married before the age of 15.<sup>57</sup> This situation causes a low level of educational attainment and future employment opportunities. It is often interrelated to poverty and particularly prevalent among indigenous communities. The public system has weaknesses in enforcing child-care schemes to support young mothers who left school earlier and driven into unpaid family work.

Another indicator of women's role in the economy is their relation to firms. Data reveals that Peruvian women partnership in ownership in firms have a higher share compared to the Latin America and the Caribbean average, while it is in line in firms with women in top management (see more in Figure 10).

**Figure 10: Women in firms' top management and ownership, 2017**

Source: [World Bank, Enterprise Survey, Peru 2017 Country Profile](#)

## Youth

Peru's youth population (15-24 years) covers 18% of the population. This segment faces several challenges for those who enter the labour market and for those already active in employment struggle to find formal jobs and skills mismatch. Instead, a majority of youth in employment operate in the informal economy, exposed to precarious working conditions, such as low wages, unstable employment, no social security or health insurance.

School-to-work transition ends when young people find regular or decent employment measured in 'transited', 'in transition', and 'transition not yet started'. On this definition, around half of all young people aged between 15 and 29 have fully 'transited' in Peru, which is in line with Brazil and Colombia, and relatively high in comparison to other South American countries. On the other hand, the group of young people 'in transition' is about 25% and 'transition not yet started' at 24% in the country. It signals a significant dysfunctionality of the education system and labour market: skills mismatch affects the smooth integration in the formal sector of youth job seekers, which, in turn, has an impact on their job satisfaction, motivation, and self-esteem. Many Peruvians are well educated, but formal jobs are insufficiently available.<sup>58</sup> On this background, main issues are high prevalence of over-qualification and field-of-study mismatch.<sup>59</sup>

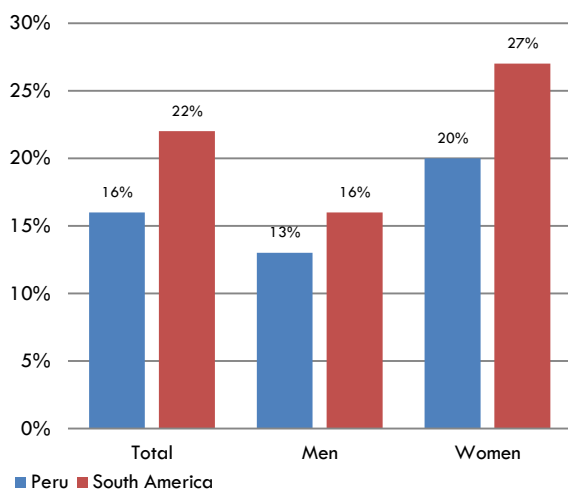
Other aspects of the labour discrepancies among Peruvian youth are reflected in disadvantages among indigenous-speaking, rural and in poverty. For example, twice as many rural young people are affected by multiple deprivations compared to their urban peers (68% vs. 31%). The same is present for indigenous-speaking youth, compared to their peers (66% vs. 35%). The gaps concerning poverty levels are likewise more pronounced: almost all extremely poor suffer multidimensional deprivation (85%).<sup>60</sup>

One area where the labour market is under changes in Peru is in the youth employment-to-population ratio, which dropped down from its peaking 64% in 2010 to an estimated 57% in 2020. The chance was associated with the growing enrolment rates in secondary and tertiary education levels (see more in the Education section). The youth employment-to-population ratio stays higher at 17-percentage point in comparison to the South America average (40%), which signals that Peruvian young people enter the labour market at an early age.

The relatively low 'strict' youth unemployment rate (8.1% in 2020) is an imperfect indicator. Indeed, the unemployment rate among young First, young Peruvians is almost triple as high in unemployment as for adults, which is common in most countries. Second, Peruvian youth with tertiary education face a higher risk of unemployment than their less-educated peers. For example, in 2017, the unemployment rate for tertiary school segment was 15%, compared to 8.7% for people with a secondary education degree and 7.3% for unskilled youth.

The country has a relatively low NEET rate (i.e. youth not in employment, education or training), but with a stark gender gap that disfavour women (Figure 11). This relatively low NEET rate is linked to the quite high youth employment-to-population ratio. The NEET rate stood on flat growth during the last decade, which is challenges the Sustainable Development Goal target by 2020 to substantially reduce the proportion of youth not in employment, education or training (see SDG Table, Indicator 8.6.1, on Page iv).

**Figure 11: Share of youth not in employment, education or training (NEET) in Peru and South America, 2019**



Note: The share of the NEET rate as a percentage of the total youth population.

Source: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

The situation of limited employment opportunities for youth translates into low levels of well-being. Close to 34% of Peruvian youth affirm that they find it difficult, or very difficult, to get by with their present household income. It compares to an OECD average of about 20% and places Peruvian youth towards the worse-off end of Latin American and Caribbean countries.<sup>61</sup> Likewise, the participation of young people in social and political spheres of public life remains low. A survey suggests that youth's trust in institutions has

weakened during the 2010s.<sup>62</sup> It is furthermore trickled into deteriorating youth's employment aspirations. Instead, many become inactive in employment; most enter the informal economy or prompted incentives to emigration. Other survey data of Peruvian youth suggest that 56% (aged 15-19) desire to leave Peru while it is down to 37% (aged 25-29); and between rural (33%) and urban (51%). Most of the out-migration are men, aged 25-29, and relatively highly skilled. Share of women migrants is slowly growing.

The government operates with the National Youth Strategy that covers the period 2012-2021 and the National Employment Policy, which includes a component on youth employment. The Sector Plan for Youth Employment is initiated along with Regional Plans on Youth Employment, e.g. Arequipa and La Libertad.

## EDUCATION

During the 2010s, the country has made progress in providing universal basic education. Its low quality remains a major concern, though. This issue is illustrated by the literacy rate of people aged 15-24 that was estimated at 99% in 2017, and declining cumulative drop-out rates on the primary education level, e.g. the last grade of primary education fell from 12% in 2007 to 6.9 in 2016. On the other hand, the Programme for International Student Assessment (PISA) – which analyses the performance of students in mathematics, reading literacy and science – ranked the country 63<sup>rd</sup> out of 69 nations (1 is best) in 2015.

Responsibility for education is set out in the general education law (i.e. *Ley General de Educación, Ley Nro. 28044*) and comes under the Ministry of Education. Education is compulsory for children aged six to 16/17 (i.e. primary and secondary level). The language of education is Spanish.

Table 16 below reveals that despite the employment with primary or less education level is declining, it still covers one out of four (26%); or stated differently, many children are not completing the compulsory education. As previously mentioned, many even enter child labour. The evolution of the employment of higher than primary education level is limited and stays at low rates, which, to some extent, is indirectly reflected in the relatively lower labour productivity.

**Table 16: Employment by education in Peru, % of employment distribution, 2008-2017**

	Primary or less	Secondary	Tertiary (not university)	Tertiary (university)
2008	31 %	42 %	14 %	14 %
2017	26 %	43 %	15 %	17 %
Change	-5 p.p.	+1 p.p.	+1 p.p.	+3 p.p.

Source: INEC

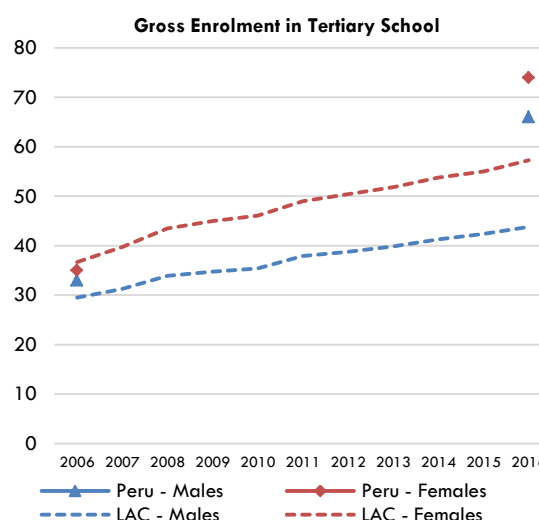
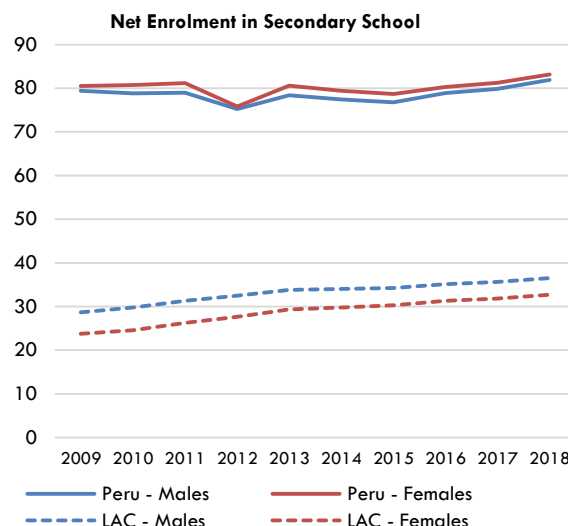
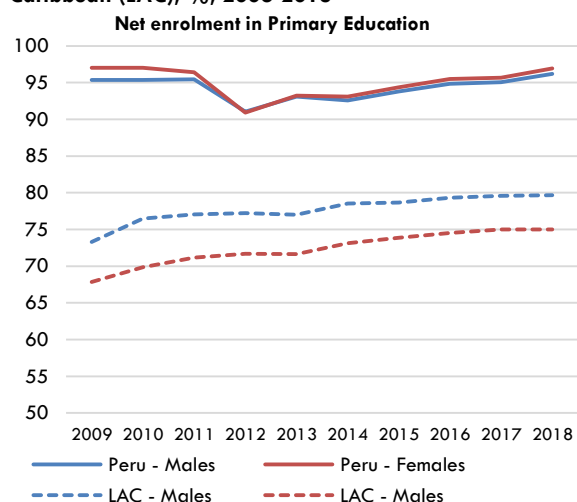
Government expenditure on education has been on upsurge during the 2010s, reaching 3.9% of GDP on average in the period from 2015 to 2017. However, it is significantly lower than the Latin America and the Caribbean average at 5.1%.

Figure 12 visualises that during the 2010s, the net enrolment rate in primary schools reverted from a slowly declining trend to an upsurge peaking at 97% in 2018 in Peru. It hovers far above the Latin America and the Caribbean averages, and a minimal gender gap.

The country's net enrolment rate for secondary level likewise experienced a drop at the beginning of the 2010s, but it returned and peaked at 83% in 2018. It floated far above the regional averages, and narrow gender gap.

Enrolment in tertiary education level developed significantly during the last decade. Again, on a higher rate than the region as well as a significant deep gender gap favouring females.

**Figure 12: Enrolment in primary, secondary and tertiary education, males and females, Peru and Latin America & Caribbean (LAC), %, 2006-2018**



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age. Gross enrolment can therefore be higher than 100%, but with tertiary or university education, the age of the pupils is more diverse.

Source: [World Bank, Education Statistics](#)

The dropout rates for lower and upper secondary education are still very high for youth living in rural areas, with low income and indigenous origins. Main barriers towards high-quality education are poor infrastructure, inadequate learning materials, outdated curricula and a lack of well-trained teachers. Besides, persistent inequalities related to geographical location, cultural identity and gender remain major problems while poverty status and ethnicity are still important factors of poor education outcomes.<sup>63</sup>

The education system has neglected native roots. The indigenous population is often from low-educated households and live in rural areas, where access to public services is limited. Peru is a multilingual country,

and about 50 different languages are spoken; the majority of these languages are indigenous. More than 12% of young Peruvians speak an indigenous tongue as their maternal language; in some provinces, the rate rises over 50%. These factors impede the educational attainments of young indigenous people significantly. As an illustration, Spanish-speaking students are more likely to access and to complete basic education than students whose maternal language is indigenous. Although more indigenous youth now enrol in education further than the primary level, the gap between indigenous enrolment rates and Spanish-speakers remains significant.<sup>64</sup>

Studies reveal that the more educated is a person, the less time it needed to get a decent job in Peru. Skills mismatch increases until the undergraduate level and reduce when persons reach the postgraduate level. Regarding job duration, only under and after graduate-level reduces the time in school-to-work transition. On the other hand, results suggest that universities are not meeting labour markets requirements, i.e. consider universities as research centres or as workforce providers.<sup>65</sup>

### Vocational Training

Vocational education and training are one of the backbones of sustainable economic development. Where workers that are more skilled are available, companies can be more competitive. Generally, the country has a progressive vocational education and training (VET) system with a wide range of programmes that aim to build work-related skills. At least 700 Technological Institutes of Higher Education provide two and three-year programmes leading to nationally recognised qualifications. In addition, 1,800 Centres of Productive Technical Education that deliver short-cycle training (one to two years) and are accessible to students who have not completed their secondary education.

Enrolment in the VET has been on a fast upsurge. However, pupils in VET relative to total secondary education stays as a minor segment of 2.0% in 2018 while it is up to 12% in the region (see more in Table 17). On the other hand, the two-abovementioned TVE sectors serve more than 600,000 students every year, or about 40% of all students enrolled in some form of education and training beyond secondary school.<sup>66</sup> It is noted that the existing VET programmes and institutions are falling short of reaching the country's skills development needs. Even among graduates of

postsecondary, there are indications of a gap between what students are learning and the needs of the labour market, which is related to field-of-study mismatch.<sup>67</sup>

**Table 17: Status of Vocational Training in Peru and Latin America and the Caribbean (LAC)**

Enrolment in secondary vocational training (2018)	Peru	55,088
Pupils in vocational training growth, % (2010-2017/18)	Peru	134 %
	LAC	30 %
Vocational pupils (% women) (2017/18)	Peru	58 %
	LAC	52 %
Ratio of pupils in vocational training to all pupils in secondary education	Peru	2.0 %
	LAC	12 %

Source: [World Bank, Education Statistics](#) and own calculations on the vocational training growth.

It is registered in Peru that 66% of formal firms are offering training programmes for their permanent, full-time employees in 2017.<sup>68</sup> However, informal small enterprises are still dominating the labour market and few benefit from programmes of employment training provided by their employers. Often, small informal enterprises cannot afford to offer long-term vocational training schemes. In practice, the TVET system is, to a large degree, neglecting the training needs in the informal economy and not geared to approach this segment's unique needs, such as more demanded short-term courses. A study found a linkage between low productivity and informality, but impact of the Youth Training PROJOVEN Program, which offers vocational training to disadvantaged young individuals, increased the possibility of entering formal employment for both men and women.<sup>69</sup>

The underemphasised enrolment in VET and its quality have an influence on the relatively lower labour productivity (revisit Figure 6).

## SOCIAL PROTECTION

Social protection has a long history in Peru. For example, the creation of the Compulsory Social Security for Workers was set in 1936. It was not until 1973 a contributory system was launched. The reform of the Constitution from 1979 included granting the right to social security in constitutional status in an extensive and detailed framework. During the 1990s and 2000s, a wide range of social protection reforms and programmes were initiated that have shaped the current social protection's landscape. Not to mention, in

the National Labour Council (NLC) there is a committee for social security, in which all four main trade union confederations and employers' organisations are present.

Table 18 shows the depth of the social protection system's weaknesses: just 65% of the population is covered by social protection and labour programmes. More than one out of three (36%) of the population is without legal health coverage. This latter gap is significantly higher by 15 percentage points in comparison to Latin America and the Caribbean average. It signals that the country's SDG target is challenged to reach by 2030 a substantial coverage of social protection systems the poor and the vulnerable population (see also SDG Table, Indicator 1.3.1, on Page iv). Other data reveals that only 19% of persons above retirement age receive a pension, and it grew by meagre 2.3 percentage points in the period from 2000 to 2016 (Table 18). This rate is far below what the four neighbouring countries deliver: Bolivia (100%), Brazil (78%), Colombia (52%), and Ecuador (52%).<sup>70</sup> Only 10% of total social spending (i.e. education, health, social security and housing) is in social security in Peru.<sup>71</sup>

**Table 18: Proportion of population covered by social protection floors/systems in Peru, %, 2016**

Indicators	Value
Persons above retirement age receiving a pension	19 %
Growth in persons above retirement age receiving a pension, 2000-2016	2.3 p.p. *
Persons with severe disabilities collecting disability social protection benefits	3.9 %
Coverage of social protection and labour programmes (2014) **	65 %
Health insurance coverage (2017)	73 %
Growth in health insurance coverage (2007-2017)	34 p.p. *

\* Percentage point (p.p.)

\*\* Percentage of population participating in social insurance, social safety net, and unemployment benefits and active labour market programmes. Estimates include both direct and indirect beneficiaries.

Source: INEI, [ILO, SDG labour market indicators](#), [World Bank, DataBank](#), and [PLADES](#)

During the 2000s, the government aimed to guarantee universal coverage of essential health care and income security throughout individuals' life-cycles. In this context, the Integral Health Insurance (Spanish acronym: SIS) was created in 2002. Its primary function is to manage funds allocated to support Peruvians caught in poverty and without health insurance. In 2009, the Universal Health Insurance Law was passed and established the right to quality and timely health care

to all residents in Peru. In 2013, a National Policy for Social Security (Spanish acronym: PNSS) was developed by the NLC, to secure access to universal social security for the Peruvian population. The initiatives have not yet ensured universal coverage in practice and the equitable access to quality public health services (see ahead).

The other primary social security system in Peru is *EsSalud* that functions as a public contributory health care system. It is the oldest health care system and functions like a tripartite mechanism dependent on the Ministry of Health. Affiliated formal workers to *EsSalud* are supported by their employer's contribution, and only in very few cases by the workers themselves. *EsSalud* services cover health care as well as other social and economic benefits such as invalidity pension, maternity leave and work hours for breastfeeding. This institution operates in tripartite mechanism set in the Directory Council of *EsSalud*; the employers' participation is mainly from the government's side. Research suggests that the council is ineffective and bureaucratic just as a lack of collaboration and coordination between the *EsSalud* and SIS.<sup>72</sup> Informal workers are not part of *EsSalud*.

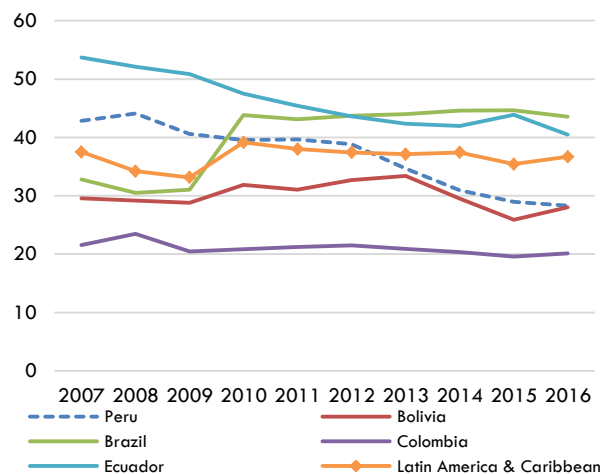
The coverage of health insurance has grown significantly during the 2010s: from 58% of the economically active population in 2010 to 73% in 2017. Of these covered workers, 58% were from SIS, 35% from *EsSalud*, and 7% by other schemes. Of the total health-care systems, women's coverage (69%) is lower than men's (77%).<sup>73</sup>

Organisations in the trade union movement, such as *Central Unitaria de Trabajadores del Perú* (CUT), have also developed their health-care schemes for informal self-employed workers. They cover for each other when they cannot work for a few days due to sickness with money gained from the employers' organisation saved up by the trade union. Data was not available of these schemes' coverage.

Current health expenditures increased on the margin during the 2010s, so far, reaching 5.1% of GDP in 2016. It is 3.4 percentage points lower than Latin America and the Caribbean average (8.6%). If this calculation lapses into current health expenditure per capita, it will also be much lower in Peru of US\$316 in 2016 versus the region's average of US\$690, respectively.

Figure 13 below visualises that out-of-pocket health expenditure was on a declining trend during the last decade and reached around 28%; now it is superseded by the regional average and stays in line with Bolivia's rate. Part of this, is a positive impact of the growing health insurance coverage. It is noteworthy to mention that the health insurance coverage accelerated faster among the rural population than the urban population, reaching 84% and 74%, respectively. It is, furthermore, related to the rising urbanisation rate. The rural areas' health services are considered less satisfied than the urban's. In addition, expenditure in health is growing faster in the public sector than the private sector: starting almost in par share in 2007 with a growing gap reaching 58% and 42%, respectively, in 2017.

**Figure 13: Out-of-pocket expenditure, % of current health expenditure, 2007-2016**



Note: Out of pocket expenditure is any direct outlay by households, including gratuities and in-kind payments, to health practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other goods and services whose primary intent is to contribute to the restoration or enhancement of the health status of individuals or population groups. It is a part of private health expenditure.

Source: [World Bank, World Development Indicators](#)

The contributory pensions system in Peru represents three central schemes: National Pension System (*Sistema Nacional de Pensiones*, SNP), the Living Decree (*Cédula Viva*), and the Private Pension System (*Sistema Privado de Pensiones*, SPP). The two first schemes are part of the public pension system that are managed by the government. The third is an individual capitalisation system that is administered by private Pension Funds Administrators (*Administradoras de Fondos de Pensiones*, AFP). SPP was established in 1993 to provide an alternative to the public pension schemes. In the latter scheme, workers are supposed to contribute 10% of their monthly salary, and it is a system of capitalisation and individual savings.

Workers in the formal sector are covered by unemployment insurance (*Compensación por Tiempo de Servicio*, CTS). It is funded by contributions from employees and employers. The country also has a compulsory minimum wage. Based on limitations of data availability, the main programmes are the Productive Programme for Social Emergency (*Trabaja Perú*) covered 835,664 persons between 2006 and 2011; the Special Programme for Labour Reconversion (*Vamos Perú*) covered about 15,000 persons in 2009; the National Program for Youth Employment (*Jóvenes a la obra*) covered 12,240 persons in 2012; and the Program *Mi Chacra Productiva* covered 6,592 households in rural in 2011. These schemes have been challenged by insufficient institutionalisation of contributory unemployment insurance into social-labour integration policies and capacity development.<sup>74</sup>

The government furthermore implements programmes such as Together Conditional Cash Transfer Programme that targets 83,000 new families and have expanded in two new cities, and the Street Educators programme, which assists children engaged in street work and begging.

## ECONOMIC PERFORMANCE

During the last decades, Peru's economy went through deregulation, privatisation and liberalisation programmes. The profitable export-oriented growth model drove economic growth that benefitted of minerals and metals. The country is one of the world's largest producer of silver, copper, zinc and gold that are the leading export commodities. The mining sector does not create much job creation in the formal sector, though. Coastal waters also provide fishing grounds that supports the economy.<sup>75</sup>

The economy growth benefitted from favourable international prices on the export market in the 2000s and beginning of 2010s. However, this bonanza ended in 2013 by declining international prices on minerals and metals. It affected negatively investments in mining sector. Social conflicts also affected the mining sector. It pushed the government to launch several economic stimulus packages to promote economic growth, including controversial initiatives to strengthen Peru's mining sector through reforms to environmental regulations. The country was vulnerable to external shocks trickled-down to a slower pace in the economic growth during the rest 2010s. It not only affected private investment, but also reduced tax revenue and weakened consumption.



Also in the beginning of 2020, the country’s economy was further challenged by the global corona epidemic. After declaring a state of emergency on March 15, 2020, Peru announced it would shut down its border for at least 15 days. The measure includes the cancellation of all commercial international flights into the country. The government also introduced night-time curfew to curb the coronavirus spread among the population, which will distress internal markets and employment. Being heavy reliance on the exports from the mining sector makes it particularly vulnerable to weaker demand from China. The government considered the country has a fiscal and monetary room to minimize coronavirus impact.<sup>76</sup>

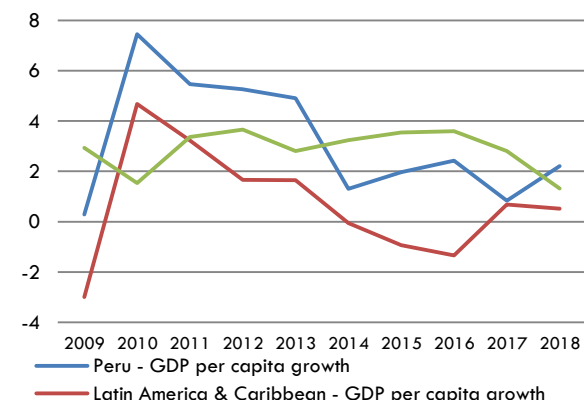
Since the country benefitted from a stable exchange rate and low inflation, the economic growth continues on a higher tempo than the regional average. In the medium term, economic growth is expected to remain close to 4% annually (see also Table 19 and Figure 14). The country has GDP per capita of US\$6,947 in 2018, ranking 119 out of 228 countries (1 is highest). During the last decade, annual inflation in consumer prices has been stable (Figure 14). It was registered at 2.4% in 2019. The stable, low inflation has likewise sheltered workers incomes’ purchasing power.

**Table 19: Status of key economic indicators in Peru**

GDP (2018)	US\$ 222.2 billion
GDP per capita (current US\$) (2018)	US\$ 6,947
GDP annual growth (av., 2009-2018)	4.4 %
Inflation in consumer prices (av., 2009-2018)	2.9 %
Tax revenue (% of GDP, av. 2008-2017)	15 %

Source: [World Bank, World Development Indicators](#)

**Figure 14: GDP per capita growth and inflation rate, Peru and Latin America & Caribbean, %, 2008-2018**



Source: [World Bank, World Development Indicators](#)

The income inequality was on a declining trend during the last decade: Gini index from 48 in 2008 to 43 in 2017 (i.e. Gini index measures the extent to which the distribution of income among individuals within an economy deviates from a perfectly equal distribution). However, the inequality rate stays high and ranks 40 out of 158 (1 is worst) countries in the distribution of family income.

The relatively high economic growth per capita, coupled with cash transfers and other programmes, trickled-down to a significant reduction of poverty. According to Table 20 below, the middle-class has increased from 46% in 2000 to projected 78% in 2020. In contrast, the extremely working poor fell by 13 percentage points in the same period, reaching 3.1%. Around one out ten workers, live below US\$3.1 per day. Around 13% is among near-poor in 2020, and they remain vulnerable and could easily fall into poverty again due to economic downturns, ill-health, environmental shocks and weak social protection coverage. It is worthwhile to mention that 28% in the population (aged +15) is economically inactive and excluded from the measurement of employment by economic class. Although the country is taken steps ahead to eradicate extreme poverty, the significant presence of economically inactive population is challenging the reach the target fully (see SDG table, Indicator 1.1.1, in Page iv) by 2030.

**Table 20: Estimation and projection of employment by economic class in Peru, 2000-2020**

Year	Extremely poor (<US\$1.90)	Moderately poor (>=US\$1.9 & <US\$3.2)	Near poor (>=US\$3.2 & <US\$5.5)	Middle class (>=US\$5.5)
2000	16 %	15 %	23 %	46 %
2010	6.5 %	11 %	16 %	67 %
2020	3.1 %	6.0 %	13 %	78 %

Note: Data in this table excludes the economically inactive population that covers around 28% of the working age population.

Sources: [ILO, Key Indicators of the Labour Market \(KILM\)](#)

Gross fixed capital formation signals how much of the new value-added in the economy is invested rather than consumed. When the indicator’s value increases, it points towards that economic activities are in progress that could support the economic development and job creation. Data show that the gross fixed capital formation in Peru stayed at 23% on average from 2010 to 2018, and it is a slightly higher level than Latin America and the Caribbean average at 20%. This higher level captured the abovementioned higher GDP

growth and slow upturn among employees in the workforce (revisit Figure 5).

Foreign Direct Investment (FDI) is the net inflows of investment to acquire a lasting management interest in an enterprise, operating in an economy, other than that of the investor. In Peru, the amount of FDI was estimated at 3.8% of GDP on average from 2010 to 2018 with a declining trend in recent years. The country's FDI rate stayed above the regional average at 3.4%. This indicator demonstrates some international economic interests in the country, which mainly have been driven by infrastructure investments to boost the mining export sector.

Peru is scoring as 76 out of 190 countries (1 is best) on the global Doing Business Index in 2020 falling by eight steps on the ranking in 2019. A high ranking on the aggregate 'ease of doing business' means that the government has created a regulatory environment conducive to operating a business. Out of ten doing business indicators, it was registered that getting credit and protecting minority investors have the highest rankings. The indicators starting a business, paying taxes and trading across borders have the lowest rankings (see more in Appendix Table 30). The business regulations still keep many workers in the informal economy. It is worthwhile to mention that this index provides a snapshot of the cost of complying with formal regulations for companies that are not small enough to loophole the law or large enough to curve it, according to media.<sup>77</sup>

### Industrial zones

Peru initiated to promote different types of special development zones (SDZs) in 1989 to support economic diversification, regional development and international trade. The legal framework was set in Decree No. 704 in 1991 and introduced a wide range of reforms several times during the 2000s and 2010s.<sup>78</sup> A new decree in 2015 sets out the National System of Industrial Parks in Peru, and it envisages two main types of industrial parks: technological parks and industrial parks. Under existing legislation, the industrial zones benefit, among others, from favourable tax treatment.

There are five industrial zones set up for export, transformation, industry, marketing, and service centres. Four are situated in Ilo, Paita, Matarani and Puno, known as Special Development Zones, and one in Tacna as *Zona Franca de Tacna* or *Zofratacna*.<sup>79</sup> There are also industrial zones in progress in Tumbes and Loreto. SDZ-Paita is the largest institution covering 83% of the 155 registered companies. It has been mainly supported by foreign direct investments from Bolivia, Brazil, Chile, China, Japan, Uruguay, Japan, and the United States. The products are mostly in textile, automotive and agribusiness.<sup>80</sup> The country is a member of the Free Trade Zones Association (AZFA) and the World Free Zones Organization (WFZO).

These industrial zones exported a value of US\$47 million in 2018 and listed around 1,500 direct employment positions, which equals around 0.02% of total employees.<sup>81</sup> In contrast, Colombia operates with 104 industrial zones with an export value of at least US\$2 billion and creates more than 70,000 direct jobs; it is the third-largest in Latin America.<sup>82</sup>

The government is working to develop two new parks – the Parque Industrial Ancón and the Parque Industrial la Libertad. Unlike the Marketing and Service Centre (Spanish acronym: CETICOS) that was established by a special law that specified the concession and activities, these parks are not necessarily directly trade-focused, nor do they offer tax breaks. It is part of how to reposition the SEZs within the wider context of Peru's need to respond to the economic slowdown by diversifying its economy away from mining. These circumstances include developing industrial projects inside the existing CETICOS and Zofratacna.

The industrial zones have received some criticism such as not turning into strong industrial development poles, but have relied on limited activities, e.g. adapting second-hand imported cars for domestic use. Other argued that CETICOS confronted losses and consumes resources that could be better used in developing competitive industrial products, but it has some uncertainties due to the measurement of reporting and accounting standards, though.<sup>83</sup>

## APPENDIX: ADDITIONAL DATA

Table 21: List of affiliated trade unions / federations and membership in CGTP, 2018

CGTP	Membership
<b>Federations National</b>	
Federacion de Trabajadores de Construccion Civil del Peru	139,238
Federacion de Trabajadores Ladrilleros del Peru (FETRALAP)	890
Federacion Nacional de Trabajadores Alimentos y Afines CGTP ABA	12,450
Federacion Nacional de Trabajadores Textiles del Peru	6,800
Federacion Grafica del Peru	1,870
Federacion Nacional de Trabajadores de la Industria Manufacturera (FETRIMAP)	12,000
<b>Trade union</b>	
Federacion Nacional de Trabajadores Mineros Siderurgicos y Metalurgicos del Peru	63,913
Federacion de Trabajadores de la Industria Metalurgica y Siderurgica del Peru (FETIMP)	1,258
Sindicato Unitario de Trabajadores de Telefonica del Perú y Otros (TERCERIZADOS Y CONTRATA)	2,206
Federacion Nacional de Trabajadores Empresa Nacional de Puertos	3,360
Sindicatos de Postales, Transporte Publico, Almacenamiento	30,202
Federacion Nacional de Trabajadores de Electricidad del Peru	2,150
Federacion Nacional de Trabajadores Petroleros del Peru	3,163
Federacion de Trabajadores en Agua Potable y Alcantarillado del Peru	6,000
Federacion de Trabajadores de Luz y Fuerza del Peru	3,850
Sindicatos Trabajadores de Cenosud, Ripley, Wong	9,148
Federacion Nacional de Trabajadores de la Agroexportacion (FENTAGRO)	8,109
Federacion de Empleados Bancarios del Peru y Sindicatos BN, SCOTIANAK, Continetal, BCR Trabajo	5,660
Federacion de Pescadores del Peru	3,222
Federacion Nacional de Trabajadores en Hoteles y Ramos Similares del Peru	840
<b>Trade unions in sectors</b>	
Sindicato Unico de Trabajadores de la Educacion del Peru (SUTEP)	107,546
Sindicato Uni de Trabajadores Administrativos de Centros Educativos (SUTACE)	14,824
Federacion Nacional de Trabajadores Administrativos del Sector Educacion (FENTACE)	7,509
Sindicato de Docentes de Educacion Superior del Peru (SIDESP)	2,741
Federacion Nacional de Docentes Universitarios del Peru	8,253
Federacion Nacional de Trabajadores Universitarios del Peru	9,000
Federacion Nacional del Sector Salud de Lima y Callao FER Salud	9,000
Federacion Nacional Unificada del Sector Salud (FENUTSA)	18,684
Federacion de Enfermeros del Peru	4,015
Sindicato de Essalud Provincias	4,720
Sindicatos Sector Publico (PCM, SUNAT, MISTERIOS, DEFENSORIAS, PENALES)	47,333
Federacion Nacional de Trabajadores del Poder Judicial	5,263
Federacion de Trabajadores Municipales del Peru (empleados)	5,145
Federacion Nacional de Trabajadores Municipales (obreros)	10,937
<i>Trade unions from other sectors</i>	<i>77,061</i>
<i>Trade Unions without sectoral affiliation *</i>	<i>56,610 *</i>
<b>TOTAL</b>	<b>704,970</b>

\* This segment represents around 800 trade unions from various enterprises within commerce, service, industry and agroindustry, which are not part of a federal and directly affiliated to CGTP.

Source. DTDA, LMP Data Collection Template, Peru, 2019

**Table 22: Evolution of trade union organisations in Peru (Lima Metropolitan), 2014-2018**

Private sector	2014	2015	2016	2017	2018	Change, 2014-2018	Growth, %, 2014-2018
Trade union confederations	9	7	8	7	7	- 2	- 22%
Trade union federations	54	53	49	43	43	- 11	- 20 %
Trade unions	503	543	485	474	480	- 23	- 4.6 %
Public sector							
Trade union confederations	4	5	4	3	4	0	0 %
Trade union federations	23	24	27	34	33	+ 10	+ 44 %
Trade unions	362	351	351	422	433	+ 71	+ 20 %

Source: [Ministerio de Trabajo y Promoción del Empleo](#)**Table 23: Collective Bargaining Agreements registered per sector and concluded phases, 2017**

Economic sector	Registered CBAs	CBAs concluded phases			
		Direct negotiation	Conciliation	Additional process	Arbitration
Agriculture	4	4	-	-	-
Fishing	4	3	1	-	-
Mining	54	45	3	6	-
Manufacturing	107	89	4	11	3
Electricity, gas and water	28	27	1	-	-
Construction	8	8	-	-	-
Trade and wholesale	8	8	-	-	-
Hotels and restaurants	1	1	-	-	-
Transportation and communication	8	7	1	-	-
Finance	3	3	-	-	-
Real estate and business services	4	3	-	1	-
Public administration and defence	13	10	1	-	2
Education	18	15	3	-	-
Social services and health	11	8	1	1	1
Other sources	34	30	1	2	1
Total	305	261	16	21	7

Source: [Ministerio de Trabajo y Promoción del Empleo, Anuarios Estadístico o sectorial, 2017](#)

**Table 24: Collective Bargaining Agreements registered per trade union organisations, 2017**

Sectors	Federations	Trade unions	Workers unions *	Company union **	Delegation of unions	Delegation of workers	Delegation of employees/workers	Total
Agriculture	-	1	1	2	-	-	-	4
Fishing	-	-	3	1	-	-	-	4
Mining	-	7	34	12	-	-	1	54
Manufacturing	1	10	72	18	1	5	-	107
Electricity, gas and water	-	4	2	19	1	2	-	28
Construction	-	-	-	-	-	8	-	8
Trade and wholesale	-	4	2	1	1	-	-	8
Hotels and restaurants	-	-	1	-	-	-	-	1
Transportation and communication	-	7	1	-	-	1	1	8
Finance	-	1	-	-	1	1	-	3
Real estate and business services	-	3	1	-	-	-	-	4
Public administration and defence	-	3	6	4	-	-	-	13
Education	-	9	3	2	4	-	-	18
Social services and health	-	8	2	-	-	-	1	11
Other sources	-	4	13	13	2	2	-	34
<b>Total</b>	<b>1</b>	<b>61</b>	<b>141</b>	<b>72</b>	<b>10</b>	<b>18</b>	<b>2</b>	<b>305</b>

\* Association composed of workers in defense of their own labour interests. In Anglo-Saxon countries, trade unions are organized by unions or sectors. In the Latin countries it is more frequent that the unions are correlated to political parties and that, within each one, they are subdivided by sectors of activity.

\*\* Sindicato Único – an exclusive professional association, to avoid rivalries between workers and the division that affects the strength of their organizations. On the opposite side, it points out that it violates the freedom of association and that it tends to promote the union dictatorship.

Source: [Ministerio de Trabajo y Promoción del Empleo, Anuarios Estadístico o sectorial, 2017](#)

**Table 25: List of central tri-partite social dialogue fora and mechanisms**

Key national tri-partite fora within the following areas	Number of meetings, 2018	Brief on the mandate and functioning of each tripartite fora
<b>1: Overall Economic and Social Development (e.g. Economic and Social Development Council):</b>		
Acuerdo Nacional	12	Acuerdo Nacional has official meetings every month. Additional meetings are held in groups according to theme and convenience.
Mesa de Concertación para la Lucha Contra la Pobreza (MCLCP)	-	MCLCP is a multi-actor organ dealing with the eradication of poverty in Peru as well as other themes related to social development.
<b>2: Employment policy (e.g. National Employment Council)</b>		
Consejo Nacional de Trabajo	2	The CNT used to have meetings every month but due to the crises related to the National Plan for Competitiveness and Productivity, they only had around 2 meetings last year.
<b>3: Labour relations/labour law (e.g. National Labour Board):</b>		
Consejo Nacional de Trabajo	2	The CNT is described in depth above
<b>4: Wage Setting (e.g. National Wage Advisory Board):</b>		
Committee for Minimum Wage within the National Labour Council	10	The Committee for Minimum Wage is a committee dedicated to facilitating the adjustment of minimum wage in the country. There is no specific legislation on wage setting but a specific policy exists as well as a secretariat within the CNT working on minimum wages and wage setting.
<b>5: Social Security (e.g. National Social Security Board):</b>		
Consejo Nacional de Trabajo	2	The CNT is described in depth above
<b>6: Dispute Settlement (e.g. National Mediation and Arbitration Committee):</b>		
Consejo Nacional de Trabajo	2	The CNT is described in depth above
<b>7: Gender and/or Youth Policy (e.g. National Gender / Youth Committee)</b>		
Consejo Nacional de Trabajo does not work with gender as a central theme and they do not have a commission for this yet but are working on creating one.	2	The CNT is described in depth above
<b>8: Education policy, incl. TVET (e.g. National skills Development Committee)</b>		
Consejo Nacional de Trabajo	2	The CNT is described in depth above
<b>9. Industrial / Trade Policy / Competitiveness/Productivity (e.g. National Competitiveness and Productivity Centre)</b>		
The bipartite Nacional Council for Competitiveness and Formalization (Consejo Nacional de Competitividad y Formalización) which includes the Ministry of Economy and Finance and the employers, excluding the trade unions	-	Nacional Council for Competitiveness and Formalization was created in 2002 is a commission seeking to improve the capacity of Peru in the international market by improving both the public as well as the private sector.

Source. DTDA, LMP Data Collection Template, Peru, 2019

**Table 26: Labour market related national legislations approved in Peru, 2016-2019 (May)**

Type / Year	Legislation
<b>2016</b>	
General provisions	Ley núm. 30525, de 6 de diciembre de 2016, que modifica la Ley núm. 30001, Ley de reinserción económica y social para el migrante retornado, y restablece los beneficios tributarios Ley núm. 30490, de 30 de junio de 2016, "de la Persona Adulta Mayor"
Elimination of child labour, protection of children and young persons	Ley núm. 30466, de 26 de mayo de 2015, que establece parámetros y garantías procesales para la consideración primordial del interés superior del niño
Education, vocational guidance and training	Ley núm. 30512, de 31 de octubre de 2016, de Institutos y Escuelas de Educación Superior y de la Carrera Pública de sus Docentes Decreto Supremo núm. 009-2016-MINEDU, de 23 de julio de 2016, que modifica el Reglamento de la Ley núm. 28044, Ley General de Educación, aprobado por el Decreto Supremo núm. 011-2012-ED
Conditions of employment	Ley núm. 30529, de 26 de diciembre de 2015, que incorpora la Bonificación por Puesto en Servicios de Salud Pública al Decreto Legislativo núm. 1153 y dicta otras disposiciones Ley núm. 30493, de 18 de julio de 2016, que regula la política remunerativa del auxiliar de educación, nombrado y contratado, que presta servicios en instituciones educativas públicas, en el marco de la Ley núm. 29944, Ley de Reforma Magisterial
Social security (general standards)	Ley núm. 30478, de 16 de junio de 2016, que modifica el Texto Único Ordenado de la Ley del Sistema Privado de Administración de Fondos de Pensiones Ley núm. 30485, de 16 de junio de 2016, que incorpora a los serenos en el Seguro Complementario de Trabajo de Riesgo Ley núm. 30425, de 15 de abril de 2016, que modifica el texto único ordenado de la Ley del Sistema Privado de Administración de Fondo de Pensiones, aprobada por el Decreto Supremo núm. 054-97-EF, y amplía la vigencia del régimen especial de jubilación anticipada
Maternity protection	Decreto Supremo núm. 002-2016-TR, de 8 de marzo, que adecua las normas reglamentarias que regulan el descanso por maternidad y el pago del subsidio por maternidad a las disposiciones de la Ley núm. 30367, que protege a la madre trabajadora contra el despido arbitrario y prolonga su periodo de descanso
Specific categories of workers	Ley núm. 30512, de 31 de octubre de 2016, de Institutos y Escuelas de Educación Superior y de la Carrera Pública de sus Docentes Ley núm. 30459, de 25 de mayo de 2016, que incorpora el inciso k) al artículo 9 de la Ley núm. 27669, Ley del Trabajo de la Enfermera(o)
<b>2017</b>	
General provisions	Ley núm. 30710, de 28 de diciembre de 2017, que modifica el último párrafo del artículo 57 del Código Penal Ley núm. 30711, de 28 de diciembre de 2017, que establece medidas complementarias para la promoción del acceso a la propiedad formal Ley núm. 30650, de 29 de agosto de 2017, que modifica el artículo 41° de la Constitución Política del Perú Ley núm. 30651, de 19 de agosto de 2017, que reforma el artículo 203° de la Constitución Política del Perú para otorgar legitimación activa al Presidente del Poder Judicial en los procesos de inconstitucionalidad Ley núm. 30609, de 18 de julio de 2017, que modifica el Código de Ejecución Penal para combatir la violencia familiar y la violencia de género, así como proteger los derechos de las mujeres, niñas y niños, y adolescentes Ley núm. 30610, de 18 de julio de 2017, que modifica el artículo 316 e incorpora el artículo 316-A al Código Penal, tipificando el delito de apología de terrorismo Ley núm. 30603, de 4 de julio de 2017, que garantiza el derecho al juego y la accesibilidad urbana para niños, niñas y adolescentes con discapacidad Ley núm. 30588, de 21 de junio de 2017, de reforma constitucional que reconoce el derecho de acceso al agua como derecho constitucional Ley núm. 30558, de 8 de mayo de 2017, que reforma el literal f del inciso 24 del artículo 2 de la Constitución Política del Perú Ley núm. 30555, de 24 de abril de 2017, que incorpora al Régimen Laboral del Decreto Legislativo núm. 728 a los trabajadores profesionales, no profesionales, asistenciales y administrativos de ESSALUD que se encuentran bajo el Régimen de Contratación Administrativa de Servicios Ley núm. 30550, de 4 de abril de 2017, que modifica el Código Civil con la finalidad de incorporar en las resoluciones judiciales sobre pensiones alimentarias el criterio del aporte por trabajo doméstico no remunerado
Elimination of child labour, protection of children and young persons	Ley núm. 30690, de 4 de diciembre de 2017, que modifica el Decreto Legislativo núm. 1297, para la protección de niñas, niños y adolescentes sin cuidados parentales o en riesgo de perderlos -
Equality of opportunity and treatment	Ley núm. 30709, de 26 de diciembre de 2017, que prohíbe la discriminación remunerativa entre varones y mujeres Ley núm. 30687, de 28 de noviembre de 2017, que promueve los derechos de las personas de talla baja
Labour administration	Decreto Supremo núm. 020-2017-TR, de 18 de octubre, que modifica el Reglamento de Organización y Funciones del Ministerio de Trabajo y Promoción del Empleo, aprobado mediante Decreto Supremo núm 004-2014-TR. Ley núm. 30647, de 15 de agosto de 2017, que precisa el régimen laboral del Congreso de la República, del Banco Central de Reserva del Perú y de la Superintendencia de Banca, Seguros y Administradoras Privadas de Fondos de Pensiones y sus trabajadores
Education, vocational guidance and training	Ley núm. 30627, de 27 de julio de 2017, que diversifica la educación para el trabajo en las instancias nacional y regional en la educación básica a los alumnos de tercero, cuarto y quinto grado de educación secundaria de las instituciones educativas públicas

Conditions of work	Ley núm. 30646, de 15 de agosto de 2017, que regula el descanso físico adicional del personal de la salud por exposición a radiaciones ionizantes o sustancias radiactivas
Occupational safety and health	Ley núm. 30646, de 15 de agosto de 2017, que regula el descanso físico adicional del personal de la salud por exposición a radiaciones ionizantes o sustancias radiactivas
Social security (general standards)	Ley núm. 30700, de 19 de diciembre de 2017, que otorga una bonificación extraordinaria a favor de los pensionistas por viudez del régimen del Decreto Ley núm. 19990
	Ley núm. 30669, de 3 de octubre de 2017, que promueve el acceso y cobertura de las personas con discapacidad a las tecnologías de apoyo, dispositivos y ayudas compensatorias
	Ley núm. 30602, de 3 de julio de 2017, que modifica el artículo 1 de la Ley núm. 28588, para adicionar el literal d) e incorporar a los miembros de las rondas campesinas, nativas y comités de autodefensa como beneficiarios del Seguro Integral de Salud (SIS)
	Ley núm. 30562, de 24 de abril de 2017, que precisa aspectos complementarios de la cobertura de preexistencias cruzadas establecida en el artículo 118 de la Ley núm. 29946, Ley del Contrato de Seguro
Specific categories of workers	Ley núm. 30697, de 23 de noviembre de 2017, que modifica el cuarto párrafo del artículo 84 de la Ley núm. 30220, "Ley Universitaria"
<b>2018</b>	
General provisions	Ley núm. 30875, de 28 de noviembre de 2018, que modifica el artículo 46-A del Código Penal, agravando las penas de los delitos cometidos por transportistas o por quien simule serlo
	Ley núm. 30862, de 24 de octubre de 2018, que fortalece diversas normas para prevenir, sancionar y erradicar la violencia contra las mujeres y los integrantes del grupo familiar
	Ley núm. 30848, de 19 de septiembre de 2018, que modifica la Ley núm. 27506, "Ley de Canon", a fin de promover el financiamiento de programas de vivienda social
	Ley núm. 30838, de 3 de agosto de 2018, que modifica el Código Penal y el Código de Ejecución Penal para fortalecer la prevención y sanción de los delitos contra la libertad e indemnidad sexuales
	Ley núm. 30841, de 24 de julio de 2018, que modifica el artículo 2 de la Ley núm. 30137, ley que establece criterios de priorización para la atención del pago de sentencias judiciales
	Ley núm. 30819, de 12 de julio de 2018, que modifica el Código Penal y el Código de los Niños y Adolescentes
	Ley núm. 30807, de 4 de julio de 2018, que modifica la Ley núm. 29409, ley que concede el derecho de licencia por paternidad a los trabajadores de la actividad pública y privada
	Ley núm. 30754, de 17 de abril de 2018, sobre cambio climático
Ley núm. 30738, de 13 de marzo de 2018, que reforma del artículo 52° de la Constitución Política del Perú	
Elimination of child labour, protection of children and young persons	Ley núm. 30886, de 18 de diciembre de 2018, que modifica la Ley núm. 27337, "Código de los Niños y Adolescentes"
	Ley núm. 30802, de 26 de junio de 2018, que establece condiciones para el ingreso de niñas, niños y adolescentes a establecimientos de hospedaje a fin de garantizar su protección e integridad
Equality of opportunity and treatment	Ley núm. 30863, de 2 de noviembre de 2018, que desarrolla y complementa el inciso m) del artículo 5 de la Ley núm. 28303, Ley Marco de Ciencia, Tecnología e Innovación Tecnológica, desde la perspectiva del enfoque de discapacidad
Labour administration	Decreto Legislativo núm. 1383, de 18 de octubre de 2018, que modifica la Ley núm. 28806, Ley General de Inspección del Trabajo
	Ley núm. 30814, de 5 de julio de 2018, que fortalece el Sistema de Inspección del Trabajo
Education, vocational guidance and training	Decreto Legislativo núm. 1401, de 10 de septiembre de 2018, que aprueba el régimen especial que regula las modalidades formativas de servicios en el sector público
	Ley núm. 30797, de 19 de junio de 2018, que promueve la educación inclusiva, modifica el artículo 52 e incorpora los artículos 19-A y 62-A en la Ley núm. 28044, Ley General de Educación
	Ley núm. 30772, de 22 de mayo de 2018, que promueve la atención educativa integral de los estudiantes en condiciones de hospitalización o con tratamiento ambulatorio de la educación básica
Social security (general standards)	Ley núm. 30885, de 18 de diciembre de 2018, que establece el marco normativo para la conformación y el funcionamiento de las Redes Integradas de Salud (RIS) a nivel nacional
	Ley núm. 30867, de 8 de noviembre de 2018, que incorpora el Capítulo V, "Acciones de Prevención", a la Ley núm. 28553, Ley General de Protección a las Personas con Diabetes
	Ley núm. 30852, de 3 de octubre de 2018, que aprueba la exoneración de requisitos a familias damnificadas con viviendas colapsadas o inhabitables con el bono familiar habitacional y con el bono de protección de viviendas vulnerables a los riesgos sísmicos constituida por población damnificada con vivienda con daño recuperable
	Ley núm. 30846, de 18 de septiembre de 2018, que crea el Plan Nacional de Cuidados Paliativos para Enfermedades Oncológicas y No Oncológicas
	Ley núm. 30795, de 15 de junio de 2018, para la prevención y tratamiento de la enfermedad de Alzheimer y otras demencias
Maternity protection	Ley núm. 30792, de 14 de junio de 2018, de Utilidades Justas para las Madres
Dock workers	Ley núm. 30791, de 12 de junio de 2018, que modifica el artículo 17 de la Ley núm. 27866, Ley del Trabajo Portuario
Specific categories of workers	Resolución Legislativa núm. 30811, de 5 de julio de 2018, que aprueba el Convenio sobre el Trabajo Decente para las Trabajadoras y los Trabajadores Domésticos, adoptado el 16 de junio de 2011 en la ciudad de Ginebra, Confederación Suiza, durante la 100ª Conferencia Internacional del Trabajo de la Organización Internacional del Trabajo (OIT)
	Ley núm. 30745, de 2 de abril de 2018, de la Carrera del Trabajador Judicial
Domestic workers	Resolución Legislativa núm. 30811, de 5 de julio de 2018, que aprueba el Convenio sobre el Trabajo Decente para las Trabajadoras y los Trabajadores Domésticos, adoptado el 16 de junio de 2011 en la ciudad de Ginebra, Confederación Suiza, durante la 100ª Conferencia Internacional del Trabajo de la Organización Internacional del Trabajo (OIT)

Source: [ILO, NATLEX, Country Profile Peru, Basic Laws](#)



**Table 27: Central laws to the labour market conditions in Peru**

Laws	Issues
The Civil Service Law ( <i>Ley del Servicio Civil</i> ) from 2013	This law governs public workers in Peru. It is based on the <i>Ley de Relaciones Colectivas de Trabajo</i> and follows the same tendencies and regulations. The main differences are: i) the absolute prohibition of negotiation of economic compensations, ii) a maximum duration for CBA negotiations, and iii) long notice period for strike, which makes it possible to find replacement workers for strikers.
The Collective Bargaining in the Public Pector ( <i>Ley de Negociación Colectiva para el sector Publico</i> ) from 2018	This law was passed to promote public workers negotiating their own salaries through their unions. Unions should hand in their request to initiate a collective bargaining, whereas the process of collective bargaining should be finalised within 20 days. If no agreement is met, then another 30 days are given to meet an agreement. It has been approved by the congress but is not ready to be implemented it. CGTP pushed a lot for this law to be signed.
Processual Labour Law ( <i>Nueva Ley Procesal de Trabajo</i> ) from 2008	The implementation of this law started in 2010, but it has been very slow in its implementation and is still not fully implemented. It is a law to ease the process of conflict resolution between employer and worker by using an online system to make the process faster and less rigid. The law is supposed to be implemented in the juridical districts of the country. This law has brought good elements, but did not result in what was expected since processes for resolving labour disputes is still slow due to lack of access to technology etc.
Occupational Health and Safety Law ( <i>Ley de Salud &amp; Seguridad en el Trabajo</i> ) from 2011	The implementation of this law started in 2012 within the National Council for Occupational Health and Safety ( <i>Consejo Nacional de Salud y Seguridad de Trabajo</i> ) which is a national tripartite organ. It is a broad law which promotes occupational health and safety in all sectors. The law establishes the right to a safe working space, welfare of the workers and paid healthcare in case of work-related accidents or sickness. Only within three sectors; public work, mining and civil construction have a regulation for the implementation been developed.
Youth Employment Law ( <i>Ley de Empleo Juvenil</i> ) also called the Pulpin Law from 2014	The law caused large debates and demonstrations across Peru. With this law, the Peruvian government wanted to create 150,000 new jobs for young workers but also modify the labour rights of young workers between 18 and 24 years old. This law proposed that young people who had studied in technical institutions, would be able to do a traineeship up to three years without payment. This generated large debate and protests nationwide. The law was never passed, but the Ministry of Labour is working on a new law on the theme which might be proposed by the end of the year.
Maternity and Paternity Leave Law (Law No. 30792) from 2018	The law deals with mothers who have taken maternity leave and are still entitled to their distribution of profit sharing. Since 50% of the profits of the company are distributed to workers based on the days they have worked, mothers who took prenatal and postnatal leave will still have these days counted in their amount of days worked. Also paid paternity leave has been extended by law that grants the right of paternity leave to workers in public and private activity (Law No. 30807) from four days to 10 consecutive calendar days for a natural childbirth or caesarean from 2018. There are also special cases that increase the time off such as 20 days for premature or multiple births. Fathers can also get 30 days paid leave for a birth with terminal congenital disease or severe disability or if there are serious complications with the mother's health.
Legislative Decree No. 713 on Vacation Leave in the Private Sector ( <i>Descansos remunerados de los trabajadores sujetos al régimen laboral de la actividad privada</i> ) from 2019	Leave is able to be borrowed from the next vacation period and taken in advance, in accordance with a written agreement between the employer and employee. Employees can also divide their vacation period by splitting 15 days of their vacation days into seven or eight consecutive days, and the other 15 days can be split into even less time ranging from seven days to one day.
Dismissal laws	There were changes that affect the dismissal of employees. The first covers cases of dismissal and fraudulent prosecution which was decided in November 2018. The law states that the possibility of moral damage must be considered because being dismissed without justification can affect the emotional and mental state of the former employee.

Source: DTDA, LMP Data Collection Template, Peru, 2019 and [Law Business Research, Peru](#)

**Table 28: Peru's Ratified ILO Conventions**

Subject and/or right	Convention	Ratification date
<b>Fundamental Conventions</b>		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1960
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1964
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1960
	C105 - Abolition of Forced Labour Convention, 1957	1960
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	2002
	C182 - Worst Forms of Child Labour Convention, 1999	2002
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1960
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1970
<b>Governance Conventions</b>		
Labour inspection	C081 - Labour Inspection Convention, 1947	1960
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	1967
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	2004
<b>Up-to-date Conventions</b>		
Working time	C014 - Weekly Rest (Industry) Convention, 1921	1945
Elimination of child labour and protection of children and young persons	C077 - Medical Examination of Young Persons (Industry) Convention, 1946	1962
	C078 - Medical Examination of Young Persons (Non-Industrial Occupations) Convention, 1946	1962
	C156 - Workers with Family Responsibilities Convention, 1981	1986
Social security	C102 - Social Security (Minimum Standards) Convention, 1952	1961
Employment policy and promotion	C106 - Weekly Rest (Commerce and Offices) Convention, 1957	1988
Occupational safety and health	C139 - Occupational Cancer Convention, 1974	1976
	C176 - Safety and Health in Mines Convention, 1995	2008
Seafarers	C147 - Merchant Shipping (Minimum Standards) Convention, 1976	2004
	C178 - Labour Inspection (Seafarers) Convention, 1996	2006
Freedom of association, collective bargaining, and industrial relations	C151 - Labour Relations (Public Service) Convention, 1978	1980
Dockworkers	C152 - Occupational Safety and Health (Dock Work) Convention, 1979	1988
Employment policy and promotion	C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983	1986
Indigenous and tribal peoples	C169 - Indigenous and Tribal Peoples Convention, 1989	1994
Maternity protection	C183 - Maternity Protection Convention, 2000	2016
Specific categories of workers	C189 - Domestic Workers Convention, 2011	2018

Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work. Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promote a well-regulated and well-functioning labour market. In addition, there are 83 conventions, which ILO considers "up-to-date" and actively promotes.

Source: [ILO, NORMLEX, Peru](#)

**Table 29: Active Freedom of association cases, August 2019**

Freedom of association cases	Complaint
Case No 3342 (Peru) - Complaint date: 09-OCT-18	Autonomous Workers' Confederation of Peru (CATP)
Case No 3322 (Peru) - Complaint date: 10-MAR-18	Autonomous Workers' Confederation of Peru (CATP)
Case No 3310 (Peru) - Complaint date: 25-AUG-17	General Confederation of Workers of Peru (CGTP)
Case No 3306 (Peru) - Complaint date: 08-SEP-17	Autonomous Workers' Confederation of Peru (CATP)
Case No 3267 (Peru) - Complaint date: 26-DEC-16	National Federation of Agro Workers (FENTAGRO)
Case No 3265 (Peru) - Complaint date: 04-JAN-17	Union Confederation of Workers of Peru (CSP)
Case No 3245 (Peru) - Complaint date: 18-AUG-16	Regional Education Workers single Union of Peru (SUTEP) and Education Workers Single Union in the Region of Ayacucho-Peru (SUTE REGIONAL AYACUCHO)
Case No 3239 (Peru) - Complaint date: 04-JUL-16	Autonomous Workers' Confederation of Peru (CATP), Sindicato Nacional de Unidad de Trabajadores de la Superintendencia Nacional de Administración Tributaria – Tributos Internos (SINAUT-SUNAT)
Case No 3228 (Peru) - Complaint date: 06-JUN-16	National Union of the State Sector Unions (UNASSE) and Intersectoral Confederation of State Workers (CITE)
Case No 3224 (Peru) - Complaint date: 20-APR-16	Confederation of Workers of Peru (CTP)
Case No 3200 (Peru) - Complaint date: 05-APR-16	The Federation of Municipal Workers, Employees and Labourers of Peru (FTM-Perú)
Case No 3199 (Peru) - Complaint date: 21-DEC-15	The Autonomous Workers' Confederation of Peru (CATP)
Case No 3197 (Peru) - Complaint date: 30-DEC-15	the Autonomous Workers' Confederation of Peru (CATP)
Case No 3193 (Peru) - Complaint date: 12-NOV-15	the Single Union of Peruvian Education Workers (SUTEP)

Source: [ILO, NORMLEX, Freedom of association cases](#)

**Table 30: Ease of Doing Business in Peru, 2019-2020**

Topics	Ranking 2019	Ranking 2020	Ranking change
<b>Overall</b>	<b>68</b>	<b>76</b>	<b>-8</b>
Starting a Business	125	133	-8
Dealing with Construction Permits	54	65	-11
Getting Electricity	67	88	-21
Registering Property	45	55	-10
Getting Credit	32	37	-5
Protecting Minority Investors	51	45	+5
Paying Taxes	120	121	-1
Trading Across Borders	110	102	+8
Enforcing Contracts	70	83	-13
Resolving Insolvency	88	90	-2

Note: Doing Business 2019/20 indicators are ranking from 1 (top) to 190 (bottom) among other countries. The rankings tell much about the business environment, but do not measure all aspects of the business surroundings that matter to firms and investors that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business.

Source: [World Bank, Ease of Doing Business 2020 in Peru](#)

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