

National Policy for Technical International Cooperation

PERÚ 2012



APCI

Agencia Peruana de Cooperación Internacional

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Foreword

The world's nations are now aware that overcoming poverty and inequality to enable sustainable and inclusive development is the major challenge for all. Whether it is a high-income country or a middle- or low-income country, the responsibility will always be global.

In 2000, the world's countries defined the goals to be achieved by 2015, known as the Millennium Development Goals (MDG). Later, in Monterrey, Mexico, they adopted a consensus agreement to mobilize resources to help financing development and increase funding for Technical Cooperation from the more developed countries to the less developed countries. The High-Level Fora in Rome (2003), Paris (2005), Accra (2008) and Busan (2011) have provided the opportunity to discuss aid effectiveness, harmonization, alignment and other concepts that now guide development.

Today, International Cooperation is understood as a reciprocal act in international policy. It commits donor countries to respect and recognize the partner country's leadership in establishing guidelines, priorities and procedures. It also commits recipient countries to ensure the effective use of the funds received by adopting efficient procedures, promoting the transparency of the cooperation process and identifying their national priorities in a clear and concerted manner.

Peru is now considered an upper-middle income country, meaning that our economic growth shows indicators that also account for an increase in the income levels of every Peruvian, although in some regions, poverty levels are comparable to those of lower-income countries. This reality places us on the international stage as a dual country, i.e., as a country that still seeks cooperation from the international community to learn how to better distribute its gains among the population while also having a responsibility to provide aid to other countries that are at an earlier stage of development. The aid provided, which can take the form of resource, knowledge or experience transfer, is what is known today as South-South Cooperation or Horizontal Cooperation.



This document, which contains the National Policy for Technical International Cooperation (PNCTI), provides discussion on effective development aid and brings it into line with the nearly 90 national policy documents, including the National Agreement, the Bicentennial Plan and the Concerted Development Plans in the regions. This has been a participatory process which we are pleased. Thus, users will find the four strategic areas which joined to the 17 issues prioritized shall align any demand for cooperation. Interestingly, this document also includes five strategic outcomes, which represent commitments that will ensure transparent assessment of the impact of its implementation.

The country is changing and the future will be more promising if we face it in a spirit of inclusiveness and openness to more responsible ways of doing things, working in a coordinated and more efficient and effective way.

Luis Humberto Olivera Cárdenas
Executive Director
Peruvian International Cooperation Agency - APCI

Supreme Decree

Supreme Decree

No 050-2012-RE

SUPREME DECREE APPROVING THE NATIONAL POLICY FOR TECHNICAL INTERNACIONAL COOPERATION

THE PRESIDENT OF THE REPUBLIC

CONSIDERING:

That Law N° 27692 created the Peruvian International Cooperation Agency (APCI) as the lead agency for international technical cooperation in Peru, whose responsibility is to direct, plan, organize, prioritize and oversee non-refundable international cooperation, managed through the state and coming from outside public and/or private sources, in accordance with the national development policy, and therefore entitled to the tax benefits prescribed by law;

That, pursuant to Article 4, paragraph 1, of Law N° 29158, the Executive Organization Act, the State Executive Branch has exclusive competence to design and oversee national policies, which are approved by Supreme Decree with a vote of approval from the Council of Ministers. In addition, policymaking requires establishing mechanisms for coordination with regional governments, local governments, and other entities as required or appropriate to the nature of each policy;

That pursuant to Article 4, paragraph a) of Law N° 27692, it is the role of the APCI to propose the new National Policy on International Technical Cooperation for approval by Supreme Decree, in keeping with the national development policy defined by the Executive Branch;

That under the terms of Article 7, paragraph a) of Law N° 27692, consistent with Article 9, paragraph a) of the Organization Manual of the APCI, approved by Supreme Decree N° 028-2007-RE, the Board of Directors of APCI, through Agreement N° 0015-2012-CD-APCI, adopted at Session N° 006-2012-CD-APCI on July 2, 2012, approved the contents of the draft National Policy for Technical International Cooperation with the necessary amendments and entrusted the Executive Director of APCI with the task of submitting the said instrument to the Executive Branch for approval.

In accordance with the terms of Article 118, paragraph 8 of the Political Constitution of Peru, law N° 29158 - the Executive Organization Act and Law N° 29357 - the Ministry of Foreign Affairs Organization Act:

With the vote of approval of the Council of Ministers;

HEREBY DECREES AS FOLLOWS

Article 1. Approval of the National Policy for Technical International Cooperation

The National Policy on International Technical Cooperation, which comprises the Introduction, three (03) chapters and two (02) annexes, which form an integral part of this Supreme Decree, shall be approved.

Article 2. Endorsement

This Supreme Decree shall be endorsed by the Minister of Foreign Affairs.

Issued at the Government House, in Lima, on the eighth day of the month of November of the year two thousand and twelve.

OLLANTA HUMALA TASSO
Constitutional President of the Republic

RAFAEL RONCAGLIOLO ORBEGOSO
Minister of Foreign Affairs

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Introduction

- 1). The main challenge shared by all the world's nations is to overcome poverty and inequality to achieve sustainable development. The commitments set out in the Millennium Declaration were made with this goal in mind, with international cooperation being a valuable mechanism to achieve this.
- 2). In response to the current context and to the challenges defined by the national and international agenda, the Peruvian International Cooperation Agency (APCI)¹, as the lead agency for Non-Refundable International Cooperation (CINR), responsible for the National Decentralized System for Non-Refundable International Cooperation (SINDCINR)² and for promoting the effectiveness and transparency of International Technical Cooperation in Peru, has developed this National Policy on International Technical Cooperation (PNCTI).
- 3). In Peru, international cooperation accounts for 2% of the country's annual budget and for 0,5% of the national GDP. Therefore, it should be understood as a complementary contribution to national development efforts. In this regard, the importance of international cooperation is not based on quantitative criteria, but on its qualitative contribution, that is, on the quality and impact of the actions implemented with its support.
- 4). Peru has made significant progress in terms of economic growth and poverty reduction, to the extent that it has been considered since 2008 as an upper-middle income country, although it still has significant gaps. Also, extreme poverty, inequities, social exclusion and discrimination, the lack of opportunities, low levels of investment in scientific/technological development, the lack of environmental protection, high income concentration, among others, are problems that still exist, preventing any real possibility of achieving development, as is reflected in rural poverty rates: 54,2% living in poverty and 23,3% in extreme poverty³. In this respect, International Cooperation can play an important role in contributing to socially inclusive development as proposed by the current government.
- 5). International Cooperation, understood as a reciprocal act of international policy, requires the cooperating country's commitment to recognize the partner country's leadership in establishing guidelines, priorities and procedures, as well as to provide cooperation within this framework. In the same vein, the partner country's commitment is to ensure the effective use of the funds received by adopting efficient procedures, promoting the transparency of the cooperation process and identifying its national priorities in a clear and concerted manner.
- 6). Peru is reinforcing its action with regard to international development cooperation by sharing with other nations its experiences and capacities in issues and areas of its comparative advantage, which makes it not only an applicant country but also a cooperation provider country. In this regard, using its own resources, APCI is engaged in strengthening the horizontal cooperation approach called South-South Cooperation as well as third-country cooperation, known as Triangular Cooperation, being the latter an important approach recognized and promoted by Peru.

1). Created under the Law Establishing the APCI and amendments - Law N° 27692.

2). The SINDCINR was created under Law No 28875 published on August 15, 2006. This system comprises the organizational units and/or departments in charge of CINR in the Legislative Branch, the Judicial Branch, independent constitutional bodies, ministries, decentralized public agencies, regional governments and local governments, all of which remain administratively independent. Also part of the System are the National Non-Governmental Development Organizations (NGDOs) and the International Cooperation Bodies and Institutions (ENIEX).

3). INEI 2010

- 7). CINR is an international policy instrument intended to help improve people's well-being and a valid means to safeguard universal respect for human rights, promote social, cultural, scientific, economic and commercial growth, foster political stability, ensure environmental sustainability and strengthen justice and peace.
- 8). The vision of shared responsibility for development has been highlighted and embraced by a large part of the international community in various international commitments and agreements, such as the Millennium Declaration⁴, the Monterrey Consensus⁵, the Rome Declaration on Harmonization⁶, the Paris Declaration on Aid Effectiveness⁷, the Accra Agenda for Action⁸ and, recently, the Busan Partnership for Effective Development Cooperation⁹. These agreements have been taking on a common idea: *successful international cooperation is not only about increasing the amount of resources available, it also requires improving at the same time the effectiveness of cooperation, with a commitment to achieve sustainable development outcomes.*
- 9). One key highlight of the Busan discussions is a new architecture for development cooperation characterized by a larger number of state and non-state actors, as well as cooperation among countries at different stages of development, including middle-income countries, and where the opportunities offered by diverse approaches to cooperation, such as South-South and Triangular cooperation, as well as the contribution of Civil Society Organizations and private actors, are increasingly recognized. Indeed, building a new, broader and more inclusive partnership based on shared principles and differentiated roles, adopting a common, transparent instrument under the leadership of the developing country, has now become crucial.
- 10). This National Policy on Technical International Cooperation (PNCTI) outlines the direction and priorities required and offered by the country in terms of cooperation, based on the national development agenda.¹⁰ It also provides a clear indication of the importance attached to CINR, being this document an appropriate instrument for the negotiation process.
- 11). The National Policy on Technical International Cooperation thus aims to provide unity, direction and consistency to cooperation in Peru: Unity, through the adoption of unified definitions and shared principles for cooperation; Direction, through clear priorities for cooperation; and Consistency, through achieving the national goals and State and Civil Society agreements in their broadest sense.

4). Approved on September 8, 2000 by the Heads of State and Government of the United Nations member countries.

5). Approved on March 22, 2002, in the city of Monterrey (Mexico) by the Heads of State and Government of the United Nations member countries.

6). Signed and approved at the Rome Forum on February 25, 2003, with the participation of multilateral and bilateral development institutions, financial institutions, and partner countries.

7). Approved on March 2, 2005 by officials from over 90 countries and heads and senior representatives of 27 development aid agencies.. Peru endorsed the Declaration on June 9, 2006.

8). Approved on September 4, 2008 in the city of Accra (Ghana) at the 3rd High Level Forum on Aid Effectiveness.

9). Approved on December 1, 2011 in the city of Busan (South Korea) at the 4th High Level Forum on Aid Effectiveness.

10). Included in documents such as the Bicentennial Plan of the National Strategic Planning Center (CEPLAN), the National Agreement, and Peru's Foreign Policy, among others.

- 12). Better and more adequate coordination among CINR actors, especially with the SINDCINR's constituents, is also sought to ensure expeditious and timely use of 100 % of the resources planned towards more holistic initiatives and actions that create greater impact, ensuring a more effective implementation of the interventions. The aim will be to maintain and increase the CINR contribution by showing the results achieved to the international community.
- 13). In order to maintain at least the same level of cooperation funds in Peru, three immediate actions need to be taken: 1) increasing the effectiveness of project implementation (so that the resources planned for each year are used at 100%); 2) reducing the time needed for implementing agreements (study and reduction in process time); and, 3) improving the organization of the demand so as to allocate 100% of the resources provided.
- 14). Furthermore, the Policy intends to respond to current trends in International Cooperation in the South American region, and particularly in Upper-Middle Income Countries (UMIC), which are as follows: 1) Anticipated reduction and/or stagnation of North-South Cooperation; 2) Increased South-South and Triangular Cooperation; and 3) Diversification of the forms of cooperation, with greater involvement by Civil Society and the private sector, and by sub-national governments. It should be noted that this will continue regardless of whether global cooperation flows continue on a declining trend, as has been the case up to now.
- 15). This document is structured in three chapters and two annexes¹¹. The first chapter focuses on the overall policy framework and outlines the founding and guiding principles proposed by Peru to guide CINR interventions in the country. The second chapter deals with the scope, objective, outcomes and strategies for CINR, recognizing Peru both as a recipient and as a provider. Finally, the third chapter sets out the priorities for international cooperation in the country.

11). Two Annexes: a glossary and a table illustrating the progress made on aid effectiveness commitments by international cooperation partners.





Overall Framework

- 16). Under the current legal framework, Technical International Cooperation, called Non-Refundable International Cooperation (CINR), is conceived as a means by which Peru receives, transfers and/or exchanges human resources, goods, services, capital and technology coming from external donors aiming at complementing and contributing to national development efforts.
- 17). Changes taking place internationally and nationally have not only made inter-country cooperation more complex, but have also revealed the inadequacy of the proposed development models, the increasingly important role played by civil society, as well as other commitments relating to democracy, governance and human rights¹².
- 18). In this regard, a new concept for international cooperation in Peru needs to be developed, reflecting not only the new dimensions of development, as the ultimate purpose of its action and role¹³, but also the principles governing stakeholder engagement¹⁴. In that sense, we understand Non-Refundable International Cooperation as:

A set of concerted efforts and actions agreed upon between the parties, working in partnership based on shared principles of equity, solidarity, ownership and alignment; and on differentiated commitments directed at achieving common sustainable development outcomes.

Such efforts and actions translate into a multidirectional flow of goods, resources and knowledge, aimed at facilitating capacity-building, the incorporation of skills, technology transfer and the dissemination of best practices, among other contributions that, under the priorities agreed upon in international commitments and in national development policies and plans, promote sustainable development.

- 19). Much importance is usually attached to International Cooperation for how it contributes to the country's development, even though its quantitative contribution is relative when compared to the volume of public investment. The relevance of CINR will always lie in its contribution in terms of knowledge, best practices, instruments, methodologies or tools that help overcome hurdles or limitations while also ensuring a much more efficient and effective participation by the various development actors.
- 20). Considering the role of International Cooperation as a leverage point for the country's development efforts, donor agencies and organizations are paying ongoing attention to developments, complexities and challenges.
- 21). In this respect, the PNCTI is an integral part of the Government Policy of prioritizing social inclusion, while maintaining economic growth, and Guideline 8 of the Peruvian Foreign Policy, which aims to "attract cooperation geared towards combating poverty, exclusion and social inequality". It also seeks to contribute to achieving the goals outlined in the Bicentennial Plan: Peru to 2021, acting as a means to achieve:

12). Millennium Declaration.

13). The National Policy on International Technical Cooperation (Presidential Decree No 044-2007-RE, July 17, 2007) details the role of CINR. Also, the Busan Declaration (South Korea, December 2011) gives International Cooperation a catalytic role insofar as it facilitates or accelerates process development.

14). Such as the principles stated in the Paris Declaration on Aid Effectiveness (Paris, 2005).

- More effective results;
 - Higher quality processes;
 - Greater synergy and alignment;
 - Greater national institutional and decentralized presence of CINR;
 - Increased involvement of social actors in achieving effective CINR;
 - Greater transparency and accountability in CINR (donors, private and public implementing partners and SINDCINR); and
 - Better positioning of the country in the Global CINR System.
- 22). Along the same lines, the national experience in implementing CINR can also evidence the successes and lessons learned. In this regard, ideas and proposals are emerging at the national and international levels, constantly shaping the need to rethink intervention schemes and models, as well as to address the new issues on the development agenda arising from the government level or from civil society.
- 23). Also, an analysis of the dynamics of the development actors in the country who are involved in the management of International Cooperation shows the need to strengthen the spaces and mechanisms for coordination, integration and transparency to build consensus, develop synergies, legitimize efforts and support ownership of the results.
- 24). Hand in hand with the above, one line of work of International Cooperation, which is of a structural nature, has to do with the need to improve the effectiveness of its action, which was first expressed in the **Paris Declaration** and further addressed in the **Accra** and **Busan** agendas.
- 25). Finally, it is also relevant to point out that any national development agenda needs to address the issues set out in the international agreements to which the country is a signatory, such as the **Millennium Development Goals (MDG)**, which also have significant impact in middle-income countries like Peru, where the main emphasis could be placed on the commitments that relate to reducing inequality and inequities, strengthening democracy and environmental conservation.
- 26). In view of the above, a reference instrument is needed to direct all CINR efforts in the country to those issues that are a priority on the development agenda and, as such, can and must be addressed through CINR.
- 27). The publication of this National Policy on Technical International Cooperation bears witness to Peru's commitment to continuously increase the effectiveness and impact of International Cooperation in the country, as well as to recognize the importance and legitimacy of the vision of each of the actors who are part of the cooperation community in Peru.
- 28). In keeping with the principles set out in the Paris Declaration on Aid Effectiveness¹⁵ and incorporating a national perspective, Peru adopts the following **seven founding and guiding Principles** for Non-Refundable International Cooperation in the country:

15). The five principles set out in the Paris Declaration (2005) are: Alignment, Ownership, Harmonization, Managing for Results and Mutual Accountability.

- **Leadership:**

Peru must be responsible for defining its own development policies and strategies. Therefore, as a partner country, Peru must be in charge of directing Non-Refundable International Cooperation towards thematic and geographic areas where conditions and potentialities for development are identified. In this regard, donors should be primarily guided by Peru's strategic development goals and use them as the basis for designing their own intervention strategies. Peru, for its part, must ensure that clear, concrete and consistent public policies are developed.

- **Complementarity:**

Non-Refundable International Cooperation in Peru is aimed at developing and building up the country's individual and institutional capacities. It should be a complement to and not a substitute for national development efforts. The significance of such complementarity lies in the recognition of differentiated roles for Non-Refundable International Cooperation and the public budget. The natural role of the former is to finance interventions, with multiplier effects, that improve the quality of social services, increase the productivity of available resources and enhance state institutions' capacity to act in an effective and efficient manner. Intrinsic roles of Public Investment (Public Budget) include maintaining and expanding public infrastructure and covering the operating expenses of all state administrative bodies.

- **Transparency:**

Non-Refundable International Cooperation is based on a relationship of mutual accountability between donors and Peru. Accordingly, both parties are accountable to each other for how cooperation resources are used. More broadly, all international cooperation actors must share with the state any information on the procedures performed and progress made in the different aid-supported interventions. Also, it is the state's duty to facilitate dissemination of and access to such information for the general public through appropriate mechanisms and channels.

- **Sustainability:**

The long-term continuity of the national development process needs to be ensured to verify how the situation changes and whether needs are met. This requires, in the first place, that all interventions carried out with support from International Cooperation meet sustainability criteria, such as involvement and empowerment; secondly, that both the state and donors ensure that adequate resources are provided to support the interventions throughout the process, and; thirdly, that all actors involved in cooperation make commitments on a multi-year basis and expend cooperation resources in a predictable and timely manner according to the programs and agreed conditions.

- **Seeking effective outcomes:**

The interventions carried out with support from any of the various forms of International Cooperation must seek to generate processes that enhance social dynamics, contribute to achieving concrete and verifiable targets, and gradually adopt a results-based management logic. Their progress must be evaluated and monitored regularly. The state must identify those development indicators that should be given priority.

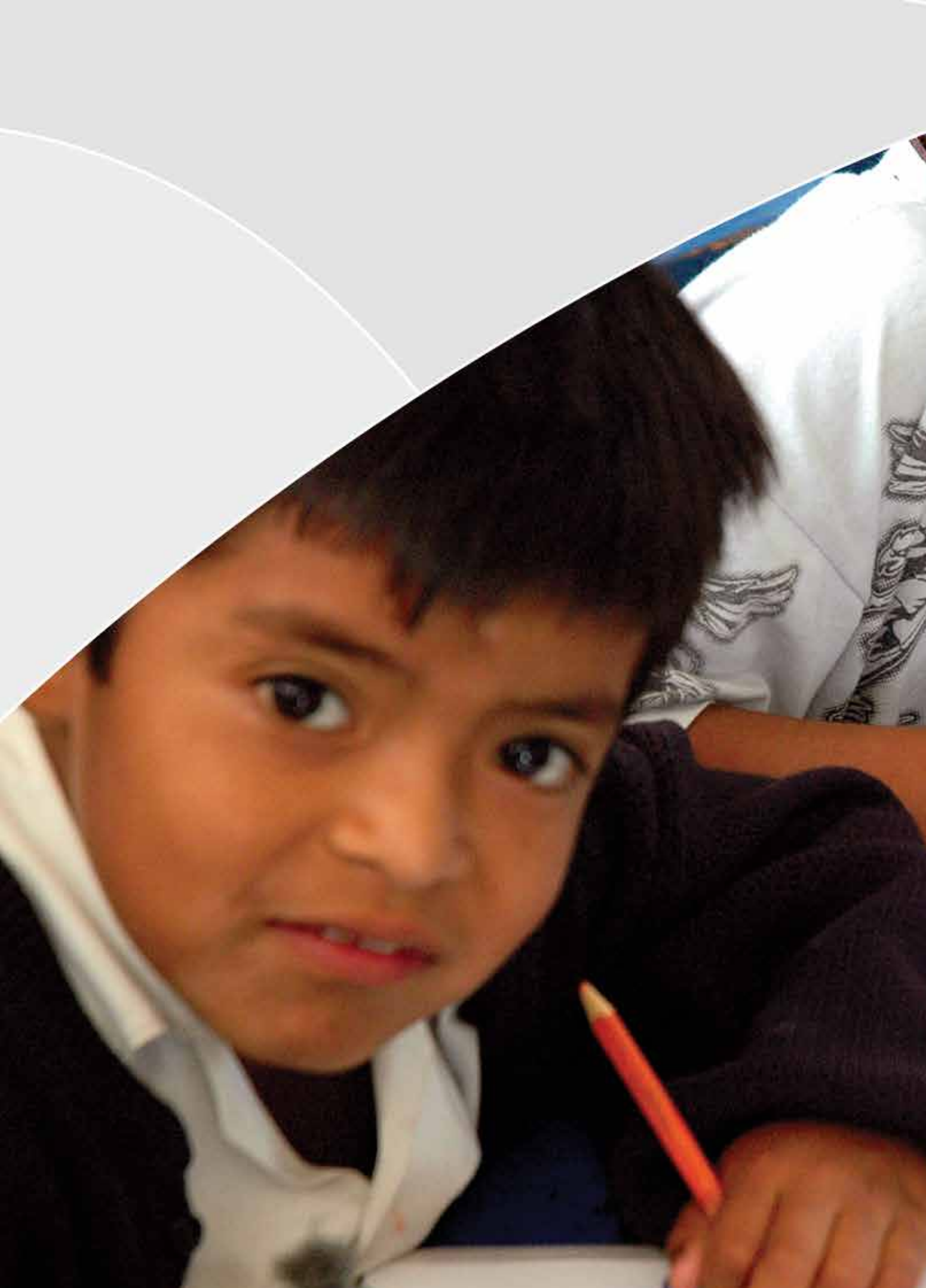
Targeting:

The interventions supported by International Cooperation must be conducted based on territorial and thematic criteria to maximize their impact. Donors, as well as Non-Refundable International Cooperation management bodies, must simultaneously consider both the thematic and the territorial dimensions, at the subnational level, in their programs and intervention strategies in Peru.

Solidarity for Development:

Hand in hand with development progress, Peru is called upon to make a solidarity contribution to support countries with lower levels of development, which entails promoting the institutional, economic, social, scientific and technological development of equally or less developed countries, making national capacities internationally visible and promoting the exchange of knowledge and experiences. To this end, the documentation of successful experiences and best practices should be encouraged, as well as the creation of knowledge and the development of a culture of dissemination, through establishing appropriate channels and systems.







Scope, Objective, Outcomes and Strategies

Scope:

- 29). The PNCTI is national in scope and is binding on the public sector and to be used as guidance by private entities (Donors, Legislative Branch, Judicial Branch, Independent Constitutional Bodies, Sectors, Regional Governments, Local Governments, International Cooperation Bodies and Institutions (ENIEX), NGDOs, Non-Profit Private Institutions Recipient of Foreign Charity and Educational Donations (IPREDA), Public-Private Partnerships) and by the general public.

Objetivo:

- 30). To improve CINR's contribution to the country's development efforts and its integration into the national arena as part of the Bicentennial Plan: Peru to 2021 and the Foreign Policy.

Outcomes and Strategies:

The new PNCTI is based on the following outcomes and strategies:

- 1) CINR aligned with the country's development priorities.
- 2) Improved interlinking and coordination of CINR efforts.
- 3) New CINR donors and mechanisms operating in the country.
- 4) Country's commitment to ensure the effective and efficient use of resources allocated is fulfilled.
- 5) Increased participation of the country in South-South Cooperation and Triangular Cooperation.

Outcome 1: CINR aligned with the country's development priorities.16

Strategies:

1. To direct and target CINR resources to priority issues, using a Sustainable Territorial Development approach, with emphasis on rural and marginal urban sectors.
2. To build sectorial and Regional and Local government capacity to identify, organize and manage the demand for cooperation around priority issues, within a results-based management framework.
3. To promote the use of national information and budget systems, including in particular the planning, management, monitoring and evaluation tools relevant to International Cooperation.
4. To promote the establishment of multi-year action frameworks in the negotiations with donors and in public institutions.

16). See paragraph 11 of Introduction.

Outcome 2: Improved interlinking and coordination of CINR efforts in keeping with the National Strategic Plan.¹⁷

Strategies:

1. To strengthen the National Decentralized System for Non-Refundable International Cooperation (SINDCINR), with the active involvement of its constituents and Civil Society organizations.
2. To strengthen and increase spaces for coordination and consensus building among CINR actors: donors, sectors, Regional and Local Governments and Civil Society organizations.
3. To develop inter-institutional synergies, both horizontally and vertically, between constituents of the Cooperation System and other development actors: universities, companies, professional associations, unions, etc.
4. To promote Public-Private Partnerships for Development (PPPD), with the active involvement of donors, International Cooperation Bodies and Institutions, NGOs, companies, universities, sectors, Regional Governments, Local Governments, among other development actors.

Outcome 3: New CINR donors and mechanisms operating in the country with greater impact in priority areas and issues.¹⁸

Strategies:

1. To promote the entry into the country of new CINR donors (private and public) and mechanisms
2. To streamline administrative processes that currently hinders the timely implementation of CINR programs and projects.
3. To promote Decentralized Cooperation, with the active involvement of Regional Governments, Local Governments and Civil Society organizations.

Outcome 4: Country's commitment to ensure the effective and efficient use of resources allocated is fulfilled.¹⁹

Strategies:

1. To strengthen the annual procedure for elaborating the "Country-level demand for CINR", through participatory mechanisms, to reflect national priorities and ensure civil society's commitment to accountability

17). See paragraph 11 of Introduction.

18). See paragraphs 12 and 14 of Introduction.

19). See paragraph 13 of Introduction.

2. To develop mechanisms for monitoring CINR project implementation, incorporating and adapting the indicators of progress set out in the Paris Declaration, as sources of verification.
3. To establish a participatory evaluation model at all CINR project stages so that, upon completion of the cooperation process, the expected impact and long-term sustainability are ensured.
4. To incorporate results-based management in CINR processes, through strategic planning aimed at strengthening the National Plan through alignment with international commitments.
5. To produce systematized information relevant to all direct and indirect CINR actors

Outcome 5: Increased participation of the country in South-South Cooperation and Triangular Cooperation.²⁰

Strategies:

1. To build up the country's institutional capacity to participate actively in South-South Cooperation and Triangular Cooperation.
2. To identify areas and issues of mutual interest and/or benefit for experience sharing and horizontal learning.
3. To position Peru as a technical cooperation provider, actively involving the various sectors and levels of government.
4. To direct sectorial and traditional donor financial and technical resources to support South-South Cooperation and Triangular Cooperation actions.

²⁰) See paragraph 14 of Introduction.





Priorities

- 31). Given the nature and role of CINR, aimed at **contributing to the country's efforts** to achieve development, this section of the PNCTI outlines the priorities in the demand for **CINR in Priority Issues**, which are consistent with the national strategic areas and goals as defined in the "Bicentennial Plan: Peru to 2021"²¹ developed by the National Strategic Planning Center (CEPLAN), based on the Universal Declaration of Human Rights, on the concept of development as freedom and on the State Policies developed under the National Agreement, making it Peru's National Development Plan.
- 32). The six strategic areas of the Bicentennial Plan addressed by the PNCTI are: (i) fundamental rights and human dignity; (ii) opportunities and access to services; (iii) state and governance; (iv) economy, competitiveness and employment; (v) regional development and infrastructure; and (vi) natural resources and environment.
- 33). With a view to complement and contribute to national development efforts, this National Policy for International Technical Cooperation covers **17 Priority Issues** grouped into **four Priority Areas** which are intended to guide Non-Refundable International Cooperation interventions in the country:

Area 1: Social Inclusion and Access to Basic Services:

1. Human rights and cultural diversity.
2. Universal access to efficient, effective and transparent justice.
3. Women's empowerment and outreach to vulnerable groups.
4. Equal access to comprehensive quality education.
5. Access to comprehensive quality health and nutrition services.
6. Access to adequate water, sanitation, rural energy and telecommunication services.

Area 2: State and governance:

7. Modernizing and decentralizing the Public Administration with efficiency, effectiveness and transparency.
8. Equal and efficient citizen participation.
9. Public safety and disaster-risk management.

Area 3: Competitive economy, employment and regional development:

10. Diversified, competitive and sustainable production and tourism structure.
11. Export supply and access to new markets.
12. Science, technology and innovation.
13. Management of internal and external labor migration, with a focus on the creation of job opportunities.
14. Diversified economic activities consistent with the comparative and competitive advantages of each regional geographic area.

²¹⁾ The Bicentennial Plan: Peru to 2021, approved by Presidential Decree N° 054-2011-PCM on June 22, 2011.

Area 4:Natural resources and environment:

15. Conservation and sustainable use of natural resources.

16. Integrated, efficient and sustainable water and watershed management.

17. Environmental quality and climate change adaptation, incorporating a Climate Governance perspective.

- 34). It should be noted that poverty eradication and inequality reduction are not defined as goals that can be directly achieved through International Cooperation, but as a final outcome of achieving all the above-mentioned Priority Issue Outcomes, through the coordinated application of different national development policies
- 35). While the development priority issues outlined above are nationally strategic, their application at subnational levels involves recognizing that each region, province, district and population center in Peru has its own reality and should, therefore, be prioritized according to that reality. Accordingly, a single arrangement of issues could hardly apply to the entire nation in the strict sense, and for this reason, Regional CINR Plans, as well as the National CINR Plan, should promote this type of targeting and interlinking. Hence, geographical targeting will also be of particular relevance, considering specifically those areas of the country that are affected by violence or drug trafficking, border areas or extreme poverty areas
- 36). In line with this notion, the target set shall apply to the aggregate volume of Non-Refundable International Cooperation and not necessarily to each individual Donor. Within this framework, each Priority Issue shall be addressed by Donors with more experience and comparative advantages in the areas concerned, effectively contributing to improving the division of labor and to reducing fragmentation.
- 37). Moreover, CINR will be promoted in line with the international commitments entered into by the country with respect to Gender Equity, Human Rights and Environment on a cross-cutting basis.
- 38). Finally, the development of specialized human resources attuned to the demands for sustainable development in the country will be fostered.







Annex 1

1. International Technical Cooperation and Non-Refundable International Cooperation

- 39). The word “cooperation” appears to come from the Latin cooperari, meaning “the act of working together with another or others toward a common end”.²² It follows from this definition that legitimate inter-country cooperation requires that the parties interacting in this process share common goals and work together to achieve them.
- 40). **International Cooperation** can be broken down, according to **the nature of the activities it supports**, into Financial Cooperation, Technical Cooperation and Humanitarian Aid.
 - **Technical Cooperation** as such is intended to support developing countries through the transfer of techniques, technology, knowledge, skills or experiences in particular areas where a country or donor has achieved a higher level of development.
 - **Financial Cooperation** consists in the allocation of funding resources transferred by countries or international cooperation agencies to support actions, donations, humanitarian assistance or other types of aid in developing countries. This type of cooperation, in turn, can be:
 - **Refundable Financial Cooperation:** Refers to that which takes the form of concessional or soft loans under more favorable interest and term conditions and falls within the remit of the Ministry of Economy and Finance (MEF).
 - **Non-Refundable Financial Cooperation:** Refers to that where funds do not have to be returned.
 - **Humanitarian Aid** is a type of assistance aimed at providing support and relief, in the form of goods or services, to victims of natural or human-made disasters, welfare- or education-related donations. This aid is based on the principles of non-discrimination, impartiality and humanity
- 41). International Development Cooperation includes: Technical Cooperation and Financial Cooperation, both refundable and non-refundable.
- 42). International Development Cooperation, which is the subject of this policy, shall include Technical Cooperation and Non-Refundable Financial Cooperation, as described above, for which APCI is the lead agency.
- 43). Reaching a universally accepted definition of International Development Cooperation presents some challenges, as the understanding and contextualizing of the term differ between countries and institutions. Globally, the institution that is most closely linked to the monitoring of International Cooperation is the Organization for Economic Cooperation

²²⁾ According to the Diccionario de la Real Academia de la Lengua Española.

and Development (OECD)²³ According to OECD standards, International Cooperation can come from private or official sources.²⁴ In the latter case, cooperation is called “Official Development Assistance” (AOD).²⁵

- 44). The OECD, in turn, defines Official Development Assistance²⁶ as all official transactions that are:
 - Administered with the promotion of the economic development and well are of developing countries as its main objective; and
 - Are concessional in character²⁷ and convey a grant element of at least 25%.
- 45). For its part, Peruvian Law²⁸ defines Technical International Cooperation (CTI) as the means by which Peru receives, transfers and/or exchanges human resources, goods, services, capital and technology coming from external donors aiming at complementing and contributing to national development efforts intended to: (a) Support the implementation of activities, projects and programs of priority for the development of the country and its regions, especially in the poorest and most marginalized socio-economic areas, (b) Acquire scientific and technological knowledge to be adapted and applied in Peru; as well as to facilitate the acquisition by foreigners of local scientific and technological knowledge, and (c) Provide technical, scientific and cultural training to Peruvians at home or abroad and to foreigners in Peru.
- 46). While this definition refers to highly technical or skill-related cooperation, in practice, the term has evolved to include other types of non-refundable cooperation, including liquid resource cooperation. It therefore comprises the funding of activities that augment the level of knowledge, skills, technical know-how or productive aptitudes of people in developing countries, and services such as consultancies, technical support or the provision of know-how that contributes to the execution of a capital project.²⁹
- 47). It is therefore worth specifying that the term “International Technical Cooperation” as defined by Peruvian law is not limited to technical exchange or to aid from official sources, but rather includes all non-refundable components of international support. In this respect, and seeing them as synonyms, this policy uses the term “Non-Refundable International Cooperation” as equivalent to “International Technical Cooperation”.

23) The OECD (Organization for Economic Cooperation and Development) is an international cooperation organization founded in 1961, which comprises 34 states, and whose objective is to coordinate their economic and social policies.

24) Refers to those representing governments or governmental international agencies.

25) Official Development Assistance, ODA .

26) Definition provided by the OECD in “Survey Guidance. 2011 Survey on Monitoring the Paris Declaration. Fourth High Level Forum on Aid Effectiveness”, p. 15.

27) The OECD's Development Assistance Committee (DAC) sets the conditions to be met for a fund transfer to be considered concessional, defining concessionality level as a measure of the “softness” of a credit, i.e. the difference between market and concessional financial terms. Concessional loans are therefore those that provide advantages or benefits to the borrower – the one applying for the loan – compared to loans at market rate.

A loan or fund transfer is considered concessional when it includes a grant element of at least 25%.

28) Legislative Decree N° 719, International Technical Cooperation Law, Art. 2.

29) Definition provided by the OECD in “Survey Guidance. 2011 Survey on Monitoring the Paris Declaration. Fourth High Level Forum on Aid Effectiveness”, p. 18.

- 48). Depending on where resources come from, Non-Refundable International Cooperation can be:
 - **Public Cooperation.** Refers to cooperation that comes from outside sources, as a result of dealings and negotiations between governments, whether at the central or subnational level.
 - **Private Cooperation.** This is cooperation emerging from within civil society and led by non-profit non-governmental organizations (NGOs).³⁰ This type of cooperation is based on private sources from developed countries or private actors from developing countries. The actors involved may have different institutional backgrounds and interests on a religious, philosophical, political, sectorial, ethnic, etc. bases and can channel and/or manage International Cooperation resources, i.e. they can implement development projects directly, implement projects jointly with their partners or channel funds for such purposes.
 - **Mixed Cooperation.** Refers to cooperation that may come from a combination of the above-mentioned sources.
- 49). Depending on the **level of development** of the parties involved:
 - **Vertical Cooperation**, also called “North-South Cooperation”, where the country with a higher level of development acts as the donor, while the other country acts as the recipient partner. This type of cooperation can be provided through public sector entities and most often involves various levels of participation and forms of partnership with private actors.
 - **Horizontal Cooperation**, also called “South-South Cooperation”, is cooperation between countries with similar development levels and usually from the same region. It is also known as Technical Cooperation between Developing Countries (TCDC).
- 50). Depending on the **number of donors and/or recipients involved**, Non-Refundable International Cooperation may be one of three types, as described below:
 - **Bilateral Cooperation.** This is cooperation that results from an understanding (dealing or negotiation) between two national governments. It typically flows from donor to recipient country through independent government agencies from both countries (specialized cooperation agencies or embassies), and is therefore also called intergovernmental cooperation. It can be of two subtypes:
 - **National:** One that links two central governments, which determine which Agency or specialized body will represent them in formal CINR processes.
 - **Decentralized Cooperation:** Refers to cooperation linking subnational government bodies (regional and local governments) from developed countries to their counterparts in developing countries. In that sense, the procedures and actors involved are different from those involved in cooperation agreed by national governments.

³⁰⁾ NGOs are created independently from local, regional and national governments, as well as from international organizations. They have resources, both human and financial, that come from solidarity support, private donations, volunteer work or the like. The type of cooperation they manage is also called Non-Governmental Cooperation.

- **Multilateral Cooperation.** This type of cooperation involves independent organizations, agencies or institutions made up of a group of countries or states that seek to support developing countries. Such assistance can be granted or implemented using their own resources or funds provided by member countries for specific programs. Also, assistance can be provided directly to the partner state or through private institutions.
- **Trilateral or Triangular Cooperation.** This is an approach to International Cooperation that involves a third country or international agency providing financial or technical resources. Triangular Cooperation establishes a new form of support among developing countries.
- 51). **South-South Cooperation:** This is an approach to International Cooperation that involves a mutually supportive exchange of human and financial resources, goods, services and, most importantly, technicians, capacities and experiences between developing countries with a view to find solutions to their problems on the basis of common interests.

South-South Cooperation is a key strategic tool for the exchange of experiences and capacities built in developing countries. On the **more technical side, South-South cooperation is assumed to take the following forms:**

- **South-South Horizontal Cooperation:** This is a form of International Cooperation, which takes place bilaterally (between developing countries) and regionally (two or more developing countries as part of a regional integration or consensus-building scheme).
- **South-South Triangular Cooperation:** This takes place between two or more developing countries, with financial support from a northern donor country, an international organization, or even from another development partner.

2. Development Goals, Priorities and Targets

- 52). Non-Refundable International Cooperation in Peru must address the goals set out in the National Development Plan and in its Foreign Policy, as part of a development priority ranking process that helps focus the use of human, financial and technical resources provided for in the CINR Guideline Documents.
- 53). In this context, the following definitions will be used:
 - **Development Goal:** A particular state that Peru seeks to achieve, as specified in the National Development Plan.
 - **Development Priority:** Goals or key areas that stand out from others due to their greater relative importance, especially in the medium and long term.
 - **Development target:** Term indicating what is expected to be achieved based on a relevant measurable indicator, defining the indicator scope and expected time-frame for achieving a desired outcome.

- **Development indicator:** A quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development factor.³¹
- **Impacts:** Positive and negative, primary and secondary long-term effects produced by a development intervention, direct or indirect, intended or unintended.³²
- **Monitoring and evaluation:** These are two complementary, but distinct processes, which are key to assess the achievements and impact of an intervention. Monitoring focuses on systematically tracking inputs, outputs, outcomes and impacts as interventions are implemented. Evaluation systematically assesses the efficiency, effectiveness, sustainability and impact of interventions (typically after they have been implemented). Monitoring and evaluation allow policymakers to track results, suggest corrections or improvements during implementation, and assess success. Monitoring and evaluation systems can also promote ownership of reforms and accountability.³³

3. Effectiveness and Efficiency

- 54). Non-Refundable International Cooperation must seek in each and every intervention to achieve targets that address development priorities in an effective and efficient manner.
- 55). In that sense, the following definitions will be used:
 - **Effectiveness:** Capacity to achieve the desired goal, with emphasis on reaching the final target and not necessarily on the optimal use of the means by which the outcome is achieved.³⁴
 - **Efficiency:** Capacity to make optimal use of the resources available as means for achieving a target, with emphasis on reducing the proportional investment of resources for each target component achieved and not necessarily on the total level of target achievement.

4. Donor, recipient partner, implementing partner

- 56). Non-Refundable International Cooperation is a process that includes different stages: programming, management, administration, monitoring and evaluation. Each stage entails, depending on the nature of the tasks and responsibilities, various forms of support and cooperation interventions, involving various actors (National Government, Local and Regional Governments, specialized agencies and foreign government bodies, multilateral organizations and foreign and local private entities).

31) Definition provided by the OECD in "Survey Guidance. 2011 Survey on Monitoring the Paris Declaration. Fourth High Level Forum on Aid Effectiveness", p. 44.

32) Definition provided by the OECD in "Survey Guidance. 2011 Survey on Monitoring the Paris Declaration. Fourth High Level Forum on Aid Effectiveness", p. 44.

33) Definition provided by the OECD in "Survey Guidance. 2011 Survey on Monitoring the Paris Declaration. Fourth High Level Forum on Aid Effectiveness", p. 45.

34) In accordance with the official Spanish definition, it is recognized that effectiveness is synonym to efficacy, i.e. capacity to produce an intended, expected or desired effect.

- 57). In general terms, the parties interacting in the non-refundable cooperation process are the donors, recipient partners and implementing partners.
 - The **donor** is the (public/official or private) entity that voluntarily provides development aid resources.
 - The **recipient or managing partner** is the institution that manages the funds and allocates them.. It is typically the institution that signs the cooperation agreement with the donor.
 - The **implementing partner** is the agent responsible for developing the project using the funds allocated for it, a role that can be played by the managing partner itself.

5. Program, project and activity

- 58). An intergovernmental cooperation program is an overall agreement that represents an understanding between the parties for the mutual development of a series of overall goals, with specific activities and targets. Within this framework, an intervention is designed that includes program-, project- and activity-level initiatives or actions.
- 59). The interventions implemented under the intergovernmental cooperation program may take the form of national, multi-departmental, sectorial, regional, sub-regional and local Programs, Projects and Activities³⁵.
 - A **program** is understood as an organized and integrated set of (multi-sectorial and/or territorial) projects sharing the same goal and with a broader medium-term vision.
 - A **project** is made up of a series of time-bound activities that serve a specific goal, receive a budget and require an organizational framework, specific contracts and an implementation system. The contracts specify the targets to be met, staffing requirements, the team composition and a system to account for the work done, within the parameters of the goals to be achieved.
 - An **activity** is a defined set of actions that are part of a broader program or project, intended to achieve set targets, to exchange information, experts or technical knowledge over a period of time and subject to periodic reviews.

6. New focus: From aid effectiveness to development effectiveness

- 60). The new Busan Partnership for Effective Development Cooperation shifts the focus of cooperation from a technical aid effectiveness agenda towards new “development effectiveness” agenda that is more inclusive, more political and is focused on results rather than aid delivery.

35). Presidential Decree N° 015-92-PCM, Artículo 2.

- **Diversity of actors:** the new Busan Partnership stands out for being more “inclusive”, by shifting from a traditional agenda focused on traditional donors and the poorest recipient countries to a more holistic agenda that incorporates other “new actors”, such as the private sector, Civil Society Organizations and other non-traditional southern donors like China.
- **The catalytic role of cooperation:** as pointed out in Busan, while development cooperation is only part of the solution, it plays a catalytic and indispensable role in supporting poverty eradication, economic growth and sustainable development. More effective cooperation should not lead to a reduction in resources for development.
- **Democratic ownership:** considered a founding principle of development cooperation that is put into practice through inclusive partnerships. Democratic ownership describes the aim of extending the creation and implementation of development strategies beyond the government to include all actors involved in the country's development.





Annex 2

Commitments on Aid Effectiveness

2000

2002

2003

2005

2008

2011

Millennium Development Summit (Nueva York, 2000)

World leaders adopt eight Millennium Development Goals (MDG) to be met by 2015: (1) End poverty and hunger; (2) Education; (3) Gender equality; (4) Child health; (5) maternal health; (6) Combat HIV/AIDS; (7) Environmental sustainability; (8) Global partnership. The MDGs provide a blueprint for international development.

MDG Review (New York, 2005)

Consolidates agreed goals, including MDGs, establishes the United Nations Development Cooperation Fund (UNDCF)

High Level Event to review progress on MDGs (New York, 2008)

Renews commitments to achieve MDGs and concrete action plans.

Conference on Financing for Development (FFD) (Monterrey, Mexico, 2002)

Adopted the Monterrey Consensus focusing on: (1) Mobilizing domestic financial resources for development; (2) Mobilizing international resources for development; (3) International trade as an engine for development; (4) Increasing international financial and technical cooperation for development; (5) External Debt; (6) Addressing systemic issues.

Follow-up Conference on FFD (Doha, 2008)

Reaffirms the Monterrey Consensus by adopting the Doha Declaration on FFD. Calls for a UN conference on the impact of the world economic crisis on development.

High Level Forum on Harmonization (Rome, 2003)

Heads of multilateral and bilateral development institutions and representatives of the IMF, other multilateral financial institutions and partner countries adopt the Rome Declaration on Harmonization. This paves the way for significant reform in the aid architecture.

High Level Forum on Aid Effectiveness (Paris, 2005)

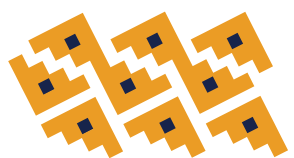
Focuses the aid reform agenda on aid effectiveness centered on five principles outlined in the Paris Declaration on Aid Effectiveness, which will expire in 2010: (1) Ownership (2) Alignment (3) Harmonization (4) Managing for Results (5) Mutual Accountability.

High Level Forum on Aid Effectiveness (Accra, 2008)

The outcome document, the Accra Agenda for Action (AAA), goes beyond the Paris Declaration in some aspects, but fails to deliver progress in others. One of the most notable elements of the AAA from a Civil Society Organization (CSO) perspective is the commitment of developing country governments to involve CSOs in the preparation, implementation, monitoring and evaluation of development plans.

High Level Forum on Aid Effectiveness. (Busan, Seoul, 2011)

Assessed global progress in improving the quality of aid against the agreed 2005 commitments; shared experiences in delivering successful results and resulted in the document titled Busan Partnership for Effective Development Cooperation, aimed at: (1) Broadening the application of the Paris Principles beyond aid to "development cooperation". (2) Defining how the Paris Principles are intended to apply to new actors and contexts, such as emerging donors, fragile states, and the private sector. (3) Including, for the first time, civil society organizations in formal negotiations as development stakeholders in their own right.



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