

On Track to Meeting Poverty Reduction Target

By Milagros Salazar

LIMA, Oct 21, 2009 (IPS) - Peru is only one percentage point away from halving the proportion of its people living in extreme poverty, one of the Millennium Development Goals (MDGs) agreed by the international community in 2000, according to a United Nations report.

However, in the view of sociologist Héctor Béjar, it makes no sense to celebrate the achievement of this particular numerical target when one-third of the Peruvian population is hungry and rural areas continue to be sadly neglected.

The extreme poverty rate was cut from 23 percent in 1991 to 12.6 percent in 2008, putting this country very close to meeting the first of the eight MDGs: halving the proportion of extremely poor people - defined as living on less than one dollar a day - between 1990 and 2015.

The MDGs were adopted by the international community in 2000, as a platform to drastically reduce inequality and poverty, and to promote health, education, gender equity, sustainable development and fairer trade.

The U.N. Resident Coordinator in Peru, Jorge Chediek, highlighted the country's achievement in cutting total poverty to 36.2 percent between 2004 and 2008, the result of 3.5 million people having been lifted out of poverty, which he called "an enormously fast rate of change."

"These figures are endorsed by the United Nations, the public sector and Peruvian civil society organisations. I would like to confirm the commitment of the U.N. to achieving the Millennium Goals, and the Peruvian government's support," said Chediek.

The report on Peru's progress between 2004 and 2008 towards meeting the MDGs was drawn up by 120 U.N. experts and members of 11 cabinet ministries and other state bodies, he said.

During the Oct. 17 launch of the document at the government palace in Lima, President Alan García gave an enthusiastic speech in which he said Peru "is winning the battle against poverty."

But Béjar, the coordinator in Peru for the Global Call to Action against Poverty (GCAP), told IPS that the government will fulfil the MDGs by 2015, but only as statistics "on paper." He said the targets set by the U.N. member states were conservative from the outset, and that they do not indicate the quality of the progress achieved.

The activist complained that social organisations were not invited to validate the results in Peru's official report on the MDGs.

GCAP Peru compiled its own parallel report on the fulfilment of MDG targets, based on the official statistics. While the document recognises that Peru is on track to meeting the first goal, of cutting the extreme poverty rate in half, it also says that in the general population, more people are hungry now than two years ago, and in the rural areas hunger is more widespread now than it was in 2004.

According to the report, authored by economist Raúl Mauro, the reason is that poor families cannot afford to buy as much food now, especially in areas distant from the capital, because of higher international commodity prices.

"Food policies have only been implemented in Lima, to the exclusion of poorer families in the rest of Peru. This lack of equity in times of crisis favours centralism in Lima," says the report, which was seen by IPS.

"The gap between the rural and urban nutritional deficits has remained the same; the state has not made efforts to close the consumption gap. Policies need to be designed to promote equity in food consumption. The state should guarantee food security all over the country, not just in the capital," says the non-governmental report.

But according to Chediek, 81 percent of the target for reducing child undernutrition has been met. The proportion of children under five with low weight for age was 10.8 percent in 1991 and 5.9 percent between 2007 and 2008, approaching the target of 5.4 percent, he said.

But in the view of GCAP, underweight children are just the tip of the iceberg, since the problem of chronic undernutrition, which affects long-term growth and so is characterised by low height for age, is several times greater and therefore should take priority in public policies.

Chronic undernutrition, where children do not have enough to eat for long periods of time so that their physical and mental growth is retarded, has receded significantly in Peru, according to the United Nations report: from 36.5 percent of children under five in 1992, to 21.9 percent in 2008, based on official statistics.

But these figures are questioned on methodological grounds. "The measurements taken are of increasingly poor quality," because of errors in sampling, data collection, or for other reasons, the GCAP report says.

When the statistics are examined by province, measurement problems are even more evident, Béjar said. "In 2000, poor data were produced in only four provinces, while in 2007 the statistics were poor in eight provinces, covering one-third of the national territory."

Data collection problems aside, children in rural areas have three times the rate of chronic undernutrition than those in urban areas, the sociologist said.

"Improvements in nutrition have occurred among families in the higher income quintiles, while among the poorer quintiles, the extent of undernutrition has not changed. This is an urgent problem that the state should tackle," the GCAP document says.

In Béjar's view, the MDGs are "a minimal set of measurements, useful only for making international comparisons of progress in different countries."

In contrast, "reducing poverty is a far more complex matter. There are a series of dimensions of poverty that aren't being measured, like its relationship with violence, lack of social values, human trafficking, and so on," Béjar said.

GCAP is also concerned about the sixth MDG: combating HIV/AIDS and other major diseases, like malaria and tuberculosis. Peru accounts for 25 percent of all tuberculosis cases notified in the Americas, and it is still a leading cause of death in this country.

Access to water is difficult in rural areas, and is linked to the seventh MDG, which calls for sustainable environmental management.

Water supply has been extended to 87 percent of households in the urban areas in Peru's coastal region, but has diminished from 39 to 35 percent in the rural areas, from 58 to 55 percent in the Andean highlands and from 48.5 to 46 percent of households in the tropical jungle region. "Evidently the Peruvian government has chosen Lima and turned its back on the provinces," the report says.

"It's important for the state to realise that the impact of climate change will increase the difficulty of obtaining water, as water sources start drying up or

become polluted," Béjar said.

In regard to education, the U.N. report emphasised that 97.6 percent of the population can read and write, and that the proportion of students who completed primary school rose from 56 to 77 percent between 1994 and 2008.

As for gender equity, the official report says that the proportion of women politicians grew from 7.5 percent in 1990 to 30 percent in 2008.

Child mortality has been reduced by two-thirds over the last five years. However, according to Chediek, greater efforts are needed to reduce the maternal mortality rate.

The Peruvian government must aim at delivering high-quality services, and formulating more sophisticated social policies which should be regarded not as an expense, but as an investment in development, Chediek said.

"The MDGs were approved in 2000, when neoliberal policies were all the rage, and the United Nations had lost the reformist zeal it had in 1948, when it adopted the Universal Declaration of Human Rights," Béjar said.

"If the U.N. still exists in 2015, the deadline for the MDGs, these goals should be reformulated so that their measurement is a much closer reflection of reality," he said. (END)

Peru's Economic Model and Poverty Reduction: Is It Working?

July 11, 2008

This analysis was prepared by **COHA Research Associate Guillermo Cornejo**

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The relationship between Bolivia and Peru has deteriorated rapidly over the last year, in part because of disagreements on foreign trade issues. Recently, Peruvian President Alan Garcia and his Bolivian counterpart, Evo Morales, engaged in personal attacks which served to increase tensions between the two Andean nations. On July 2nd, Garcia attacked Morales by saying the latter was jealous of Peruvian economic growth. Maybe Garcia has a point in observing that Peru's economic growth is more robust than Bolivia's, but economic growth is not necessarily the ultimate objective for a country; more important may be the satisfaction of its citizens, which in Peru is trending downward because of growing inequality.

In its chronic struggle against poverty, Latin America has experimented with various economic models. These have included the neoliberal policies of the 1980s and 1990s, which have led to increased inequality. Some see neoliberal failures as responsible for the leftist wave that has spread across the region. Peru, however, is one of the two countries in Latin America that have not been tempted recently by solutions calling for the abandonment of the neoliberal development model.

The Peruvian model has produced an exceptional economic growth over the last five years. In 2007, Peru's GDP growth rate was more than eight percent. The following year, the U.S. ratings agency Fitch gave Peru an investment-grade rating, meaning that after thorough analysis of recent economic trends, the agency now considers Peru a safe and hospitable investment venture.

Profitable policies, but largely for the elite

Unfortunately, as the country's economy grew, so did its inequality. This trend is especially evident in contrasting Peru's coastal region with the Andes, with most of the increase in personal income being concentrated in Lima and other coastal urban areas. This can readily be seen in the luxurious beach clubs to the south of Lima, which epitomize the often fabulous wealth of the Peruvian elites. In contrast, Peru's National Statistics and Information Institute (INEI) recently reported that rural highlands were the least successful areas in reducing poverty during 2007. Many communities here still practice subsistence agriculture and suffer from extreme poverty, even though the region is rich in mineral resources – Peru's main export.

During the Alejandro M. Toledo presidency (2000–2005), Peru's Gini coefficient increased from 49.8 in 2000 to 52 in 2003, demonstrating a considerable rise in inequality. The significance of this injustice is not just statistical or ideological, because increasing economic inequality inevitably leads to public dissatisfaction, which in turn contributes to the country's instability. Public dissatisfaction with uneven growth was manifested in Toledo's approval ratings, which were the lowest in South America in 2004. This apparently has been recognized by the new president, Alan Garcia, who announced in May a budget increase of S./ 203 million (around \$70 million) for the social program 'Juntos' which originally was launched by Toledo in 2005.

The 'Juntos' program: squandered genius?

The 'Juntos' program provides subsidies to poor families on the condition that they regularly send their children to schools and health centers. 'Juntos' is an attempt to recreate programs taken from Mexican and Brazilian models, which were designed to increase literacy rates and decrease economic inequality. Unfortunately, objective conditions in Peru make this program unlikely to succeed, because the nation's primary education and healthcare systems are among the most inadequate in the world. Additionally, the program has targeted urban areas and neglected rural regions, which are most in need of government assistance.

It would not be surprising if 'Juntos' does not fulfill its purpose because Lima has proven extremely inefficient at implementing social programs in the past. The 'Vaso de Leche' effort in the 1990s failed to achieve its goal of reducing malnutrition in five-year-old children, even though it was the most widespread program of its kind in the country. Such examples reaffirm the challenge that would be involved in successfully expanding the 'Juntos' program. Ultimately, 'Juntos' expansion cannot contribute to sustainable development if the country's education and healthcare structures are not first reformed.

Still, some statistics suggest that 'Juntos' may be helping to decrease overall poverty. The INEI recently announced a sizeable 5.2 reduction in poverty in 2007. However, many have questioned the validity of these numbers, including Farid Matuk, an ex-president of INEI, who guesses that such numbers might be forged. They suggest a poverty reduction rate of 0.6 percent per each point of GDP growth, which is three times higher than the average of previous years. At this rate, Peru would eliminate poverty completely in about 10 years, which strains credulity. Despite the surprising results, several institutions,

including the World Bank and two Peruvian universities, supervised the study's methods and verified the validity of the statistics. If they are valid, then 'Juntos' may yet be the reason behind the reduction in poverty, considering it was being implemented when the purported drop began to accelerate.

Development must be sustainable

Every effort must be made to continue to promote poverty reduction. In the past, social programs repeatedly have failed to create sustainable development within the Peruvian neoliberal model. The economic expansion experienced by Peru between 1991 and 1997 in fact reduced poverty by several points. However, the subsequent 1998 to 2001 recession was a huge step backwards, suggesting that the social programs in the 1990s failed to create sustainable development at the time. Will the new expansion be different, or will a future recession negate all of the advances which have been made?

Peru's Economic Minister, Luis Carranza, optimistically has predicted that Peru will experience 10 to 15 years of economic growth starting in 2008. This would represent the longest expansion cycle in Peruvian history and would lead to a significant reduction in poverty. 'Juntos' could potentially play a part in Peru's economic success, but for Carranza's dream to become reality, the government must first take aggressive steps in favor of sustainable development and adequately address the problems of inequality, healthcare and education. Without such reforms in these areas, programs like 'Juntos' cannot create sufficient opportunities for the poor, no matter how carefully they are nurtured.



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Funding to Enhance Neighborhoods

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Funding to Enhance Neighborhoods

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Through its Neighborhood Excellence Initiative, Bank of America is launching a new grant program aimed at supporting organizations and individuals who are helping to rebuild and revitalize neighborhoods.

The two-year, \$15 million program consists of grants to nonprofit groups, recognition for community leaders, and opportunities for young people who want to help better their neighborhoods.

Under the Neighborhood Builders component, up to \$200,000 is available in grants and in leadership training to strengthen the capacity and infrastructure of the selected organizations and promote the professional development of their leaders.

The Local Heroes program will recognize five community heroes each year whose achievements and leadership on local issues contribute significantly to neighborhood vitality. Recipients will receive \$5,000, which they can direct to an eligible nonprofit of their choice.

The Student Leaders program will honor five high-school students in their junior or senior years who have worked towards improving their neighborhoods. To further their personal and educational growth, each student will participate in an eight-week paid summer internship with a community-based organization and a mentorship program arranged by Bank of America.

The deadline for applications under the Bank of America Charitable Investments program is July 31. Program eligibility requirements and an application is available at the Bank of America website.

The program will operate in 30 of the bank's major communities across the country